

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Honorable Lawrence L. Matheney
Treasurer-Tax Collector/Public Administrator-Public Guardian

Date: February 2, 2009

From: Christine L. Cohen 

Subject: FOLLOW-UP AUDIT OF PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN OPERATIONS

The follow-up audit has been completed of Public Administrator-Public Guardian (PAPG) operations. This audit was conducted by the firm of Thompson, Cobb, Bazilio & Associates, P.C. (TCBA), as commissioned by the Auditor-Controller. The audit report is included as Attachment 1 for your reference.

The overall audit objective was to evaluate corrective actions implemented as a result of the findings and recommendations in the following audit reports:

1. *Audit of the PAPG and Conservator Management of Client Assets and Administration of PAPG Responsibilities* performed by the Auditor-Controller and issued in February 2004.
2. *Review of the PAPG Implementation of Corrective Actions (Objective I Report)* performed by TCBA and issued in March 2007.
3. *Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report)* performed by TCBA and issued in May 2007.

The follow-up audit also addressed a complaint received through the Employee Fraud Hotline in January 2008 of general property inventory storage concerns in the PAPG Office.

Overall, the audit disclosed that the PAPG has made some significant improvements since the last audit in 2007; however, several areas of concern still exist. Specifically, 45 findings or recommendations required corrective action as a result of the prior audits, while the follow-up audit resulted in 28 continuing or new recommendations needing management's attention. A summary of corrective actions taken or needed is included as Attachment 2.

In addition, the audit generally did not substantiate the Hotline complaint, as no significant concerns over client property storage were identified.

PAPG management provided a written response and agreed with the audit's findings and recommendations, which is included as Attachment 3. Due to the transition of PAPG operations to the Human Services Agency in 2009, we recommend that the Human Services Agency use this follow-up audit as a tool to focus on areas requiring attention before, during, and/or after the transition.

Honorable Lawrence L. Matheney, Treasurer-Tax Collector/Public Administrator-Public Guardian
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We appreciate the cooperation and assistance extended by you and your staff during this follow-up audit. If you have any questions, please call me at (805) 654-3151.

Attachments

cc: Honorable Steve Bennett, Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Kathy Long, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Marty Robinson, County Executive Officer
Barry Zimmerman, Director, Human Services Agency

COUNTY OF VENTURA AUDITOR-CONTROLLER'S OFFICE

Report on Follow-Up Review of Corrective Actions of the Public Administrator/Public Guardian (PAPG)

Submitted by

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EXECUTIVE SUMMARY

The primary objective of this audit was to follow up on two previous audits and determine whether proper corrective action has been taken by PAPG management to address the findings and recommendations. The first audit of PAPG was completed on February 12, 2004 by the Ventura County Auditor-Controller's Office and consisted of an audit on the management of client assets and administration. The second audit consisted of a review of PAPG internal controls and compliance completed by Thompson, Cobb, Bazilio & Associates (TCBA) in May 2007.

As of the writing of this report the Ventura County Public Administrator-Public Guardian (PAPG) is one of the divisions within the Treasurer/Tax Collector Department and is directed and managed by the Treasurer/Tax Collector/Public Administrator. However, in October 2008, the Ventura County Board of Supervisors, with the support of Assembly Bill 2343, took action to move the PAPG's functions and responsibilities from under the Treasurer/Tax Collector to the Human Services Agency (HSA). This move of the PAPG is planned for early 2009.

Our audit took place in a time of transition for the PAPG, and in an environment of overall budgetary uncertainty. Our findings and recommendations apply to the PAPG regardless of which Department it is operating under.

Sixteen objectives were identified for examination by the Ventura County Auditor-Controller. Additionally, on January 29, 2008, the Auditor-Controller Employee Fraud Hotline received an anonymous call reporting general property storage concerns in the PAPG Office. This complaint was also addressed in this follow-up audit and incorporated into the audit objectives.

The sixteen objectives examined in this report are as follows:

1. Determine whether property belonging to PAPG clients is accounted for properly in accordance with PAPG responsibilities.
2. Determine whether PAPG management implemented procedures to improve the management of client estates.
3. Determine whether interest earnings are appropriately applied to PAPG client accounts.
4. Determine whether hearing notices and physician assessments are mailed in a timely manner.
5. Determine whether PAPG actively monitors legal requirements and performance metrics.

6. Determine whether PAPG bank account deposit procedures and closures are formally documented.
7. Determine whether PAPG fiscal oversight is adequate to manage client funds and assets
8. Determine whether policies and procedures to prevent improper destruction and auctioning of client property are sufficient.
9. Determine whether screening and monitoring of board and care facilities are performed.
10. Determine whether PAPG makes placement decisions on behalf of conservatees with the assistance of Behavioral Health.
11. Determine whether PAPG completes property inventories and appraisements in a timely manner.
12. Determine whether checks and balances are in place for LPS Conservatorships.
13. Determine whether PAPG coordination and oversight occur in dealing with LPS Conservatorships in coordination with the Omnibus Conservatorship and Guardianship Reform Act.
14. Determine whether performance expectations and routine feedback are provided to employees by PAPG management.
15. Determine whether office management and supervision along with written policies and procedures have continued to be enhanced.
16. Evaluate the PAPG's efforts to upgrade the caseload management system.

SUMMARY OF SIGNIFICANT FINDINGS

Below we provide a brief summary of our significant follow-up findings and recommendations. A more detailed discussion on these and other findings is presented in the body of this report.

1. Improvements found to PAPG Operations since the last audit in March 2007.

There have been some improvements to PAPG operations as a result of and since the last audit conducted in March 2007. Some of the more significant improvements to operations include:

- Improved communications and working relations between PAPG and other County agencies.
- PAPG has created and filled a Senior Deputy PAPG position. This has established more supervision over Public Guardian operations.
- Improvements in the completion of overdue Inventory & Appraisals (I&As). As of the writing of this report, only one overdue I & A is outstanding for current LPS clients.
- Improvements in the supervision and quality of client visitations and the reporting over client facility visitations.

2. The current Mission Software System has not yet been replaced with an up to date, user friendly and efficient caseload management software system.

PAPG had initiated and completed an RFP to procure a new caseload management software system. However, the implementation of the new system has been delayed mostly due to procurement and inter-agency logistical issues beyond PAPG's control.

The delay in the implementation of the new caseload management system has affected the progress on many interrelated corrective actions that were planned to coincide with the start up of the new system. This includes the development of a revised up-to-date policies and procedures manual, the replacement of the master inventory system, the automation of management performance tracking data, and the development of management reports.

3. Oversight and review of fiscal operations, which includes the addition of financial expertise is needed.

In response to the March 2007 audit, the Treasurer/Tax Collector Department provided the PAPG with financial management assistance; however, this is on a temporary basis and will cease when the PAPG operations move to HSA. Without this assistance, overall financial expertise and oversight has not been adequate to manage client funds and assets. This situation contributed to an interest allocation problem that, although immaterial, went undiscovered for ten years until found with the help of the recent financial assistance from the Treasurer/Tax Collector staff. An increased level of oversight and financial expertise would improve control over fiscal operations and could

also improve oversight over other related functions such as facility trust accounts and auctioneer records.

- 4. PAPG should update its policies and procedures for the LPS conservatorship area, and develop written policies and procedures for Probate and PA estates. Desk procedures need to be developed for all areas of operations.**

The PAPG has developed extensive policies and procedures in the LPS conservatorship area. However, many of these written procedures are already two years old and need to be updated. These policies and procedures should be updated and revised on a regular basis.

PAPG has not developed written policies and procedures in important areas such as Probate and PA estates. The management and accountability in these areas will be strengthened with the documentation of policies and procedures.

PAPG has not developed desk procedures for most areas of its operations. Desk procedures are guidelines used by staff and should be easily accessible and referenced. Desk procedures should be less formal and user friendly.

- 5. PAPG has conducted adequate staff training on a regular basis. Training should continue to be scheduled and performed on a regular basis.**

It is essential that PAPG staff have a working knowledge in a wide variety of legal, medical, behavioral, technical, financial and procedural matters. We found that in-depth staff training is conducted on a regular basis and PAPG staff are held accountable for completing important training sessions. Although adequate staff training has taken place, the importance of this area is noted. Staff training should continue to be regularly scheduled and performed on an on-going basis.

- 6. PAPG remains out of compliance with meeting filing dates of Inventory & Appraisement and Hearing Notices.**

PAPG remains out of compliance with 1) the 90 day deadline from client intake to file Inventory & Appraisements (I&A), and 2) the 15 day deadline for filing hearing notices. PAPG has shown progress in this area. Most of the past due Inventory and Appraisements have been completed and PAPG is now tracking filing data on an internal spreadsheet. However, both I&As and hearing notices continue to be filed past their respective deadlines in violation of Probate Code. We believe that improved management attention and oversight would improve compliance with the filing deadlines.

