



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

November 2, 2005

Susan Gerard, Director
Department of Health Services
150 North 18th Avenue
Phoenix, AZ 85007

Subject: Management Letter

Dear Ms. Gerard:

In planning and conducting our audit of the Department of Health Services, Division of Behavioral Health Services, Titles XIX and XXI Contract, Schedules of Revenues, Expenditures, and Encumbrances for the year ended June 30, 2005, we performed the following as required by U.S. generally accepted auditing standards:

- Considered the Department's internal controls over financial reporting, and
- Tested its compliance with laws and regulations that could have a direct and material effect on the Schedules.

Specifically, we performed tests of transfers, cash disbursements, and encumbrances related only to the administration of the Department of Health Services, Division of Behavioral Health Services, Titles XIX and XXI Contract.

Our audit found no significant deficiencies in internal controls or instances of noncompliance with laws and regulations.

This letter is intended solely for the information of the Department of Health Services and is not intended to be and should not be used by anyone other than the specified party. However, this letter is a matter of public record, and its distribution is not limited.

Should you have any questions concerning its contents, please let us know.

Sincerely,

Debbie Davenport
Auditor General