Big thanks to the Annual Report Project Team:
Tim Lockinger, Audit Supervisor
Megan McPherson, Senior Auditor
Tim Carroll, Senior Auditor
YEAR IN REVIEW

The Internal Audit Department is proud to highlight its greatest accomplishments over the past year. Early on, we experienced an extraordinary number of special requests for audits, in addition to the scheduled audits on our annual plan. Then, the COVID-19 pandemic introduced new opportunities and challenges. This report reflects our contributions made and value provided during these unusual times.

One of the crowning successes was our role in supporting the County’s small business COVID-19 relief program. We assisted in reviewing over 5,000 applications from businesses and non-profits seeking financial relief from COVID-19 related losses, resulting in nearly $70 million awarded.

Thanks to our newer software and mobile technologies, we transitioned seamlessly to a remote audit environment in response to the pandemic. We also instituted more flexibility in audit practices to balance employee needs and accomplish our work.

Keys to our success include:

- Contactless auditing through virtual interviews, screen sharing, and document transfers using leading-edge software applications
- Applying an agile audit methodology to foster collaboration with stakeholders and provide timely feedback
- Expanding the use of data analytical tools to monitor trends and identify potential problems
- Promoting workplace well-being through frequent virtual contact with team members and recognizing their contributions

We are privileged to have remained fully staffed throughout the year with highly experienced and skilled audit professionals. I want to thank our hard-working employees for remaining steadfast during this pandemic. I also thank the Board of Supervisors for their unwavering support and trust.

Michael McGee
Michael McGee
Maricopa County Auditor
WHAT WE DO

INTERNAL AUDIT
We are a team of professionals that provides independent and objective assessments designed to add value and improve the County’s operations. We help the County accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

MISSION
Provide objective information on the County’s system of internal controls to the Board of Supervisors so they can make informed decisions and protect the interests of County citizens.

VALUE STATEMENT
Promote the effective, efficient, economical, and ethical use of public resources.

STRATEGIC OBJECTIVES

1. Adopt a **holistic approach** for identifying, prioritizing, and responding to risks in a timely manner.

2. Embrace **agile audit practices** that are flexible and forward-focused.

3. **Collaborate** with other County stakeholders to increase engagement, share best practices, provide new perspectives, and develop an open flow of risk information.

4. Provide the Board of Supervisors **meaningful** assurance, advice, and insight on key risks.

5. Cultivate a **continuous improvement** philosophy that promotes incremental change, problem solving, and sustained improvements.

6. Employ **consistent leadership and staff development** strategies that strengthen performance, retention, and succession.

Visit our website.
WHAT WE DO

- CONTINUED -

TYPES OF ENGAGEMENTS

PERFORMANCE AUDITS
Our performance audits examine County programs, functions, operations, or the management systems and procedures to assess whether an agency is achieving economy, efficiency, and effectiveness.

COUNTINUOUS MONITORING
Using data analytics, Internal Audit increases audit coverage by testing transactions relating to high-risk County operations without performing a full audit.

CONTRACT AUDITS
We audit contracts to reduce the risk of non-compliance and improper payments and/or lost revenues.

INFORMATION TECHNOLOGY (IT) AUDITS
Our specialized IT auditors perform assessments of IT systems and internal controls, including system and data security, IT governance, business continuity, and other general controls.

MINIMUM ACCOUNTING STANDARDS (MAS)
We review the County’s judicial services compliance with the Minimum Accounting Standards (MAS) set forth and required by the Supreme Court of Arizona, Administrative Office of the Courts (AOC).

AUDIT FOLLOW-UP
We perform follow-up procedures to determine if recommendations for improvements are implemented and sustained.

CITIZENS FINANCIAL CONDITION REPORT
We prepare a report highlighting the financial strength of the County. This award-winning report provides graphical information on key financial indicators, trends, and benchmark comparisons.

SPECIAL REQUESTS
We provide specialized auditing and consulting services to the Board of Supervisors as needs arise.

Mitigate risks and strengthen internal controls

County-Wide Risk Assessment  Annual Audit Plan  Audit Planning and Fieldwork  Issue Report  Conduct Follow-up

Share knowledge and advise the Board of Supervisors and agency management
100% RECOMMENDATION CONCURRENCE

Meaningful recommendations and concurrence are the first step in creating positive change for the County.