BACKGROUND

The PAPG manages and oversees the assets of mentally incapacitated, gravely disabled, or deceased County residents by court appointment. The PAPG manages financial assets, real property, and personal property for clients, including vehicles, clothing, jewelry, coins, and household items. For fiscal year 2007-08, the PAPG budgeted appropriations of \$1,015,000. Currently the PAPG has 12 employees and 13 authorized positions. One Deputy PAPG position is currently vacant.

The purpose of this audit was to follow up on findings and recommendations from two previous audits of the PAPG and to determine whether proper corrective actions were implemented by PAPG management. We conducted a follow-up on sixteen objectives identified by the Ventura County Auditor-Controller's Office.

SCOPE AND METHODOLOGY

The scope of this review included PAPG operations, internal controls in place and working relations with other County agencies. The review included the following procedures:

1. Reviewed and assessed the adequacy of written procedures.
2. Interviewed PAPG management, staff, and other County personnel, which included representatives from Behavioral Health, Human Services Agency, County Counsel, Ventura County Executive Office, Ventura County Public Defender and Superior Court.
3. Reviewed PAPG staff personnel performance evaluations.
4. Testing samples of client fiscal and case files to verify consistency with written procedures.
5. Observed and reviewed workflow processes for the intake, management and oversight of client property.
6. Performed site visits of storage facilities to observe physical controls over client property.
7. Reviewed a sample of open and closed Public Administrator (PA) estate files for proper documentation of estate investigations.
8. Examined closure dates of open and closed PA estate cases for compliance with Probate Code.
9. Reviewed records pertaining to the visitation of clients and the monitoring of board and care facilities

10. Interviewed pertinent PAPG personnel and observed the current use and adequacy of automated information systems.

REVIEW OF CORRECTIVE ACTIONS

1. **Determine whether personal property belonging to PAPG clients is accounted for properly in accordance with PAPG responsibilities.**

Objectives

- Determine whether procedures for posting inventory and recording property dispositions to electronic records have been established.
- Determine whether PAPG conducts periodic physical inventories to verify the accuracy of property records.
- Determine whether controls over client property maintained in the PAPG's service drawer are adequate.
- Determine whether PAPG has established accountability for property received into PAPG with evidence of receipt in dual custody.
- Determine whether liquidation records adequately link property to inventory records.
- Determine whether PAPG upgraded from a digital camera to a digital video recorder for the intake of inventory.
- Determine whether PAPG has established lines of communication with third party County agencies 24 hours prior to the performance of inventory assessments.

Results

Finding 1.1 - Personal property belonging to PAPG clients is adequately accounted for in accordance with PAPG responsibilities. However, policies and procedures for the performance of periodic physical inventories are not formally developed and the procedure to notify a third party County agency 24 hours prior to the performance of an initial inventory assessment has not been implemented.

The PAPG has established written procedures for Client Personal Property Management. We have reviewed the procedures and found them to be adequate. The procedures include posting inventory and recording property dispositions to electronic records. To verify the adequacy of the procedures, we traced a sample of client inventory records from the electronic Master inventory records to individual inventory records kept in client files. We found that procedures were followed and that client inventory records were recorded adequately in both client files and electronically.

Policies and Procedures for client property also include: initial real property inspection, handling and storage of collected personal property, Inventories, documentation, storage, disposition of personal property, subsequent actions, and prohibited activities.

Procedures are written and documented. These should be constantly revised and updated as conditions warrant.

PAPG conducts periodic physical inventories to verify the accuracy of property records. These periodic physical inventories are referred to as re-inventories and are recorded in the Master Inventories maintained by the Special Assignment Deputy for Property. However, re-inventories are performed on a somewhat haphazard or informal basis and are not done on 100% of the property kept by PAPG. A more formalized approach to an annual audit on inventory, which includes written procedures and a strategic approach for selecting which property to audit, would strengthen oversight of client property.

PAPG has segregated in separate sealed containers and properly tagged sensitive client property maintained in the drawer. Items of value such as coin collections are kept in the Treasury vault. PAPG uses inventory control logs (referred to as Master Inventories) to record deposits and removals of client property from the drawer, the Treasury vault, and storage sites. However, this system is manual and subject to human error. The new caseload system software scheduled to be installed should help automate many features of the Master Inventory system.

Property is received into PAPG with signed Inventory Reports. Inventory Reports are signed by two individuals. These reports document that inventory is received in dual custody.

Inventories destined for sale through auction are first listed on a manifest and bar coded for tracking on-line. Items are then scheduled to be picked up by the vendor. These items are scheduled to be picked up once a month. As items are sold, checks are sent to PAPG. This also occurs monthly. A vendor report is downloaded by the PAPG Deputy Property Specialist. This report shows which items were sold and the amount they sold for. The vendor report is traced to client inventory records and Master inventories are updated. We found that items are adequately described and linked to client records.

PAPG now has a digital video recorder in addition to the single shot camera for use in the intake of inventory. Use of the video camera or single shot is based on the discretion of the Deputy taking the inventory. We were informed that the use of the digital video recorder has not markedly improved the electronic record keeping of client property because Deputies did not use the camera properly. We believe that procedures and best practices for the use of the video camera should be developed and disseminated to staff through in-service training for more effective use in recording inventory.

PAPG has not implemented the control of consistently notifying a third party County agency 24 hours prior to the performance of inventory assessments. In the course of our audit, we were informed that this procedure was not implemented because it was perceived as too impractical in cases where immediate action is necessary. The PAPG

stated that inventory assessments for Conservatorships and decedents need to be managed differently because decedent property should be secured immediately and often times cannot wait 24 hours.

We agree that the procedure to give 24 hour notice to a third party agency should only apply to Conservatorships. However, we believe that this procedure could be effectively implemented. The third party agency that should be notified must be qualified, such as the Ventura County Sheriff Department, and the visitations of the third party agency could be conducted on a random basis. We believe that this procedure would add an additional layer of control over the assessment and intake of client property and should be considered.

Recommendation 1.1

Policies and procedures for the performance of periodic physical inventories should be formally developed, documented and implemented.

Recommendation 1.2

Procedures and best practices for the use of the video camera should be developed and disseminated to staff through in-service training for more effective use in recording inventory.

Recommendation 1.3

A procedure that consistently notifies a third party County agency, such as the Sheriff Department. 24 hours prior to the performance of initial inventory assessment for Conservatorships should be considered. This policy should allow for some exceptions with the written approval of the Assistant PAPG.

2. Determine whether PAPG management implemented procedures to improve the management of client estates.

Objectives

- Determine whether PAPG staff documents results of estate investigations.
- Determine whether probate cases are closed in a timely manner as determined by Probate Code Section 12200.
- Determine whether PAPG has developed formal requests for bid/proposals in documenting the management of client estates.

Results

Finding 2.1 - PAPG adequately documents results of PA estate investigations.

Finding 2.2 - PAPG improvements could be made to comply with the requirements in Probate Code Section 12200 to file status reports for PA estate cases that exceed 12 to 18 months.

Finding 2.3 - PAPG had developed and completed two formal requests for bid/proposals for services.

We found that the PAPG adequately documents results of estate investigations. From our examination of a sample of eight PA estate files, we determined that PAPG is documenting relevant estate issues such as the death certificate, existence of heirs, distribution of property, decedent burial arrangements and court documentation. Procedures have been developed to help in the documentation of PA investigations. However, these procedures would be strengthened by formally developing and documenting written procedures for PA estates.

Probate Code Section 12200 states that the personal representative over estate cases shall either petition for an order for final distribution of the estate or make a report of status of administration not later than 12 or 18 months depending on whether or not a federal estate tax return is required. We found that out of twenty current open estate files, nine (or 45%) were over 18 months old. We inquired if the PAPG had filed status reports for these cases that exceeded the 18 month time period. The documentation provided by the PAPG and County Counsel did not support that status reports were prepared and filed for all of these cases. We believe that the PAPG should attempt to complete every estate within the time period established by Probate Code Section 12200. If this cannot be reasonably accomplished, then a status report should be filed with the court and the interested parties, such as family members and other beneficiaries, so advised.

Based on our interviews, it appears that the timely closure of PA estate cases and the meeting of Probate Code requirements, such as the filing of status reports could be improved if more manpower and management resources were allocated in this area. We recommend that PAPG perform a workload assessment in this area to determine the appropriate staffing requirements for PA estates.

