



# 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 28, 2015

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**Results:** We reviewed nine 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 83%, a 1% decrease from the previous review three years ago.

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

- Desert Ridge
- Dreamy Draw
- Highland
- Kyrene
- McDowell Mountain
- Moon Valley
- San Marcos
- San Tan
- University Lakes

The main areas of noncompliance were 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 segregation of duties (e.g., second person not verifying manual receipts). These exceptions increase the risk that errors and/or fraud could occur and go undetected. We issued detailed reports to the AOC and each of the nine courts reviewed.

**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 Ross Tate, County Auditor, at 506-1585.