During FY20, our audits resulted in 138 findings and a total of 149 recommendations for improvement. The audited agencies concurred with all 149 recommendations. All key findings requiring corrective action were addressed through agreed-upon management action plans.

RECOMMENDATION IMPLEMENTATION

Action plans and follow up help ensure recommendations are implemented. Only 13 of the 102 recommendations in progress are over three years old.

188 In Progress Last Year
149 New Recommendations
235 Implemented/Closed
102 Currently In Progress

100% AUDIT SATISFACTION

Satisfaction surveys assist us in setting expectations, and in determining the audit’s value to the County.

Our goal is to achieve 90% satisfaction from County leadership and agency directors with each audit report. During FY20, we achieved 100% satisfaction.
VALUE

A robust internal audit department adds value in a variety of ways. One way is through deterring costly activities such as fraud, waste, noncompliance, etc. Another way is by facilitating positive changes resulting in greater efficiencies. While it is difficult to measure intangible value, audit work also produces real savings that are measurable. Examples include identifying improper contractual payments and uncollected revenues. A summary of our measured savings is presented below.

SAVINGS SINCE FY11

<table>
<thead>
<tr>
<th>Actual Savings</th>
<th>$11.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Savings and Cost Avoidance</td>
<td>$25.9</td>
</tr>
</tbody>
</table>

Since FY11, we have identified $11.9 million in actual savings, and $25.9 million in potential savings and cost avoidance.

ANNUAL COST COMPARISON

<table>
<thead>
<tr>
<th>Our Cost</th>
<th>$2.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to Outsource</td>
<td>$4.06</td>
</tr>
</tbody>
</table>

FY20 audit work would have cost twice as much if external auditors had been used instead of Internal Audit staff.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

Our quality assurance program assesses the efficiency and effectiveness of our operations, in accordance with the International Standards for the Professional Practice of Internal Auditing. Conformance to these standards and the Code of Ethics is verified by:

- Periodic self-assessments – During FY20, we reviewed 14% of audit projects and found a few deficiencies related to changes in our audit processes. Updated quality control procedures are under development.

- External assessments – A review of our internal quality control system by an independent party is required once every five years. Our last external assessment was completed in FY17, and was performed by representatives from the Association of Local Government Auditors; there were no findings.
We use only half of what other audit shops use in relation to the organizational budget.

Internal Audit

Internal Audit's 19 auditors are part of Maricopa County’s over 13,000 employees serving over 4 million citizens.

Fiscal Responsibility

We use only half of what other audit shops use in relation to the organizational budget.

Experienced Staff

We employ more auditors with a certification and/or an advanced degree.

Our staff averages more than 15 years of experience compared to 10 years for respondents.

Leading-Edge Auditing

We are an early adopter of transformative audit processes.

High-Impact Reporting
Continuous Monitoring
Agile Audit Approach
Dynamic Risk Assessment

100%
We Have Implemented All 4!

29%
Other Audit Shops Still Catching Up

BENCHMARKS

Benchmarks were chosen from the Association of Local Government Auditors (ALGA) Biennial 2018 Benchmarking Survey and Protiviti’s Embracing Next-Generation of Internal Auditing Report.
KEY AUDIT HIGHLIGHTS (CLICK ON AUDIT TO VIEW FULL REPORT)

PLANNING AND DEVELOPMENT (PERMITTING SERVICES)

- Online permit applications more than doubled from 2017 to 2019; formalizing a strategic plan can help support the trend.
- A focus group helped identify opportunities to enhance the online permit application process.
- Ongoing analysis of permit data can help highlight ways to improve permit processing times.

CORRECTIONAL HEALTH SERVICES (CLINIC SERVICES)

- Mapping the medication management process helped highlight opportunities to streamline and control medication sorting and distribution.
- Document retention needs improvement to help evidence patient care procedures.
- Technology integration with other organizations can be enhanced to reduce manual processes.

PUBLIC FIDUCIARY (GUARDIANSHIP SERVICES)

- Process changes are underway to improve ward asset management and controls for ward debit cards.
- Information technology access controls can be strengthened for key software applications.
- Contingency plans and procedures were enhanced by addressing data restoration and continuity of operations in the event of an emergency.

LIBRARY DISTRICT (INFORMATION TECHNOLOGY)

- Key technology controls can be improved through periodic checks and written procedures.
- Data backup processes were in place; related written procedures are needed.
- Disaster recovery and continuity of operations plans should be enhanced and finalized.