PAPG has developed and successfully completed two RFP processes: one for real estate services specializing in the sale of mobile homes and one for the new caseload management system software. The RFP process has not yet been implemented across the broad range of services contracted for by the PAPG. In the course of our audit, we learned that the PAPG has on occasion procured the services of vendors that have not been approved through a formal contracting process. We believe that this exposes the PAPG to an unnecessary risk. We believe that the PAPG should only use contractors that have undergone a contracting process and have been approved either by the PAPG or another County or City agency.

Recommendation 2.1

PAPG should ensure the requirements of Probate Code Section 12200 are met. PAPG should attempt to complete every estate within the time period established by the Probate Code. If this cannot be reasonably accomplished, then a status report should be filed with the court.

Recommendation 2.2

A workload assessment should be conducted in the PA estate area to determine staffing requirements.

Recommendation 2.3

In the procurement of work/services from non-governmental entities, PAPG should only use contractors that have undergone a contracting process and have been approved either by the PAPG or by another County or City agency.

3. Determine whether interest earnings are appropriately applied to PAPG client accounts.

Objectives

- Determine whether interest is allocated appropriately to client accounts.
- Determine whether proper interest rates are used for accounts with balances exceeding \$100,000.

Results

Finding 3.1- Interest payments are not allocated to client accounts that are closed and become inactive in mid-quarter. Additionally, interest earnings are not appropriated to individual estates at the time of final distribution.

Finding 3.2- Proper interest rates are used for accounts with balances exceeding \$100,000.

Finding 3.3- Review and oversight over the interest allocation process could be improved.

The policies and procedures to allocate interest quarterly to active client accounts were found to be adequate. The procedures for this process are written and documented. However, PAPG only allocates interest to active accounts. Interest is not allocated to clients whose cases are closed in mid-quarter. PAPG does not manually compute and allocate interest from the beginning of the quarter to the case closure date.

Therefore, client accounts who may have earned interest for a period during the quarter are not credited with interest. Additionally, interest earnings are not appropriated to individual estates at the time of final distribution. In both cases, interest has been earned and should be allocated. Policies and procedures for these areas of interest allocation should be developed and implemented.

We found that the PAPG is using the proper interest rate for trust accounts with balances of \$100,000 or more. The interest rates are derived from the Wells Fargo interest rate sheet which includes interest rates for accounts with a minimum balance of \$100,000. PAPG uses the rates reported for CDs of a 3-month term. We verified these rates and found them to be appropriate.

In August 2008, PAPG management discovered an error concerning the allocated interest to client accounts. The error was due to clerical data input errors that resulted in miscalculations by the Mission Software System. Although immaterial in total amount, these errors went undetected for up to 10 years until found with the help of the recent financial assistance from the Treasurer/Tax Collector staff. The inaccuracies were both under and over payments of interest and effected most of the active clients from PA, PG & SP. PAPG has calculated the interest amount that each active account should have been allocated. The total net difference of the error was determined to be \$1,560.55. However, individual amounts range from an overage of \$463 to a shortage of \$746.64, with 82% of the errors having a net difference of under \$100.

The errors were the result of data input errors and inadequate fiscal review in prior years. We believe that this problem highlights the fact that more review and oversight over the fiscal operations, which includes the addition of financial expertise, is needed in the PAPG fiscal operations. Lastly, we believe that if the caseload system software was up to date and user friendly, the risk of data entry errors such as these would be reduced.

Recommendations 3.1

Policies and Procedures for interest allocation for client cases that are closed mid quarter and to individual estates at the time of final distribution should be developed and implemented.

Recommendations 3.2

The new caseload management software system should be implemented as quickly as possible.

Recommendations 3.3

Review over fiscal operations, including the addition of financial expertise, should be increased.

4. Determine whether hearing notices and physician assessments are mailed in a timely manner.

Objectives

- Determine whether PAPG sends hearing notices prior to the 15-day mandate.
- Determine whether PAPG established a process for ensuring that treating physicians receive and return assessment required for reappointment hearings in a timely manner.

Results

Finding 4.1 - PAPG has established processes for improving the timeliness of physician's assessments required for reappointment hearings. However, hearing notices and physician assessments continue to be filed past the 15 day mandate.

PAPG has established procedures to help ensure that treating physicians receive and return assessments required for reappointment hearings in a timely manner. These processes include the maintenance of a court calendar, maintaining a spreadsheet which tracks clients, hearing and filing dates and weekly staff meetings in which upcoming client hearings are discussed and planned for. However, we found that both physician assessments and hearing notices continue to be filed past the due date of 15 days prior to the hearing date.

Out of our sample of 15 clients that had termination hearings in the months of September and October 2008, the PAPG did not meet the 15 day deadline to submit the documentation for 9 out of the 15 hearing dates or 60%. We were informed by PAPG management that the single most significant reason for not meeting the 15 day deadline is late submission to PAPG of the required physician's report. PAPG indicated that in spite of reminders and requests from PAPG staff, late submissions still occur.

5. Determine whether PAPG actively monitors legal requirements and performance metrics.

Objectives

- Determine whether performance metrics for client caseload data for Sub-Payees, LPS, Probate, and Public Administration cases are tracked, documented, and formally reported to top management on a regular basis.
- Determine whether compliance issues, such as the number of inventories and appraisals (I&As), investigations, and timely filings, are tracked, documented, and formally reported to top management on a regular basis.
- Determine whether metrics relate, in the aggregate, to the workload, timeliness, and quality performance indicators for each position.

Results

Finding 5.1 – PAPG is now tracking performance metrics and has developed a management report for the LPS program. Management reports for Probate and Public Administration have not yet been developed.

Finding 5.2 – PAPG is now tracking compliance data, Inventory and Appraisements (I&A) and hearing notice filing dates. Data adequately relates, in the aggregate, to the workload, timeliness, and quality performance indicators for positions.

The PAPG had planned the development of data tracking and management reports to coincide with the implementation of the new caseload management software system. However, the implementation of this system has been delayed due to procurement and logistical factors beyond its control. In the meantime, the PAPG has begun to track the performance data manually.

PAPG has recently developed a management report for the LPS program. This report tracks data and will be updated on a monthly basis. Data is manually compiled. Data tracked includes Referrals, Temporary Appointments, Initial Appointments, Reappointments, Accountings Approved, Terminations, Other Hearings, and Continuances. PAPG plans to also develop management reports for Probate and PA estate cases.

With the implementation of the new caseload management software system, the PAPG plans to automate this reporting function and reconfigure the reports to be automatically tracked by the new system.

PAPG has also begun to track data for I&A's and hearing filing dates. The appointment date, I & A due date, file dates, and hearing notice filing dates are now tracked manually on an internal spreadsheet. This will inform PAPG management of the level of compliance with these issues.

Quality performance indicators for each position were developed by the previous Assistant PAPG. The data being tracked relates in the aggregate to the indicators that were developed. However, the indicators and performance metrics should be revised and updated with the implementation of the new caseload management system.

Recommendation 5.1

PAPG should track data and develop management reports for Probate and PA estate cases. Management performance reports should include compliance issues being tracked such as I & A's and hearing notice filing dates.

Recommendation 5.2

Quality performance indicators and performance metrics should be revised, updated and integrated with the new caseload management system upon its implementation.

6. Determine whether PAPG bank account deposit procedures and closures are formally documented.

Objectives

- Evaluate PAPG's bank account procedures and determine whether a separate written confirmation from the bank documenting the withdrawal of funds is present.
- Determine whether detailed procedures are available for the intake of cash from client bank accounts.

Results

Finding 6.1- PAPG has developed procedures for the intake of cash from client bank accounts. However, these procedures need to be revised, updated and then formally documented.

Finding 6.2- A separate written confirmation from the bank documenting withdrawal of funds from client bank accounts has not been required by the PAPG to complete transactions.

The PAPG has procedures for client bank account closures and transfer of funds to Treasury trust accounts. These procedures include dual custody requirements for collection of the funds, writing letters of authority and conservatorship for presentation to the bank at time of withdrawal and requiring receipts for amount of withdrawal that are kept in client files. However, the procedures for bank account closure and transfer of funds are not formally written and documented in the PAPG policies and procedures. These policies and procedures should be formally documented.

We examined a sample of 10 recent transactions where funds were withdrawn from client bank accounts and deposited in the Treasury trust accounts. Of the 10 transactions we examined, 0 documented a separate written confirmation from the bank. Based on our sample testing and inquiries, we found that although the PAPG is requesting the separate confirmation from the banks, the banks are not providing this documentation to the PAPG on a consistent basis.

