

Highlights

Internal Audit Report to the
Board of Supervisors

Why We Did This Review

Internal Audit staff performed a financial analysis of payments to contract vendors, and found that the nature of this contract posed a relatively high risk to the County.

The objectives of this audit were to verify the following:

- Ralph Andersen & Associates fulfilled contract obligations to the County
- Invoices for services were adequately documented, and charges did not exceed the rates and amounts authorized by the contract

What We Recommended

We recommend:

- Future Scope of Work documents specifically address travel and per diem conditions for consultants
- Overpayments are recovered
- Procedures are established to ensure expenses charged to the County are pre-approved and represent an economical use of public funds



For more information, please contact
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Review of Consulting Contract

**In general, payments were adequately supported;
some overpayment occurred**

What We Found

We reviewed six invoices totaling \$95,192 for two Ralph Andersen & Associates consultants as part of the County's Outside Audit, Accounting and Consulting Services contract, and found that receipts and expense reports generally supported all payments. However, it appears that the County overpaid one Ralph Andersen consultant \$2,900.

Overpayments Occurred

Scope of Work documents for Ralph Andersen consultants establish federal per diem rates as the basis for expense reimbursement. In June 2006, the County began paying \$2,700 per month for a Ralph Andersen consultant to stay in a 4,231 sq. foot home in Paradise Valley. We estimate that the County overpaid the consultant by \$2,182 for the lease period based on his per diem entitlement.



**The County paid \$14,018 to house one consultant
for six months in this Paradise Valley Home.**

The establishment of this lease agreement suggests a semi-permanent living arrangement. However, the County paid over \$3,600 for at least seven round trip airline tickets for the consultant to travel to his home in St. Louis over the lease period. These tickets seem to indicate elective expenses that should have been personally incurred by the consultant. Additionally, there are several dates where the consultant claimed meal allowances but does not have a travel itinerary indicating he was in Phoenix. Consequently, the consultant may have overcharged the County by an additional \$764 to which he was not entitled.

Healthcare Mandates/General Government administered the contract and approved invoices for payment during the period covered by this review. The Office of Management and Budget (OMB) responded to our detailed report memo, concurring with the issues and recommendations presented. OMB plans to write future scopes of work to more specifically address travel and per diem expectations, and will work with Ralph Andersen & Associates to recover overpayments identified.