

Highlights

Internal Audit Report to the Board of Supervisors

Why We Did This Review

For FY09, the County budget included \$288 million in charges for services and regulatory fees, or 15% of total revenues. We performed this audit due to the millions of dollars in fee revenues that could be lost if fee reviews are not timely and effective.

Through user financing, the County can reduce the burden on taxpayers and promote greater economic efficiency and equity. To be effective, fees must be reviewed routinely and reliable information on the full cost of providing the goods or services must be available. The following question guided our examination:

Are user fee reviews conducted by County agencies timely and are they effective?

What We Recommended

We recommended that County management:

- Establish a user fee “policy framework” by establishing minimum standards and developing needed guidance
- Consider requiring agencies to establish fee cost models



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

Licenses, Fees, & Permits

Ineffective User Fee Reviews Could Cost County Millions in Lost Revenues

What We Found

Agency User Fee Reviews are Not Timely or Effective

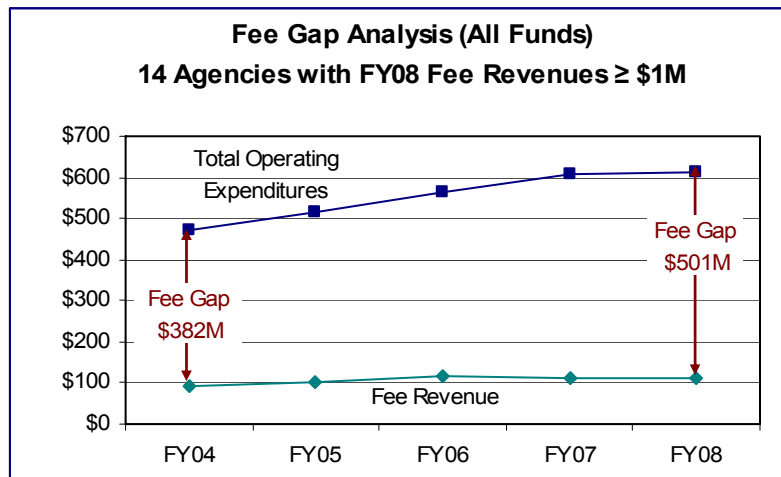
Generally, agency fee reviews are not timely or effective. Most agencies do not review fees annually and do not have a reliable system in place to determine the full cost of providing fee-based goods and services. This inhibits management’s ability to ensure (a) collections cover the intended share of program costs; and (b) compliance with Arizona Revised Statutes and County policy.

Countywide User Fee Studies are Infrequent

The last Countywide user fee study was conducted by an external consultant in September 1995. Since that time, responsibility for conducting fee reviews has rested with County agencies. There is no substantive Countywide user fee policy, and very limited guidance or oversight exists.

Fee Gap Has Increased Significantly

Although Countywide fee revenues have shown steady growth in seven of the past ten years, the fee gap (difference between fee revenues and operating expenditures) has increased significantly at 14 County agencies with FY08 fee revenues of \$1 million or more, as shown below.



Fee gap grew by \$119 million (31%) over four years

Although the fee gap may be attributed in part to factors not related to user financing, the increasing gap suggests potential benefits could be achieved with improved policies and systematic analysis. At the direction of the County Manager, the Department of Finance recently assembled a team of County financial managers to address the findings of our report.

We appreciate the excellent cooperation we received from County management and staff while conducting this audit.

“Do the Right Things Right!”

Maricopa County Internal Audit Department