In our discussion with PAPG management, we were informed that there were a few factors dictating why banks were not providing written confirmations. In some instances, providing written confirmations was contrary to the bank's own policies and procedures. The Assistant PAPG has informed us that meetings are planned with local bank

managers to discuss the most appropriate procedures and controls for withdrawals and transfers of client funds.

Recommendations 6.1

PAPG should develop written policies and procedures for the transfer of funds from client bank accounts to Treasurer Trust accounts.

7. Determine whether PAPG fiscal oversight is adequate to manage client funds and assets.

Objectives

- Determine whether PAPG receives financial management assistance from the Treasurer-Tax Collector Department.
- Determine whether a review of fiscal operations job duties and needs have been reviewed to identify the specific financial expertise and training required.
- Determine whether PAPG provides final reconciliations detailing transactions that occur between the hearing resulting in termination and the refund of remaining assets upon the account closing.
- Determine whether PAPG has conducted an annual review over fiscal activities.
- Determine whether PAPG has repaid and documented the \$29,640 misappropriated within the Public Guardian Office.

Results

Finding 7.1- The Treasurer-Tax Collector Department has provided financial management assistance to the PAPG. However, the assistance is temporary in nature and will conclude when PAPG operations moves to HSA.

Finding 7.2- The PAPG has not performed a full review of fiscal operations job duties and needs to identify the specific financial expertise and training required.

Finding 7.3- The PAPG performs a final review of transactions that occur between the hearing resulting in termination and the refund of remaining assets upon the account closing. However, this review needs to be formally documented.

Finding 7.4- The PAPG has not conducted annual reviews over fiscal activities.

Finding 7.5- The PAPG has repaid and documented the \$29,640 misappropriated within the Public Guardian Office.

We believe that the interest allocation problem described in Section 3 above highlighted the fact that more oversight and expertise is needed in the fiscal area. The Treasurer/Tax Collector Department (TTC) has provided PAPG with more financial assistance, however, this is on a temporary basis. A Fiscal Manager I has been

provided by TTC to assist in financial management and has been working on special projects as directed by the Assistant PAPG. However, this assistance will cease when PAPG operations move to HSA.

The PAPG has not performed a review of fiscal operations to identify the specific financial expertise and training required, which was recommended in a prior audit report. However, an element of the fiscal workload of PAPG was analyzed and reviewed by the Ventura County Human Resources Department. The analysis focused on the audit function over PAPG fiscal operations and was a basis in the reclassification of the Fiscal Manager I position mentioned above. We believe that the review of fiscal operations to identify specific financial expertise and training required is still warranted.

The prior audit report also recommended that PAPG conduct an annual review or audit over fiscal activities. This recommendation has not been implemented. The PAPG has been the subject of a Social Security review, however, this was not a complete fiscal review. We believe that PAPG should implement this recommendation.

The prior audit report also recommended that a review be conducted of client transactions that occur between the hearing resulting in termination and the refund of remaining assets upon the account closing. We found that as part of the final review, the Assistant PAPG will review these transactions, however, this review is not formally documented. We believe that the review of the final transactions should be documented and included in the client file with the final reconciliation and closing documentation.

Lastly, we found that the PAPG has repaid and documented the \$29,640 misappropriated within the Public Guardian Office. Court records determined that damages actually due was \$24,784.43, and interest due was \$10,251.87 (10% of amount of losses from the date of the loss) for a total payment of \$35,036.30. Payment of \$35,036.30 was made on 3/5/08 to the estate of the decedent.

Recommendations 7.1

HSA should consider providing PAPG with financial management assistance to effect the smooth transition of the PAPG operations to HSA. The financial assistance currently provided by the TTC is temporary and will be concluded when PAPG operations move to HSA.

Recommendations 7.2

PAPG should perform a review of fiscal operations job duties and needs to identify the specific financial expertise and training required.

Recommendations 7.3

PAPG should conduct an annual review or audit over fiscal activities. This recommendation has not been implemented.

Recommendations 7.4

PAPG should document the review of transactions that occur between the hearing resulting in termination and the refund of remaining assets upon the account closing. This should be included with other closing documentation kept in the client file.

8. Determine whether policies and procedures to prevent improper destruction and auctioning of client property are sufficient.

Objectives

- Determine whether the PAPG questionnaire requiring certain questions to be answered prior to disposing of client assets is maintained.
- Determine whether procedures for the auctioning of client assets have been documented and adhered to.
- Determine whether periodic reviews of auctioneer records have been completed.
- Determine whether PAPG has established controls to prevent the sale of estate property to employees.

Results

Finding 8.1- The PAPG questionnaire requiring certain questions to be answered prior to disposing of client assets is maintained by PAPG. However, this procedure is not adhered to in 100% of cases.

Finding 8.2- Procedures for the auctioning of client assets have been established and are adhered to, but procedures need to be formally written and documented.

Finding 8.3- Periodic reviews of auctioneer records should be performed.

Finding 8.4- PAPG has adequately established controls to prevent the sale of estate property to employees.

The PAPG maintains a questionnaire which is required to be completed before client property is disposed of. The questionnaire documents that the Deputy PAPG properly assess the disposition of the property in a manner that is responsive to the best interest of the client and/or the estate. Questionnaires are maintained in client files. However, questionnaires are not always completed as required. We found that on occasion the questionnaire is at times not completed based on the discretion of the staff. We believe that adhering to the procedure to complete the questionnaire in all cases would strengthen control over client property.

The PAPG has not formally documented procedures for the auctioning of client assets. Procedures have been established and followed, but these procedures are not formally written, approved and documented. We believe that by documenting these procedures oversight over the auctioning process would be strengthened.

The PAPG has not performed periodic reviews of auctioneer records. The purpose of this review would be to verify the amounts that auctioneers receive for client items sold. However, PAPG does not currently have the financial expertise or the manpower required to perform auctioneer field reviews.

The PAPG has established adequate controls to prevent the sale of estate property to employees. During the course of our audit, PAPG documented that each PAPG staff member understands Government Code section 27443, which prohibits PAPG staff from purchasing client property.

Recommendation 8.1

Procedures to complete questionnaires before the disposition of client property for 100% of cases should be adhered to.

Recommendation 8.2

PAPG should formally document procedures for the auctioning of client assets.

Recommendation 8.3

Periodic reviews of auctioneer records should be performed.

9. Determine whether screening and monitoring of board and care facilities are performed.

Objectives

- Determine whether client visitation forms are completed for each facility visit.
- Determine whether periodic reviews of facility trust accounts are performed.

Results

Finding 9.1- Client visitation forms are adequately completed for each facility visit.

Finding 9.2- Periodic reviews of facility trust accounts are not performed.

PAPG has adequately completed client visitation forms for facility visits. Forms have been expanded to include both client and facility information. Copies of trust fund

activity and physician's orders are also attached to the client visitation forms when appropriate. We reviewed a sample of client visitation forms and found them to be complete. All PAPG staff have undergone training in conducting client field visits. Visitations are overseen by the Senior Deputy.

The number of client field visitations since July 1, 2008 is as follows:

Period	No. of Visitations
July 2008	14
August 2008	22
September 2008	21
October 2008	20
November 2008	26
Total	103

The PAPG has not performed periodic reviews of facility trust accounts. The purpose of these reviews is to verify and monitor the maintenance and accuracy of the facility trust accounts. PAPG does not have the financial expertise or manpower to perform reviews of trust accounts in the field at the present time.

Recommendation 9.1

Periodic reviews of facility trust accounts should be performed.

10. Determine whether PAPG makes placement decisions on behalf of Conservatees with the assistance of Behavioral Health.

Objectives

- Determine whether criteria have been set to determine the placement for individuals under LPS Conservatorship.
- Determine whether the criteria for placement of LPS Conservatees have been documented in a memorandum of agreement.
- Determine whether PAPG in coordination with Behavioral Health determines appropriate visitation schedules for each client and establishes visitation goals for each client.
- Determine whether PAPG and Behavioral Health developed a mechanism for sharing and tracking visitation information and coordinating visits to LPS clients.

Results

Finding 10.1 – PAPG and Behavioral health have established a weekly meeting to discuss and determine LPS placement issues.

Finding 10.2 – The criteria for placement of LPS Conservatees has not been documented in a Memorandum of Agreement.

The primary criteria to determine the placement for individuals under LPS Conservatorship is based on a medical assessment and California Mental Health Law (5358). Medical criteria is based on the physician's assessment and California Mental Health Law (5358) states that a Conservatee must be placed in the least restrictive alternative placement given their medical condition and with consideration given to public safety.

