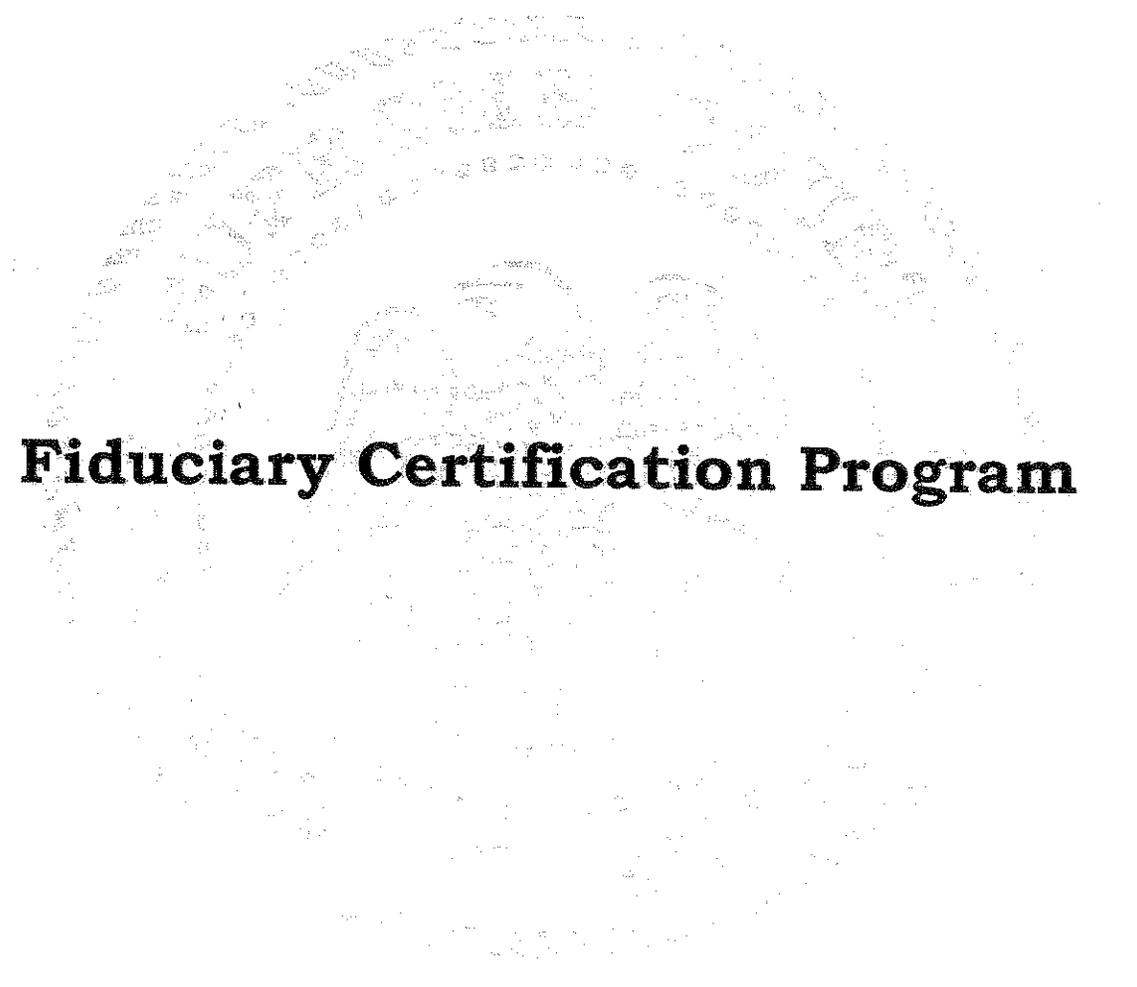


Arizona Supreme Court
Administrative Office of the Courts



Fiduciary Certification Program

Compliance Audit

Gila County Public Fiduciary.