ELECTIONS DEPARTMENT (ELECTIONS READINESS)

- Election preparations included focused improvements in recruitment, training, and logistical setup.
- The August primary election plan adequately addressed all critical aspects of election preparation.
AUDIT HIGHLIGHTS

SPECIAL REQUESTS

Each year, we receive a number of special requests in addition to the approved audit plan. During FY20, our most impactful special requests related to the Assessor’s Office and the County’s small business COVID-19 relief program.

ASSESSOR’S OFFICE (report link)

We conducted a high-level review of the Assessor’s Office, including its operations and control environment. We also reviewed the outgoing Assessor’s access to and use of county resources, including:

- Computer and office files
- Internet search history
- Emails
- Phone records
- Access to county financial resources
- County-related travel and reimbursements
- Access to alter parcel records within the Assessor’s Office database

SMALL BUSINESS COVID-19 RELIEF PROGRAM

We assisted the Department of Finance in reviewing over 5,000 applications from Maricopa County businesses and non-profits seeking financial help for losses resulting from COVID-19 emergency public health declarations and stay-at-home orders. Highlights from this effort include:

- Over $67 million awarded to nearly 3,500 grant applicants, averaging over $20,000 per award.
- Up to 14 auditors supported prompt grant award decisions by averaging a 1-2 day turnaround time throughout a 3-month period.
- Developed and maintained a database to support final grant award decisions and payments.

OTHER SPECIAL REQUEST WORK

Other notable special requests included:

- Animal Care & Control – Donations
- Human Services Department – Transportation Vendor Invoices
- Department of Transportation – Purchase Card Expenditures
**AGENCY FEEDBACK**

“The audit team was **pleasant** to work with, **open** with communication, and **helpful** in making an audit less daunting. The [audited areas] were **critical** to the continuous improvement of MCPF work, and the recommendations **strongly benefit** the department.”

- **Public Fiduciary**

“We **commend** the County for preparing a **useful** report for its citizens. The layout is **easy to follow**.”

- **Government Finance Officers Association Reporting Award Program**

“I want to **thank** Internal Audit for its **dedication** to the County’s small business COVID-19 relief program. Without your **assistance**, the program would not have been nearly as **successful**.”

- **John Lewis, Finance Director**

“Great **experience**. Team was **fabulous** to work with — **patient** and **communicative**.”

- **Library District**

“We **appreciate** the recommendations from Internal Audit to **improve** the **quality** and delivery of service to Maricopa County and our wards in particular.”

- **Public Fiduciary**

“I **appreciate** the work and **professionalism** of the team involved in this audit. The **collaboration** makes all of us better.”

- **Valerie Beckett, Assistant County Manager**
Internal Audit reports directly to the Board of Supervisors. This organizational structure provides assurance that County officials cannot unduly influence the nature or scope of the audit work, and gives the Board a direct line of communication with Internal Audit.

Prior to beginning an audit, auditors are required to sign Qualifications and Independence Statements certifying they have no personal impairments to their independence. Auditor independence is also confirmed during regularly scheduled team meetings.
The Board-appointed Citizens’ Audit Advisory Committee assists the Board of Supervisors with its oversight responsibilities by reviewing and commenting on the County’s financial information, audit process, audit reports, and other audit-related matters. The Committee also reviews significant audit findings, changes to the audit plan, Internal Audit’s overall performance, and more.

Visit our website for a list of all Duties and Powers and Committee Member Biographies.

Barbara Coppage, 2019 Advisory Committee Chairperson, received a plaque for her service from Ramon Ramirez, incoming Chairperson and Mike McGee, County Auditor.
Our staff has extensive familiarity with professional auditing standards, methods, and techniques, in addition to specialized training in information systems, business and government management, accounting, and fraud detection and deterrence.

Our staff holds 36 professional certifications and advanced degrees.

Additionally, most auditors maintain membership in a variety of professional organizations.