Both the PAPG and Behavioral Health have responsibility for ensuring that the Conservatee's are placed in the most appropriate setting. The PAPG and Behavioral Health have established a weekly meeting to discuss and determine LPS client placement issues. This meeting is referred to as the Housing meeting and is regularly attended by Behavioral Health, PAPG staff and representatives of the facilities. Agenda items include discussions of facilities, availability, and client placement. Important information about clients, on a need to know basis, is also shared at this time.

It was recommended that any additional items or criteria that the agencies consider in placement should be formally documented in a Memorandum of Agreement between the two agencies. The purpose of this recommendation was to add clarity to the placement decision process. This recommendation has not been implemented as of the time of this report.

Lastly, we were informed by both the PAPG and Behavioral Health that the primary mechanism for sharing visitation information between the agencies is communication, and that the quality of communication has been good.

Recommendation 10.1

The criteria for placement of LPS Conservatees should be documented in a Memorandum of Agreement between PAPG and Behavioral Health.

11. Determine whether PAPG completes property inventories and appraisements in a timely manner.

Objectives

- Determine whether PAPG completed all past due property inventories and appraisements.

- Determine whether PAPG developed a mechanism for tracking inventory, appraisements and deadlines.

Results

Finding 11.1 – PAPG has completed all but one past due property inventory and appraisal (I&A) for current LPS clients. However, many I&As continue to be filed past the 90 day deadline.

Finding 11.2 – PAPG has begun to track inventory and appraisal compliance information on an internal management spreadsheet.

PAPG has shown progress in this area because of a concerted effort to allocate more resources to eliminate the backlog of old past due I & A's. Most of the past due I & A's have been completed. Presently, only one past due I & A for current LPS clients is still outstanding.

However, many of the I&A's are still not completed within the 90 day deadline. Of the 32 I & A's completed in 2008 for current LPS clients, 21 (or 65%) were completed past the 90 day deadline. We believe that more management oversight and enforcement in this area would improve compliance with the deadlines.

The implementation of the new caseload management system should also help with tracking, reporting, and managing the deadlines of I&A filings. However, as a near term solution, PAPG has begun to track I&A deadlines and completion dates on an internal management spreadsheet.

Recommendation 11.1

Although PAPG has shown progress in completing filings for I&A's, PAPG still needs to improve its management oversight and enforcement to ensure all I & A's are completed within the 90 day deadline.

12. Determine whether checks and balances are in place for LPS Conservatorships.

Objectives

- Determine whether County legal representation in LPS matters have been transitioned to County Counsel.
- Determine whether the Public Defender monitors and tracks LPS processes and requirements.
- Determine whether the Mental Health Court monitors LPS Conservatorships to ensure requirements are being met.

Results

Finding 12.1 – County legal representation in LPS matters has been transitioned to County Counsel.

Finding 12.2 – The Public Defender adequately monitors and tracks LPS processes and requirements.

Legal representation of the PAPG in LPS matters has been transitioned to County Counsel. Prior to this transition, the PAPG was not represented by legal counsel in Mental Health Court LPS proceedings. County Counsel now oversees LPS legal matters such as discovery, legal notices and court representations.

The Public Defender has implemented a new LPS Conservatorship database and tracking system to monitor and track LPS processes and requirements. Also, the Public Defender now provides investigators to meet with clients before hearings. The Public Defender investigators review and verify PAPG information with the client. This includes a review of PAPG's accounting information concerning the client.

The Mental Health Court stated in a written response to our inquiries that they ensure requirements are being met in the LPS Conservatorship system by following the requirements set out in *Welfare & Institutions Code* s. 5350 and *Probate Code* s. 1400. The Court requires that the parties comply with their statutory requirements that are also set out in these sections. The Court also stated that it did not consider itself a "monitor" as this is typically a function of an executive agency, not the judicial branch.

13. Determine whether coordination and oversight occur in dealing with LPS Conservatorships in coordination with the Omnibus Conservatorship and Guardianship Reform Act.

Objectives

- Determine whether a mechanism for coordinating and reaching consensus on conflicts and issues within the LPS Conservatorship system has been developed.
- Determine whether additional oversight from higher level County management has been given to the LPS Conservatorship system.

Results

Finding 13.1 – Communication within the LPS Conservatorship system was reported to be good by all individuals and agencies contacted and interviewed. An additional mechanism for coordinating and reaching consensus on conflicts and issues within the LPS Conservatorship system has not yet been implemented.

Finding 13.2 – Higher level County management has been given additional oversight to the LPS Conservatorship system.

The primary mechanism for coordinating and reaching consensus on conflicts and issues within the LPS Conservatorship system is direct and indirect communications. Communications between agencies was reported to be good by all individuals and agencies we contacted during the course of this audit.

An additional mechanism beyond communications; such as ongoing high-level coordination and consensus meetings have not been established as of the time of this report. However, we believe that such a mechanism for reaching consensus on conflicts and issues is still warranted. Although communications are now reported as very good, an additional mechanism would ensure that issues would be addressed regardless of the status of communications between agencies.

There has been additional oversight from higher level County management given to the LPS Conservatorship system. Based on recent audit recommendations, higher level management created an action plan for PAPG and participated in the follow up of the plan. Management also performed a comparative analysis to similar Counties in California to understand how they fulfilled their Public Guardian and Administration responsibilities. Based on this analysis, management concluded that PAPG operations should be moved to HSA. This conclusion was recommended to the Board in October, 2008.

Recommendation 13.1 – Ongoing coordination and consensus meetings should be established and held to address current conflicts within the LPS Conservatorship system, clearly define roles and responsibilities, and ensure effective processes for meeting requirements and addressing deficiencies are developed and implemented. The County Executive Office should facilitate these meetings to the extent possible.

14. Determine whether performance expectations and routine feedback are provided to employees by PAPG management.

Objectives

- Determine whether PAPG has established a framework for performance evaluations.
- Determine whether PAPG has developed quality performance indicators for each position to clearly define performance expectations.

Results

Finding 14.1 – PAPG is providing employees with feedback on performance expectations by using the established County framework for evaluations.

Finding 14.2 – PAPG has developed quality performance indicators for each position to define performance expectations. However, these indicators need to be revised and updated.

PAPG is meeting County requirements for providing employees with feedback on performance expectations by using the established County framework for evaluations. This framework includes the use of standardized performance questions, which are individualized with written comments. Evaluations for staff are scheduled on a yearly basis. The PAPG individualizes quality performance for each position with written comments in the evaluations.

Performance standards were developed by the previous PAPG manager and have been distributed to staff. The metrics reports were designed at that time and were too cumbersome for staff to complete. The present PAPG management plans to revise the performance metrics to be more relevant and they will be linked into the new caseload management/accounting system upon its implementation and included on management reports.

Recommendation 14.1

Performance indicators for positions need to be revised, updated and integrated into new caseload management/accounting system upon implementation.

15. Determine whether office management and supervision along with written policies and procedures have continued to be enhanced.

Objectives

- Verify that PAPG has developed desk procedures and begun to conduct staff training.
- Verify that the Treasurer-Tax Collector developed specific qualification requirements for the Assistant PAPG.
- Determine whether PAPG filled its two vacant Deputy PAPG positions and transformed the Senior Deputy PAPG into a supervisory role.
- Determine whether PAPG has established a supervisory function over administrative and fiscal operations.

Results

Finding 15.1 – PAPG conducts staff training on a regular basis. Desk Procedures have not yet been developed in most areas of the PAPG.

Finding 15.2 – The Treasurer-Tax Collector has adequately developed specific qualification requirements for the Assistant PAPG.

Finding 15.3 – The PAPG had filled its two vacant Deputy PAPG positions and upgraded the Senior Deputy PAPG into a supervisory role. However, at the time of this report, another Deputy position became vacant.

Finding 15.4 – The PAPG has not established a supervisory function over administrative and fiscal operations.

The PAPG planned on updating and revising their policies and procedures to coincide with the implementation of the new caseload management system. The delay in the implementation of the caseload system has affected this project. It is noted that policies and procedures will need to be revised when the new caseload management system is implemented.

Currently, the PAPG has developed extensive policies and procedures in the LPS conservatorship area. However, many of these written procedures are already two years old and need to be updated. These policies and procedures should be updated and revised, especially upon the implementation of the new caseload management system.

PAPG has not developed written policies and procedures in critical areas such as Probate and PA estates. Management and accountability will be strengthened with the documentation of these policies and procedures. They should be developed, approved and formally documented.

PAPG has not developed desk procedures for most areas of its operations. Desk procedures are guidelines used by staff that is easily accessible and quickly referenced. Desk procedures should be less formal and user friendly.

It is essential that PAPG staff have a working knowledge in a wide variety of legal, medical, behavioral, technical, financial and procedural matters. For this reason, in-depth staff training should be conducted on a regular basis. PAPG staff should be held accountable for completing important training sessions.