August, 2003



Supreme Court

STATE OF ARIZONA
ADMINISTRATIVE OFFICE OF THE COURTS

Charles E. Jones
Chief Justice

David K. Byers
Administrative Director
of the Courts

February 18, 2004

Tiffany Wager, Director
Gila County Public Fiduciary Office.
P. O. Box 693
Globe, AZ 85502

Re: Gila County Public Fiduciary Audit Report

Dear Ms. Wager:

Enclosed is the final compliance audit report for Gila County Public Fiduciary. Thank-you for your prompt responses to the draft audit and your corrective action plan. You will find copies of your responses and a letter of conclusion as appendices to this report.

Thank you for your cooperation and assistance during the compliance audit process. The professionalism and hard work exhibited by you and your staff throughout the audit process has been appreciated. To the extent the fiduciary audit process will assist the court to ensure the safety, health and welfare of individuals and estates entrusted by the court to your management, we have benefited from our audit of Gila County Public Fiduciary. I hope Gila County Public Fiduciary and its clients will equally benefit.

If you have any questions, please let me know at (602) 364-2378.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Swetnam".

Nancy Swetnam, Division Director
Certification and Licensing Division

Enclosures

c: Director, Administrative Office of the Courts, Dave Byers
Honorable Robert Duber, Presiding Judge
Mr. Ronald Christensen, Chairman, Gila County Board of Supervisors

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Disclaimer

This final report represents the information and conditions encountered at the point in time of the audit and does not purport to represent conditions prior to or subsequent to the performed audit. In addition, the information presented does not represent an endorsement or denunciation of the audited fiduciary or business.

After this report is distributed to the audited fiduciary, presiding judge of the county and, if a public fiduciary, the county supervisors, it becomes public record.

SECTION ONE

Executive Summary

Gila County Public Fiduciary Compliance Audit Report

The Arizona Supreme Court, Fiduciary Certification Program has conducted a compliance audit of the Gila County Public Fiduciary Office (County) pursuant to Arizona Revised Statutes §14-5651 and Arizona Supreme Court Administrative Order 2003-31. During the period of August 5, 2003 through August 15, 2003 and August 20, 2003 the Fiduciary Program audited the fiduciary activities of the principal, certified staff and uncertified staff. The following is a summary of the audit findings.

Finding #1 – Certified Staff

Two key staff members of the Gila County Public Fiduciary Office should be certified fiduciaries.

The County has agreed and is seeking to certify the individuals holding positions of decision making for County clients. Until those individuals are certified, other certified County staffs are performing the decision making responsibilities for the uncertified individuals.

Finding #2 – Fiduciary Certification Number

Documents submitted to the Superior Court in Gila County did not include the fiduciary's and the business's certification number on court documents as required by code.

The County has agreed and since September 3, 2003 all court documents contain the required certification numbers.

Finding #3 – Accuracy

The inventory and appraisements and annual accountings required by the court were inaccurately prepared and/or documented.

The County has agreed and will now document client case files and submit complete and accurate annual accountings and court documents.

Finding #4 – Timeliness

Court annual client accountings were not submitted by the statutorily required time frame.

The County has agreed and will ensure all accountings are filed on or before the required due date.

Finding #5 – Guardianship Reports

Specific information detailed in statute is required to be included in the annual guardianship reports. Some of this information was missing from the County's guardianship reports.

The County has agreed and has developed a new guardianship report form incorporating all of the required pieces of information.

Finding #6 – Inventory & Appraisement

Statutorily required inventories and appraisements did not include the entire fair market value of the estate as of the date of appointment.

The County has agreed and will now include the fair market value of the entire estate for each court appointed client in their court submitted inventory and appraisements.

Finding #7 – Documentation

By statute, a fiduciary is required to keep suitable records of the administration of a client's estate to include conformed copies of client court documents and documentation which tracks the disposition/storage/disbursement/appreciation of items in a client's estate.