**PROFESSIONAL ORGANIZATION MEMBERSHIPS**

- American Institute of Certified Public Accountants (AICPA)
- Arizona Society of Certified Public Accountants (ASCPA)
- Association of Certified Fraud Examiners (ACFE – National and Arizona Chapter)
- Association of Government Accountants (AGA)
- Association of Local Government Auditors (ALGA)
- Information Systems Audit and Control Association (ISACA – National and Phoenix Chapter)
- Institute of Internal Auditors (IIA – National and Phoenix Chapter)
- Institute of Management Accountants (IMA)
MEET OUR STAFF

MIKE MCGEE, COUNTY AUDITOR
Mr. McGee is a Certified Public Accountant with a career in auditing and administration in both the public and private sectors. His experience includes over 17 years in management and senior management positions. Prior to joining Maricopa County, Mike served the State of Arizona as the Statewide Internal Audit Manager. He attended Arizona State University where he received his bachelor’s degree in accounting and later graduated from Texas A&M University with a master’s in business administration.

SUSAN ADAMS, AUDIT MANAGER
Ms. Adams is a Certified Information Systems Auditor. She has a bachelor’s degree in accounting from Utah State University and a master’s degree in business administration from the University of Utah. She has over 25 years of professional auditing experience, with 20+ years as an information systems auditor. Ms. Adams is a member of ISACA, the Association of Local Government Auditors, and the Institute of Internal Auditors.

PATRA E. CARROLL, INFORMATION TECHNOLOGY AUDIT SUPERVISOR
Ms. Carroll is a Certified Internal Auditor, Certified Information Systems Auditor, and Certified in Risk and Information Systems Control. She has over 20 years of performance and IT auditing experience in the public sector. Ms. Carroll has a master’s degree in information management from the W.P. Carey School of Business at Arizona State University.

TIM LOCKINGER, AUDIT SUPERVISOR
Mr. Lockinger is a Certified Public Accountant licensed in Arizona and Nevada. He has a bachelor’s degree in business administration from the University of Nevada, Las Vegas, and over 30 years of progressive accounting and supervisory experience within the highly regulated gaming industry. He is also experienced in the analysis and development of systems of internal controls. Mr. Lockinger is a member of the Association of Local Government Auditors, and the Arizona Chapter of Certified Fraud Examiners.
STACY ABERILLA, SENIOR LAW ENFORCEMENT AUDITOR
Ms. Aberilla is a Certified Internal Auditor and Certified Government Auditing Professional, and holds a Certification in Risk Management Assurance. She graduated from the ASU School of Public Affairs with a master’s degree in public administration and has 10 years of professional internal audit experience. Her strengths include applying legal and regulatory requirements, project management, research and risk assessment, data analysis, and presenting complex information to stakeholders. Memberships include the Association of Local Government Auditors and the Institute of Internal Auditors.

KENTON SCHABEN, AUDIT SUPERVISOR
Mr. Schaben is a Certified Information Systems Auditor and a Certified Fraud Examiner. He graduated cum laude from the W.P. Carey School of Business at Arizona State University with a bachelor’s degree in finance. He worked in audit and finance prior to joining Internal Audit in 2015. Mr. Schaben is a member of the Association of Local Government Auditors, ISACA, and the Association of Certified Fraud Examiners.

BRIAN NESVIG, AUDIT SUPERVISOR
Mr. Nesvig is a Certified Fraud Examiner with 10 years of internal audit experience spanning both public and private sectors. He holds a Juris Doctor and a Master of Laws in taxation from the University of San Diego School of Law and a bachelor’s degree in economics from St. Olaf College. Mr. Nesvig is a member of the Association of Local Government Auditors and the Association of Certified Fraud Examiners.

TIM CARROLL, SENIOR AUDITOR
Mr. Carroll is a Certified Fraud Examiner with over 14 years of professional audit experience. He has a bachelor’s degree in business administration (finance) from Bowling Green State University, a bachelor’s degree in economic crime investigation from Hilbert College, and a master’s degree in economic crime management from Utica College. Mr. Carroll is a member of the Association of Certified Fraud Examiners and the Association of Local Government Auditors.
JENNY CHAN, SENIOR AUDITOR

Ms. Chan is a Certified Internal Auditor and Certified Government Auditing Professional, with over 10 years of professional internal auditing experience. She started as an Internal Audit intern in May of 2007 and became a staff auditor in October of 2007. She has a bachelor's degree in accountancy and computer information systems from the W.P. Carey School of Business at Arizona State University. Ms. Chan is a member of the Institute of Internal Auditors, Association of Local Government Auditors, and the Arizona Chapter of Certified Fraud Examiners.

