Maricopa County

Internal Audit Department

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Fulton Brock, Chairman, Board of Supervisors
Don Stapley, Supervisor, District II
Andrew Kunasek, Supervisor, District III
Max W. Wilson, Supervisor, District IV
Mary Rose Wilcox, Supervisor, District V

We have completed the FY 2002-2003 Entrance/Exit review. The audit was performed in accordance with the annual audit plan that was approved by the Board of Supervisors.

The reviews are conducted following each election year to help ensure a smooth transition between incoming and outgoing elected officials. The objective is to ensure fixed assets, cash and change funds, bank accounts, and physical security items (e.g., keys and combinations) are accounted for and passed to the newly elected official intact. The reviews included a County Supervisor, two Justice Court Justices of the Peace, and three Constables.

We found no major issues that would affect the newly elected officials in assuming their offices. Minor issues were noted and are summarized in the attached report.

Attached is our report package, including appropriate responses. We have reviewed this information with the newly elected officials and key members of their support staff and appreciate their excellent cooperation. If you have questions or wish to discuss items presented in this report, please contact Joe Seratte at 506-6092.

Sincerely,

Ross L. Tate

Ross L. Tate
County Auditor

Introduction

Background

The Entrance/Exit review of newly elected officials is part of the Board of Supervisors (BOS) approved Annual Audit Plan. Entrance/Exit reviews are limited scope engagements, the objective of which is to ensure fixed assets, cash and change funds, bank accounts, and physical security items such as keys and combinations, are accounted for and passed intact to the newly elected official.

The reviews are performed within each County office for which a new official is elected. Re-elected officials are not reviewed. In November 2002, a County Supervisor, two Justices of the Peace, and three Constables replaced incumbents and were selected for our review. The County Supervisor elected was initially appointed to the vacant position.

Officials Elected in November 2002

- Board of Supervisors District IV, County Supervisor
- North Valley Justice Courts, Justice of the Peace
- East Phoenix #1 Justice Courts, Justice of the Peace
- South Phoenix Constable
- Gila Bend Constable
- Wickenburg Constable

Scope and Methodology

Our audit objective was to determine if County assets and records were properly accounted for and adequately safeguarded during the transition of elected officials. We examined the following areas:

- Fixed Assets: Capitalized (> $5,000) and Controllable (<$5,000)
- Security: Keys, alarm codes, and safe combinations
- Funds: Change funds and outside bank accounts
- Open items: Bonds, restitution, and litigant deposits
- Telephone Usage: Long distance and cell phones

This audit was performed in accordance with generally accepted government auditing standards.

Review Highlights

	DISTRICT IV COUNTY SUPERVISOR	EAST PHOENIX #1 JUSTICE OF THE PEACE	NORTH VALLEY JUSTICE OF THE PEACE
ASSETS	No Issues	No issues	Asset reported for North Valley JC located at Peoria JC
SECURITY	Former employee's office access code was still active	Safe combination not changed at turnover	Former employee's electronic key was still active Key control listing not maintained.
FUNDS	N/A – BOS has no change fund	No issues	Former JP and court manager remain authorized signers on the Trust Account
OPEN ITEMS	N/A – BOS has no open items	Over $7,200 in open bonds were not remitted to the Treasurer's Office by April of 2002 as required by statute	3 restitution payments had not been disbursed in over 30 days, as required by policy
TELECOM	No issues	No issues	No issues

* **We noted no reportable issues related to Constables.**

Detailed Information

Fixed Assets

The six areas reviewed maintain a combined total of five fixed assets that meet the County's capitalization criteria. We located four of five assets at the locations listed on Department of Finance (DOF) records. The remaining item had been transferred to another location, and we verified that the asset was actually there.

Recommendation

The North Valley Justice Court should:

A. Notify DOF of the asset transfer and ensure DOF accurately updates their asset list.

Physical Security

One former BOS District IV employee's electronic access code was active and in use by current employees. The former North Valley JC Justice of the Peace's electronic key was also active. In addition, the North Valley JC did not maintain a key control listing as required by Justice Court policy. These conditions could allow unauthorized individuals to obtain access to the offices/buildings of the newly elected officials.

Recommendation

The North Valley Justice Court should:

B. Deactivate the former JP's access code and create a key control listing.

BOS District IV should:

C. Deactivate the former employee's code.

Funds

Two individuals no longer in the employ of the North Valley JC were still authorized to access the court's Trust Account, which leaves trust monies susceptible to unauthorized withdrawal.

Recommendation

D. The North Valley Justice Court should immediately update the Trust Account signature card.

Open Items

East Phoenix #1 Justice Court had approximately $7,200 in open bonds dated prior to April of 2000. These bonds should have been remitted to the County Treasurer on or before April 2002, according to statute. In addition, the North Valley Justice Court had three open restitution

payments that were not disbursed for over 30 days. Failure to properly manage open items increases the risk that errors or fraud will occur and be undetected. In addition, failure to remit bonds to the County Treasurer deprives the County General Fund of interest and revenue. Unnecessarily delaying disbursement of restitution payments is contrary to justice court policy and withholds monies due to our citizens.

Recommendation

The East Phoenix #1 JC should:

E. Remit old open bonds to the County Treasurer.

North Valley JC should:

F. Remit open restitution payments to recipients per JC Policy.

Court Response

NORTH VALLEY JUSTICE COURT
MAY 13, 2003

ASSETS
One asset reported as located at the North Valley Justice Court was located at the Peoria Justice Court

Response: Concur. A cassette tape reformatter was sent to Peoria Justice Court for their use. Peoria's machine did not work and North Valley was asked to share units with Glendale so that Peoria did not have to purchase another.

Recommendation A: The North Valley Justice Court should Notify DOF of the asset transfer and ensure DOF accurately updates their asset list.

Target Completion Date: 5/15/03

Benefits/Costs: Accuracy of records and increased control over assets. No additional costs.

SECURITY
A former employee's electronic key was still active and a key control listing was not maintained.

Response: Concur: One employee's key was still active. He turned it in after several requests and security was called to reprogram keypad and alarm codes. A key control listing was not kept prior to my taking over as manger. The key's were also not labeled or kept in the key safe.

Recommendation B : The North Valley Justice Court should deactivate the former JP's access code and create a key control listing.

Target Completion Date: Completed

Benefits/Costs: Increased security. No additional costs.

FUNDS
The Former Justice of the Peace and Court Manager remain authorized signers on the trust account.

Response: Concur. When the former JP and Court Manager left, an interim Manager was appointed and therefore was not put on the account.

Recommendation D: The North Valley Justice Court should immediately update the Trust Account signature card

Target Completion Date: Completed. The signature card has been changed and the two former employees have been removed.

Benefits/Costs: Increased control over funds. No additional costs.

OPEN ITEMS:
Three restitution payments had not been disbursed in over 30 days, as required by policy.

Response: Concur. Since the change in management, the disbursement time of restitution has gone down.

Recommendation F: The North Valley JC should remit open restitution payments to recipients per JC Policy.

Target Completion Date: Completed. The restitution and bond report are monitored regularly to ensure this will not happen again.

Benefits/Costs: Increased level of service to the public. No additional costs.

Approved By :

* Unavailable

Elected Official — **Date**

Deputy Court Administrator — 5-20-03 **Date**

* Current Judge is on Medical leave. The above responses made by Court Manager.