



# Maricopa County

## Internal Audit Department

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**To:** Maricopa County Board of Supervisors

**From:** Ross L. Tate, County Auditor

**Subject:** Minimum Accounting Standards Agreed-Upon Procedures Review

**Date:** January 23, 2014

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**Results:** We reviewed eight justice courts for compliance with Minimum Accounting Standards (MAS) set forth by the Supreme Court of Arizona, Administrative Office of the Courts (AOC). The average compliance rate was 79%, a slight improvement from the previous review three years ago.

**Observation:** For each of the eight courts listed below, we tested 55 AOC standards. The standards were developed to standardize accounting practices and to bring financial operations into compliance with statutes and generally accepted accounting principles.

- Agua Fria
- Arcadia Biltmore
- Downtown
- Encanto
- Maryvale
- South Mountain
- West McDowell
- White Tank

The main areas of noncompliance were segregation of duties (e.g., second person not verifying manual receipts), cash handling (e.g., payments not receipted timely), disbursements (e.g., replacement checks not cross-referenced in financial system), reconciliations of financial records (e.g., clerks did not verify beginning cash fund before using), and safeguarding of monies (e.g., the locked safe was moveable). These types of exceptions increase the risk that errors and/or fraud could occur and go undetected.

**Objective:** We performed this review to assist AOC in determining compliance with MAS as set forth in the agreed-upon procedures.

Every three years, Arizona courts are required to have an independent MAS review. The review is an agreed-upon procedures engagement in which an independent accountant performs standard audit procedures set forth by AOC. Our work results in cost savings to the County, as outside consultants are not hired for this mandated review.

This report is intended primarily for the information and use of the County Board of Supervisors, County leadership, and other County stakeholders. However, this report is a matter of public record and its distribution is not limited. This review was approved by the Board of Supervisors and was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, and standards established by the American Institute of Certified Public Accountants. If you have any questions about this report, please contact Eve Murillo, Deputy County Auditor, at 506-7245.