



OC Board of Supervisors' Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT August 27, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVENUE GENERATING LEASE AUDIT: JOHN WAYNE AIRPORT HOST INTERNATIONAL, INC. (HOST) Audit No. 2833

WHAT WE FOUND?

We found that Host's records adequately supported gross receipts of approximately **\$16 million** and rent of approximately **\$2.5 million** was properly paid to the County in accordance with the lease agreement.

We identified three (3) **Control Findings** related to recordkeeping and/or lease compliance that if implemented will help further ensure the complete and accurate reporting of future rent. JWA agreed with all three findings and recommendations and is working with Host to implement corrective actions.

WHY IS THIS AUDIT IMPORTANT?

From the lease inception date of April 1990 through March 2009, the County has received approximately **\$23 million** in rent. Rent is paid to the County based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete and proper rent is paid as defined by the lease agreement. During the audit period of April 1, 2008 through March 31, 2009, Host reported approximately \$16 million in gross receipts and paid the County approximately \$2.5 million in rent.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange entered into an Agreement with Host International, Inc. (Host), dated April 6, 1990 for the operation of the central food and beverage concession located at John Wayne Airport. The Agreement expired on June 30, 2008 and currently Host is on a month-to-month tenancy.

To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website:
www.ocgov.com/audit

For more information, please contact Dr. Peter Hughes, CPA, County Internal Auditor of the Internal Audit Department at (714) 834-5475 or peter.hughes@iad.ocgov.com