DAN GRIEDL, SENIOR AUDITOR

Mr. Griedl is a Certified Public Accountant and a Certified Internal Auditor. He has a bachelor of business administration degree majoring in accounting from the University of Wisconsin-Oshkosh, with over 30 years of audit experience. He was a consultant on a large five-year contract compliance and cost recovery project. He has experience in aerospace, public utilities, oil and gas, real estate investments, securities, and public accounting. Mr. Griedl is a member of the Institute of Internal Auditors and is a Past President of the Phoenix Chapter of the Institute of Internal Auditors.

MEGAN M. MCPHERSON, SENIOR AUDITOR

Ms. McPherson is a Certified Internal Auditor. She graduated from the W.P. Carey School of Business at Arizona State University with a bachelor's degree in finance, and holds a master's degree in teaching economics and business. She began her audit career with Wells Fargo Bank and has more than 14 years of professional internal auditing experience. Ms. McPherson is a member of the Institute of Internal Auditors, Association of Local Government Auditors, and Association of Certified Fraud Examiners. She also teaches an accounting course at a local community college.

CHRIS MOORE, SENIOR IT AUDITOR

Mr. Moore is a Certified Information Systems Auditor with over 10 years of auditing experience between public and private sectors. He graduated magna cum laude from the W.P. Carey School of Business at Arizona State University with bachelor degrees in accountancy and management. Mr. Moore is a member of ISACA.
MIREYDA VILLARREAL-SANCHEZ, SENIOR AUDITOR
Ms. Villarreal-Sanchez joined Internal Audit in December 2018. She has a bachelor’s degree from Brigham Young University in business management with an emphasis in international finance. She has over 16 years of compliance and performance government auditing experience while employed at the State of Arizona working for the Departments of Economic Security, Revenue, and Transportation. She is currently pursuing her master’s in business administration degree with an emphasis in finance through Grand Canyon University. Ms. Villarreal is a member of the Association of Local Government Auditors.

KIMBERLY ABBOTT, INTERNAL AUDITOR
Ms. Abbott has a bachelor’s degree in accounting and a master’s degree in business administration from the University of Phoenix. She also has a master’s degree in Christian studies with emphasis in leadership and pastoral ministry from Grand Canyon University. She has more than 20 years of business experience in accounting and finance, including 8 years of supervisory experience. Ms. Abbott is a member of the Government Finance Officers Association, the Association of Local Government Auditors, and the Institute of Internal Auditors.

KERRISHA ALLEN, INTERNAL AUDITOR
Ms. Allen holds a bachelor’s degree in general studies from the University of Nebraska-Omaha and is a graduate from Southern New Hampshire University with a master’s degree in operation and project management. She started her audit career with the State of Arizona and has over four years of auditing experience. She is a member of the Association of Local Government Auditors. She is also a Certified Adult Educator in the State of Arizona.

BRENDA ERRAN, INTERNAL AUDITOR
Ms. Erran joined Internal Audit in June 2018. She holds a Bachelor of Science in Accounting from Grand Canyon University and has more than six years of experience working in the accounting field and preparing individual taxes. She enjoys being an active member of her community by volunteering her time with the Volunteer Income Tax Assistance (VITA) program. Ms. Erran is a member of the Association of Local Government Auditors and the Institute of Internal Auditors.
AMANDA ZIBELL, SENIOR BUSINESS SYSTEMS ANALYST

Ms. Zibell joined Internal Audit in July 2019. Her experience includes over 20 years in government, 15 of those years with the State of Arizona in various accounting, auditing and technical roles. She has a bachelor of science in business management and a master’s in business administration. Her professional profile comprises a technical support background which includes accounting, auditing, software and database implementation projects, data analytics, and end user training.

KAREN SMITH, EXECUTIVE ASSISTANT

Ms. Smith joined Internal Audit in March 2019. She has an associate’s degree in legal assisting from Everest College and a bachelor’s degree in psychology from Ottawa University. She has more than 16 years of experience working in law firms, including 8 years as a paralegal and 7 years as an executive assistant to managing members and c-level executives.
The Government Finance Officers Association (GFOA) of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Maricopa County Internal Audit for its *Citizens Financial Condition Report* for the fiscal year ended June 30, 2019.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

GFOA is a professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906.

Visit our website for our award-winning *Citizens Financial Condition Reports*. 