

# Highlights

Internal Audit Report to the Board of Supervisors

## Why We Did This Review

Maricopa County spends millions of dollars each year on nearly 2,800 active contracts. As part of our efforts to contain costs in these difficult economic times, we attempted to identify and recover overpayments to vendors.

The objectives of this audit were to verify that:

- 1) Transactions processed were in compliance with the requirements and pricing outlined in the contract
- 2) Invoices were sent and revenues collected in accordance with the contract or IGA
- 3) Invoices for goods and/or services were documented adequately

## What We Recommend

We recommended:

- Contract oversight be improved
- Questioned costs be reimbursed to the County



For more information, please contact Richard Chard, Deputy County Auditor, at 602-506-7539 or rchard@mail.maricopa.gov

# Countywide Contracts

## Invoices Do Not Receive Adequate Scrutiny

### What We Found

We examined 10 contracts that included 16 vendors and 2 intergovernmental agreements. Five contracts either (1) lacked supporting documentation, (2) violated contract terms, and/or (3) lacked sufficient County oversight. In numerous cases, review of vendor invoices was not adequate to prevent payment of inappropriate charges. A summary of our findings is shown below.

| Contract  | Vendor                                       | Issues  |
|---|--|---|
| Outside Consulting, Auditing, and Accounting Services | Deloitte Consulting                          | Inadequate invoice review, unsupported/unallowed charges  |
|   | Weidner Inc.                                 | No issues   |
|   | Mercer                                       | No issues   |
| Public Relations Services                             | Topete/Stonefield (Ryan White)               | Inadequate invoices review; some work was not on "scope of work" document; incorrect markup           |
|   | Godec, Randall, and Associates               | Inadequate invoice review; unsupported charges; incorrect markup                                      |
|   | ACS/Conaid                                   | Inadequate invoices review; no "scope of work" document; incorrect charges                            |
|   | Riester-Robb                                 | No issues   |
|   | Barclay                                      | No issues   |
|   | Topete/Stonefield (NACo)                     | No issues   |
| Pharmacy Services                                     | Diamond Pharmacy                             | Inadequate reconciliations; vendor not crediting all return/not shipped items; missing contract terms |
| Library District/Various Cities (IGA)                 | Participants in Reciprocal Borrowing Program | County is not taking advantage of electronic subscriptions; insufficient recordkeeping                |
| Bulk Fuels, Purchase and Delivery                     | Union Distributing                           | No questioned costs; only performing inventories annually; not verifying delivery quantities          |
| Waste Tire Recycling and Final Disposal               | Crumb Rubber Manufacturers                   | No issues   |
| Administrative Passenger Vehicles                     | Courtesy Chevrolet                           | No issues   |
|   | Five Star Ford                               | No issues   |
| Sanitation Services                                   | Waste Management                             | No issues   |
| MCDOT/City of Goodyear Cotton Lane Bridge (IGA)       | City of Goodyear                             | No issues   |
| Insurance Broker                                      | Marsh USA Inc.                               | No Issues   |
|   | Arthur Gallagher                             | No Issues   |