



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

**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

November 16, 2006

Susan Gerard, Director  
Department of Health Services  
150 North 18<sup>th</sup> 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, Title XIX and XXI Contract, Schedules of Revenues, Expenditures, and Encumbrances for the year ended June 30, 2006, 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, Title 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