



# Maricopa County

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## Internal Audit Department

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**To:** Maricopa County Board of Supervisors

**From:** Mike McGee, County Auditor

**Subject:** Audit Report: Contracts and Agreements

**Date:** June 19, 2018

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This report is to summarize our audit work completed in fiscal year 2018 related to contracts and agreements.

**Objective:** Our primary audit objective was to determine compliance with contract terms and County policies.

**Conclusion:** We found several control weaknesses and significant avoidable costs as a result of the contract reviews completed in fiscal year (FY) 2018. A summary of these results can be found on page 2.

**Scope and Observations:** We reviewed three contracts for compliance with various contract terms and conditions. We published detailed reports (including recommendations) to the agencies that use these contracts. Agency management concurred with our recommendations.

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 public record and its distribution is not limited.

This audit work was approved by the Board of Supervisors and was conducted in conformance with International Standards for the Professional Practice of Internal Auditing. If you have any questions about this report, please contact Mike McGee County Auditor, at 602-506-1585.

**Contracts and Agreements**

**June 19, 2018**

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| <b>Contract Audit Work</b>   |   |
|--|---|
| <b>Contract</b>  | <b>Results</b>  |
| <p><b>Wireless and Data Services (Cellular Devices)</b></p> <p><u>Contract Expenditures</u><br/>\$4.3 million<br/>CY 2016<br/>1 Contract</p>   | <ul style="list-style-type: none"> <li>• The County did not have an adequate process in place to ensure that unnecessary lines are canceled in a timely manner</li> <li>• Avoidable charges for unnecessary lines totaled at least \$301,677 in CY 2016 for 14 agencies reviewed; estimated economic impact over 5 years may be significantly higher</li> <li>• An effective system was not in place to ensure that (a) cellular devices are on the most cost-effective service plans, or (b) invoices are properly reviewed and approved</li> <li>• County policies were not updated timely, and many were not effectively communicated and/or enforced</li> <li>• Review included 1 vendor</li> </ul> |
| <p><b>Library Materials and Services</b></p> <p><u>Contract Expenditures</u><br/>\$3.8 million<br/>FY 2016<br/>1 Contract</p>  | <ul style="list-style-type: none"> <li>• The contract did not include pricing and a pricing proposal was not forwarded to the Office of Procurement Services for review and execution</li> <li>• The vendor honored the pricing on the pricing proposal; processing fees and discounts were accurately calculated</li> <li>• The Library District was not verifying discount pricing</li> <li>• Review included 1 vendor</li> </ul>   |
| <p><b>Waste Tire Recycling Removal and Final Disposal</b></p> <p><i>Compliance with Legal Arizona Workers Act</i></p> <p><u>Contract Expenditures</u><br/>\$5 million<br/>FY 2017<br/>1 Contract</p> | <ul style="list-style-type: none"> <li>• I-9 forms were completed at the time of employment for all employees tested; a few forms were missing the employee signature</li> <li>• E-Verify was used to verify employment eligibility for all employees tested</li> <li>• Review included 1 vendor</li> </ul>   |