We found that, staff training is taking place on a regular basis and that staff are required to attend. This has taken place both in office and out of the office. Trainings include Client and Facility Visitation, Court Education on Mental Illness, CCL Licensing Regulations, Ethics training, Cognitive Assessment Skills with Older Adult Clients, Case File Management for LPS, Legal Document Processing, Legal Issues, and Cases and Accountings.

The Treasurer-Tax Collector has developed specific qualification requirements for the position of Assistant Public Administrator Public Guardian. These qualifications include educational, training and experience requirements. Qualifications were published in the Treasurer-Tax Collector's invitation for applications and were used in the last hiring process for the current Assistant PAPG.

The PAPG had filled its two vacant Deputy PAPG positions and upgraded the Senior Deputy PAPG into a supervisory role. However, at the time of this report, another Deputy PAPG position had recently become vacant. The PAPG is actively working to fill this position.

PAPG has not established a supervisory function over administrative and fiscal operations. More oversight over fiscal matters at the PAPG is needed. However, this recommendation is contingent on budgetary conditions and the availability of resources.

Recommendations 15.1

PAPG should update its policies and procedures for the LPS conservatorship area, and develop written policies and procedures for Probate and PA estates.

Recommendations 15.2

PAPG should develop desk procedures for all operational areas. Desk procedures should be less formal, easily accessible and user friendly.

Recommendations 15.3

PAPG should fill the vacant Deputy PAPG position.

Recommendations 15.4

PAPG should consider establishing a supervisory function over administrative and fiscal operations.

16. Evaluate the PAPG's efforts to upgrade the caseload management system.

Objectives

- Verify that PAPG was granted the financial budget to implement a new caseload system.
- Determine whether PAPG used its budget resources to improve the caseload information system.
- Determine whether PAPG has developed spreadsheet and database tools in the event of the budget not being approved.

Results

Finding 16.1 - PAPG was granted the financial budget to implement a new caseload system. However, the funds were not authorized for the current fiscal year.

Finding 16.2 - PAPG has developed spreadsheet and database tools that it is now being utilized until the new system software is implemented.

The PAPG was granted the financial budget to implement the new caseload system in June 2008. However, the funding did not extend into the next fiscal year. A budget adjustment will have to be submitted to the Board and approved for this fiscal year. This should occur in January or February 2009.

The implementation of the new caseload management system was delayed into 2009 and, therefore, the PAPG has not used its budget resources to improve the caseload information system. In the meantime, the PAPG has developed spreadsheet tools to track client data hearings, filing dates, and I & A's filed and due.

December 2008

Thompson, Cobb, Bazilio & Associates, PC

PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG) CORRECTIVE ACTION IMPLEMENTATION SUMMARY

RESULTS OF PREVIOUS AUDITS			RESULTS OF FOLLOW-UP AUDIT (Issued February 2, 2009)		
Audit Report	Findings or Recommendations Requiring Corrective Action		Status of Corrective Action	Recommendations Requiring Additional Corrective Action	
	Number	Description		Number	Description
1. Audit of the PAPG and Conservator Management of Client Assets and Administration of PAPG Responsibilities Issued February 2004	F-1A	The PAPG did not always properly maintain electronic property records, which served as the official inventory record as required by Probate Code 8850.	Implemented - Client property records were recorded adequately in both client files and electronically.	N/A	
	F-1B	The PAPG did not conduct periodic physical inventories to verify the accuracy of the property records.	Partially Implemented - Periodic physical inventories are performed, although on a somewhat haphazard or informal basis and not on 100% of client property.	R-1.1	Policies and procedures for the performance of periodic physical inventories should be formally developed, documented and implemented.
	F-1Ci	The PAPG did not always properly tag or otherwise associate sensitive client property maintained in the drawer with the property owner.	Implemented - Client property is segregated in separate sealed containers and properly tagged.	N/A	
	F-1Cii	The PAPG did not use an inventory control log to record deposits and removals of sensitive client property from the drawer.	Implemented - Master Inventories are used to record deposits and removals of client property.	N/A	
	F-1Ciii	Storing sensitive personal property in the drawer, which was in the PAPG's portable change fund cart, did not provide the added measure of security of permanently storing the property in the Treasury vault.	Implemented - Items of value, such as coin collections, are stored in the Treasury vault.	N/A	
	F-1D	The PAPG did not properly establish initial accountability for property received into PAPG custody with evidence of receipt in dual custody.	Implemented - Client property is received into PAPG with signed Inventory Reports, which are signed by two individuals.	N/A	
	F-1E	Liquidation records, such as PAPG invoices documenting the sale of property, did not always adequately describe the disposed property to adequately link the property to inventory records.	Implemented - Items destined for sale through auction are adequately described in vendor reports and linked to client records.	N/A	
	F-2	The PAPG did not establish controls to prevent the sale of estate property administered by the PAPG to deputies or agents of the PAPG in accordance with Government Code Section 27443.	Implemented - PAPG documented that each staff member understands Government Code 27443, which prohibits PAPG staff from purchasing client property.	N/A	

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9. Continued - Audit of the PAPG and Conservator Management of Client Assets and Administration of PAPG Responsibilities Issued February 2004	F-3A	PAPG staff did not always document the results of PA investigations regarding the existence of heirs, distributions of property, decedent burial arrangements, and similar issues.	Implemented - PAPG adequately documents results of estate investigations.	N/A	
	F-3B	PA estate cases were not always closed on a timely basis after the client's death in accordance with Probate Code Section 12200.	Not Implemented - For open estate cases that were over 18 months old, status reports had not been prepared and filed.	R-2.1	PAPG should ensure the requirements of Probate Code Section 12200 are met. PAPG should attempt to complete every estate within the time period established by the Probate Code. If this cannot be reasonably accomplished, then a status report should be filed with the court.
				R-2.2	A workload assessment should be conducted in the PA estate area to determine staffing requirements.
	F-4A	Interest was not always appropriately allocated to estates administered by the PAPG.	Not Implemented - Interest is not allocated to clients whose cases are closed mid-quarter or at the time of final distribution.	R-3.1	Policies and procedures for interest allocation for client cases that are closed mid-quarter and to individual estates at the time of final distribution should be developed and implemented.
				R-3.2	The new caseload management software system should be implemented as quickly as possible.
11.				R-3.3	Review over fiscal operations, including the addition of financial expertise, should be increased.
12.	F-4B	Proper interest rates were not always used for accounts with average daily balances exceeding \$100,000.	Implemented - PAPG is using the proper interest rate for trust accounts with balances of \$100,000 or more.	N/A	
13.	F-5	Annual Date of Hearing Notices, required to renew conservatorships, were not always mailed to pertinent parties in sufficient time to provide the 15-day notice mandated by Probate Code Section 1822.	Not Implemented - The single most significant reason for not meeting the 15-day deadline is late submission to PAPG of the required physician's report.	N/A	Because PAPG staff issues reminders and requests for submissions, a recommendation for PAPG corrective action was not made.

**PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG)
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14. Review of the PAPG Implementation of Corrective Actions (Objective I Report) Issued March 2007	R-1	The PAPG's Office should continue to focus on refining, expanding, and implementing written policies and procedures, including developing step-by-step procedures or desk procedures, and conducting staff training.	Partially Implemented - Staff training is conducted on a regular basis.	R-15.1	PAPG should update its policies and procedures for the LPS conservatorship area, and develop written policies and procedures for Probate and PA estates.
				R-15.2	PAPG should develop desk procedures for all operational areas. Desk procedures should be less formal, easily accessible and user friendly.
15.	R-2	The elected Treasurer / Tax Collector / Public Administrator should consider defining specific experience and qualification requirements for the position of Assistant PAPG and conducting a formal recruitment for candidates in the future.	Implemented - Specific qualification requirements for the Assistant PAPG have been developed and were used in the hiring process for the current Assistant PAPG.	N/A	
16.	R-3	The PAPG's Office should continue efforts to recruit and fill the two vacant Deputy PAPG positions and quickly transition the Senior Deputy PAPG into a supervisory role.	Implemented with Recommendation - The two Deputy PAPG positions had been filled, but another position became vacant during the audit. The Senior Deputy PAPG has been upgraded to a supervisory role.	R-15.3	PAPG should fill the vacant Deputy PAPG position that became vacant during the audit.
17.	R-4	The PAPG's Office should consider establishing a supervisory function over the administrative and fiscal operations of the Office.	Not Implemented	R-15.4	PAPG should consider establishing a supervisory function over administrative and fiscal operations.
18.	R-5	The PAPG's Office should consider developing specific workload, timeliness, and quality performance indicators for each position to more clearly define performance expectations.	Partially Implemented - Performance standards were developed by the previous PAPG manager; however, metrics reports were too cumbersome.	R-14.1	Performance indicators for positions need to be revised, updated and integrated into new caseload management/accounting system upon implementation.
19.	R-6	The PAPG's Office should consider developing formal Requests for Bids/Proposals and entering into formal term contracts through County Purchasing if possible, particularly for services frequently required to manage client estates.	Partially Implemented - PAPG successfully completed two RFP processes; however, the RFP process has not yet been implemented across the broad range of services contracted.	R-2.3	In the procurement of work/services from non-governmental entities, PAPG should only use contractors that have undergone a contracting process and have been approved either by the PAPG or by another County or City agency.

**PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG)
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20. Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report) Issued May 2007	R-2.1	The PAPG's Office should develop a formal report of specific compliance and performance metrics to monitor and formally report to top management on a regular basis. These metrics should relate, in the aggregate, to the workload, timeliness, and quality performance indicators for each position.	Partially Implemented - Performance metrics are tracked and an LPS management report has been developed, although reports for Probate and PA estate cases have not yet been developed.	R-5.1	PAPG should track data and develop management reports for Probate and PA estate cases. Management performance reports should include compliance issues being tracked such as I & A's and hearing notice filing dates.
				R-5.2	Quality performance indicators and performance metrics should be revised, updated and integrated with the new caseload management system upon its implementation.
	R-2.2	The PAPG Office should formally document detailed procedures for the intake of cash from client bank accounts.	Partially Implemented - Procedures have been developed, but not formally documented.	R-6.1	PAPG should develop written policies and procedures for the transfer of funds from client bank accounts to Treasurer Trust accounts.
	R-2.3	The intake of cash should be controlled with a separate written and signed confirmation from the bank. Confirmation should include amount released, to whom, and date of withdrawal. The confirmation should be mailed or faxed separately.	Not Implemented - PAPG requests a separate confirmation from the bank upon withdrawal of funds from client bank accounts, but the banks are not providing this documentation on a consistent basis.	N/A	Because meetings with local bank managers are planned to discuss these concerns, a recommendation for PAPG corrective action was not made.
	R-2.4	The PAPG should consider providing financial management oversight of PAPG financial operations with assistance from the Treasury/Tax Collector Department.	Implemented with Recommendation - The Treasurer/Tax Collector Department (TTC) has provided PAPG with temporary financial assistance; however, this assistance will cease when PAPG operations move to HSA.	R-7.1	HSA should consider providing PAPG with financial management assistance to effect the smooth transition of the PAPG operations to HSA. The financial assistance currently provided by the TTC is temporary and will be concluded when PAPG operations move to HSA.
24.	R-2.5	The PAPG should perform a review of the fiscal operations job duties and needs in relation to job specifications and job classifications to identify the specific financial expertise and training required.	Partially Implemented - County Human Resources performed an analysis focusing on the audit function over PAPG fiscal operations, resulting in the reclassification of a Fiscal Manager I in TTC.	R-7.2	PAPG should perform a review of fiscal operations job duties and needs to identify the specific financial expertise and training required.

PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG) CORRECTIVE ACTION IMPLEMENTATION SUMMARY

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	Number	Description		Number	Description
25. Continued - Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report) Issued May 2007	R-2.6	The PAPG should consider conducting an annual fiscal review of PAPG fiscal activities by an independent third party.	Not Implemented	R-7.3	PAPG should conduct an annual review or audit over fiscal activities.
	R-2.7	The Assistant PAPG should require documentation attesting that dual person control requirements have been met for client inventory purposes.	Implemented - Client property is received into PAPG with signed Inventory Reports, which are signed by two individuals.	N/A	
	R-2.8	The Assistant PAPG should upgrade the digital camera used for inventory purposes to a digital video recorder to improve the recorded documentation of the inventory process.	Implemented with Recommendation - PAPG uses a digital video recorder and single shot camera for the intake of inventory.	R-1.2	Procedures and best practices for the use of the video camera should be developed and disseminated to staff through in-service training for more effective use in recording inventory.
	R-2.9	The Assistant PAPG should require notification of third party County agencies by email 24 hours prior to the performance of the inventory assessment. Third parties should include the Patient Rights Advocate and the Public Defender.	Not Implemented - Due to perceived impracticality in cases where immediate action is necessary.	R-1.3	A procedure that consistently notifies a third party County agency, such as the Sheriff Department, 24 hours prior to the performance of initial inventory assessment for Conservatorships should be considered. This policy should allow for some exceptions with the written approval of the Assistant PAPG.
	R-2.10	The PAPG should maintain a copy of the completed questionnaire to evidence that proper procedures were adhered to prior to the destruction of client property.	Partially Implemented - Questionnaires are maintained in client files, but are not always completed as required.	R-8.1	Procedures to complete questionnaires before the disposition of client property for 100% of cases should be adhered to.
	R-2.11	The PAPG Office should develop detailed procedures for the auctioning of client assets. These procedures should be documented and included in the PAPG written policies and procedures.	Partially Implemented - Procedures have been developed, but not formally documented.	R-8.2	PAPG should formally document procedures for the auctioning of client assets.
	R-2.12	The PAPG Office should perform periodic reviews of auctioneer records to verify the sale of client assets and prices received.	Not Implemented - Due to lack of financial expertise and manpower.	R-8.3	Periodic reviews of auctioneer records should be performed.

**PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG)
CORRECTIVE ACTION IMPLEMENTATION SUMMARY**

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	Number	Description		Number	Description
32. Continued - Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report) Issued May 2007	R-2.13	Facility Trust Accounts should be reviewed on a periodic basis.	Not Implemented - Due to lack of financial expertise and manpower.	R-9.1	Periodic reviews of facility trust accounts should be performed.
33.	R-2.14	The PAPG Office should continue its efforts to upgrade its current Mission Software system to a Windows based, menu driven technology that provides increased capacity to interact with other software systems. In the interim the Office should develop simple spreadsheet and database tools to address the key shortcomings of the current system.	Partially Implemented - Implementation of the new caseload management system was delayed into 2009; however, appropriate spreadsheet tools have been developed and are being utilized until the new system software is implemented.	N/A	Because the new caseload management system is being actively pursued and appropriate spreadsheet tools have been developed in the interim, a recommendation for PAPG corrective action was not made.
34.	R-3.1	The Public Guardian and Behavioral Health, with the assistance of their respective County Counsels, should develop criteria to be considered in making placement decisions for individuals under LPS Conservatorship and clearly define roles and responsibilities for making placement decisions. The agreed upon criteria and roles and responsibilities should be documented in a Memorandum of Agreement.	Partially Implemented - PAPG and Behavioral Health have established a weekly meeting to discuss and determine LPS placement issues.	R-10.1	The criteria for placement of LPS Conservatees should be documented in a Memorandum of Agreement between PAPG and Behavioral Health.
35.	R-3.2	The PAPG's Office should complete all property inventories and appraisements (I & A) past due by the end of May 2007.	Partially Implemented - Only one past due I & A is still outstanding, although many I & A's are still not completed within the 90-day deadline.	R-11.1	Although PAPG has shown progress in completing filings for I & A's, PAPG still needs to improve its management oversight and enforcement to ensure all I & A's are completed within the 90-day deadline.
36.	R-3.3	The PAPG's Office should develop a mechanism for tracking inventory and appraisements and deadlines.	Implemented - PAPG has begun to track I & A compliance information on an internal management spreadsheet.	N/A	
37.	R-3.4	The PAPG's Office should, in coordination with Behavioral Health, determine an appropriate visitation schedule for each client and establish visitation goals for each client based on need.	Implemented - PAPG and Behavioral Health have established a weekly meeting to discuss and determine LPS placement issues.	N/A	

**PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG)
CORRECTIVE ACTION IMPLEMENTATION SUMMARY**

RESULTS OF PREVIOUS AUDITS			RESULTS OF FOLLOW-UP AUDIT (Issued February 2, 2009)		
Audit Report	Findings or Recommendations Requiring Corrective Action		Status of Corrective Action	Recommendations Requiring Additional Corrective Action	
	Number	Description		Number	Description
38. Continued - Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report) Issued May 2007	R-3.5	The PAPG's Office should work with County Behavioral Health to develop a mechanism for sharing visitation information and coordinating visits to LPS clients.	Implemented - Communication between PAPG and Behavioral Health was reported to be good and a weekly meeting between the two agencies has been established to discuss and determine LPS placement issues.	N/A	
39.	R-3.6	The PAPG's Office should develop a mechanism for tracking visitations for each client to enable them to determine the extent to which visitation goals for each client are being met.	Implemented - PAPG and Behavioral Health have established a weekly meeting to discuss and determine LPS placement issues.	N/A	
40.	R-3.7	The PAPG's Office should, in coordination with Behavioral Health, County Counsel, and the Court, develop an effective process for ensuring that treating physicians receive and return assessments required for reappointment hearings in a timely manner. This should include a penalty or sanction by the court for cases where treating physicians received the assessment forms with appropriate time to complete and return them and still failed to do so.	Partially Implemented - Although PAPG has established processes to help ensure that treating physicians receive and return assessments for appointment hearings in a timely manner, both physician assessments and hearing notices continue to be filed past the due date of 15 days prior to the hearing date.	N/A	Because PAPG processes included the maintenance of a court calendar, maintaining a spreadsheet which tracks clients, hearing and filing dates, and weekly staff meetings in which upcoming client hearings are discussed and planned for, a recommendation for PAPG corrective action was not made.
41.	R-3.8	The PAPG's Office should provide final reconciliations detailing transactions that occur between the hearing resulting in termination and the refund of remaining assets.	Partially Implemented - Reviews are conducted, but not formally documented.	R-7.4	PAPG should document the review of transactions that occur between the hearing resulting in termination and the refund of remaining assets upon the account closing. This should be included with other closing documentation kept in the client file.
42.	R-3.9	County Counsel and the Public Guardian should work collaboratively to develop an effective working relationship. The County Executive Office should facilitate the transition of County legal representation in LPS matters to the County Counsel to the extent possible.	Implemented - PAPG legal representation has been transitioned to County Counsel.	N/A	

**PUBLIC ADMINISTRATOR-PUBLIC GUARDIAN (PAPG)
CORRECTIVE ACTION IMPLEMENTATION SUMMARY**

RESULTS OF PREVIOUS AUDITS			RESULTS OF FOLLOW-UP AUDIT (Issued February 2, 2009)		
Audit Report	Findings or Recommendations Requiring Corrective Action		Status of Corrective Action	Recommendations Requiring Additional Corrective Action	
	Number	Description		Number	Description
43. Continued - Report on Review of Internal Controls and Compliance of the PAPG (Objective II and III Report)	R-3.10	The Public Defender should ensure it is appropriately monitoring and tracking LPS processes and requirements.	Implemented - The Public Defender implemented a new LPS Conservatorship database and tracking system.	N/A	
44. Issued May 2007	R-3.11	The Court Executive Office should conduct an evaluation of the Mental Health Court and its monitoring and oversight capacity and practices.	Implemented to the extent that the Mental Health Court ensures that LPS Conservatorship requirements are being met, although the Court stated that it did not consider itself a "monitor."	N/A	
45.	R-3.12	Ongoing coordination and consensus meetings should be established and held to address current conflicts within the LPS Conservatorship system, clearly define roles and responsibilities, and ensure effective processes for meeting requirements and addressing deficiencies are developed and implemented. The County Executive Office should facilitate these meetings to the extent possible.	Partially Implemented - Communication was reported to be good and higher level County management has provided additional oversight.	R-13.1	Ongoing coordination and consensus meetings should be established and held to address current conflicts within the LPS Conservatorship system, clearly define roles and responsibilities, and ensure effective processes for meeting requirements and addressing deficiencies are developed and implemented. The County Executive Office should facilitate these meetings to the extent possible.



January 22, 2009

To: Christine Cohen, Auditor-Controller

From: Lawrence L. Matheney, Treasurer-Tax Collector, Public Administrator-Public Guardian

Re: RESPONSE TO THOMPSON, COBB, BAZILIO REPORT CONCERNING
CORRECTIVE ACTIONS OF THE PUBLIC ADMINSTRATOR/PUBLIC
GUARDIAN

I have reviewed, and herein give my response to, the report that has been issued by Thompson, Cobb, Bazilio & Associates with regard to that firm's study of the corrective actions taken by the Public Administrator-Public Guardian's Office (PAPG), as recommended in previous audits that were conducted in 2004 and 2007.

SUMMARY OF RESPONSE

The report generally provides a fair assessment of the progress made by the PAPG in correcting identified operational issues. As noted in the report, the PAPG is in a state of transition as it awaits completion of a move of the unit from the Treasurer-Tax Collector's Office to the Human Services Agency (HSA). The report accurately points out staffing areas that will need to be adequately addressed if PAPG is to carry out its important functions of protecting client property, maintaining accurate financial records, ensuring that conservatorship proceedings are maintained when needed, and monitoring the care being provided to the clients. In our view, the failure to adequately staff and budget the PAPG, wherever it is located, increases the risks that (1) client services will be inadequate, (2) there will be insufficient supervision of the staff, (3) an overburdened staff will have an increased error rate, (4) staff turnover will be at unacceptable levels, and (5) omissions in program oversight will create an environment for improper conduct.

The point of transition to HSA is the stage at which the new base-level resources should be established for PAPG.

We see this report as an affirmation that the significant efforts made by management and staff in the PAPG to enhance the level of service to our clients have been well spent. The PAPG is, by the nature of its work, operating in a dynamic and challenging environment. It is against a daily backdrop of clients in crisis that management has sought to implement well-intentioned suggestions for improvement. When the identified areas of success are placed in the additional context of a major management change, multiple staff illnesses, multiple and extended position vacancies, and delays in converting to a new case management/client accounting system it can be

more fairly seen that the staff of the PAPG have done an extraordinary job of implementing improvements while continuing to carry out the day-to-day duties of the office.

DETAIL

Review of Corrective Actions

1. Determine whether personal property belonging to PAPG clients is accounted for properly in accordance with PAPG responsibilities.

Finding 1.1: Agree.

Recommendations 1.1 – 1.3: Agree

2. Determine whether PAPG management implemented procedures to improve the management of client estates.

Findings 2.1 and 2.3: Agree.

Finding 2.2: In managing the PA estate cases, we have relied upon the advice and direction of our legal counsel in determining the timing, format and general content of the necessary court filings. We will follow such counsel concerning the timing of status reports.

Recommendations 2.1 – 2.3: Agree.

3. Determine whether interest earnings are appropriately applied to PAPG client accounts.

Findings 3.1 – 3.3: Agree

Recommendations 3.1 – 3.3: Agree.

4. Determine whether hearing notices and physician assessments are mailed in a timely manner.

Finding 4.1: Agree

5. Determine whether PAPG actively monitors the legal requirements and performance metrics.

Findings 5.1 – 5.2: Agree.

Recommendations 5.1 – 5.2: Agree.

6. Determine whether PAPG bank account deposit procedures and closures are formally documented.

Findings 6.1 – 6.2: Agree.

Recommendation 6.1: Agree.

7. Determine whether PAPG fiscal oversight is adequate to manage client funds and assets.

Findings 7.1 – 7.5: Agree.

Recommendations 7.1 – 7.4: Agree

8. Determine whether policies and procedures to prevent improper destruction and auctioning of client property are sufficient.

Findings 8.1 – 8.4: Agree

Recommendations 8.1 – 8.3: Agree

9. Determine whether screening and monitoring of board and care facilities are performed.

Finding 9.1: Agree

Finding 9.2: Agree. Audit resources are a necessary component of carrying out the fiduciary responsibilities of the PAPG.

Recommendation 9.1: Agree.

10. Determine whether PAPG makes placement decisions on behalf of Conservatees with the assistance of Behavioral Health.

Findings 10.1 – 10.2: Agree

Recommendation 10.1: Agree

11. Determine whether PAPG completes property inventories and appraisements in a timely manner.

Findings 11.1 – 11.2: Agree.

Recommendation 11.1: Agree

12. Determine whether checks and balances are in place for LPS Conservatorships.

Findings 12.1 – 12.2: Agree

13. Determine whether coordination and oversight occur in dealing with LPS Conservatorships in coordination with the Omnibus Conservatorship and Guardianship Reform Act.

Findings 13.1 – 13.2: Agree

Recommendation 13.1: Agree

14. Determine whether performance expectations and routine feedback are provided to employees by PAPG management.

Findings 14.1 – 14.2: Agree

Recommendation 14.1: Agree

15. Determine whether office management and supervision along with written policies and procedures have continued to be enhanced.

Findings 15.1 – 15.4: Agree

Recommendations 15.1 – 15.4: Agree

16. Evaluate the PAPG's efforts to upgrade the caseload management system.

Findings 16.1 – 16.2: Agree

Thank you for the opportunity to respond to the findings and recommendations contained in this audit report. Thank you, also, for the courtesies extended in connection with this project.