The County has agreed. To facilitate compliance with the statutes, the County will instruct all case managers on proper documentation, purchase tracking computer software, include conformed copies of annual accountings and letters of appointment in client files and develop additional office policies and procedures governing required documentation.

Finding #8 – Entitlements

A fiduciary is required to ensure a court appointed client is receiving all medical and financial benefits to which the client is entitled. Documentation was missing indicating whether a client benefits were researched.

The County has agreed with the finding. All staff were instructed to ensure client benefits and entitlements are researched and documented.

Finding #9 – Knowing Statutes & Codes

The fiduciary code of conduct requires all fiduciaries to become informed of the statutory requirements for managing a protected person's or decedent's estate.

The County has agreed with the finding. All staff were instructed to take steps to learn the statutory requirements and continue training which will increase their knowledge of these requirements. Inner office trainings have also been scheduled.

Finding #10 – Compliance

A fiduciary must perform all of their duties and discharge all of their obligations in accordance with current Arizona law and the administrative rules, administrative orders and the Arizona Code of Judicial administration §§7-201 and 7-202.

The County has agreed with the finding. All staff were instructed to take steps to learn the statutory requirements and continue training which will increase their knowledge of these requirements. Inner office trainings have also been scheduled.

SECTION TWO

Gila County Public Fiduciary Compliance Audit Report

Objective

The compliance audit of the Gila County Public Fiduciary Office was conducted pursuant to the Fiduciary Program's responsibilities as set forth in A.R.S. §14-5651 and Arizona Supreme Court Administrative Order No. 2003-31.

The objective of the compliance audit was to determine compliance with applicable statutes, Arizona Supreme Court orders and rules and the Fiduciary Program rules and codes and the Code of Conduct.

Methodology

In preparation for the compliance audit, preliminary survey questions were requested and responded to by the Gila County Public Fiduciary, (See Appendix A). The responses were reviewed and compiled to assist in the development of case file samples. In addition, information was requested from the Superior Court in Gila County to verify court appointment information.

The Gila County Clerk was unable to provide the client caseload information requested due to recent implementation of the Probate Automation Module (PAM), one of many elements of ongoing court automation.

In preparation for testing for compliance, the program has developed and currently utilizes a set of fiduciary compliance attributes consisting of Arizona statutes, Arizona Supreme Court rules and Fiduciary Program Certification rules and codes. Compliance with these requirements was tested by staff interviews, observation and reviewing a sample of client case files.

A stratified sampling approach was used. The selected samples of court appointed client case files were designed to provide conclusions about the accuracy, validity and timeliness of transactions, internal controls and compliance with the fiduciary attributes utilizing a cross-section of samples of court appointment types. Client case files were selected by type of appointment, length of appointment and initiation or termination of appointment during the review time frame.

Scope

During the period of August 5, 2003 through August 15, 2003 and August 20, 2003 the Fiduciary Program of the Certification and Licensing Division of the Administrative Office of the Courts, Arizona

Gila County Public Fiduciary Compliance Audit Report

Supreme Court, conducted a compliance audit of the Gila County Public Fiduciary Office. The audit included the fiduciary activities of the principal, certified staff and uncertified staff. Fiduciary appointments and terminations as a guardian, conservator, personal representative, or a combination thereof, during the period of January 1, 2000 through July 1, 2003 client case files were sampled and reviewed.

The Gila County Public Fiduciary was the court appointed fiduciary on sixty-four (64) guardian, conservator and combination guardian/conservator client cases during the review period. For violation of the Public Fiduciary's official duties, the Gila County Public Fiduciary Office has experienced staff turnover and a new public fiduciary director was appointed in April 2000.

The compliance audit team reviewed a sample of eight (8) of the 64 cases of court appointments and terminations, focusing on the internal controls and processes developed since the Office's change of Director in April, 2000.

Summary

The Gila County Public Fiduciary's Office has developed and initiated an adequate set of internal controls. Those internal control processes were witnessed by the audit team and documented in written policies and procedures by the Gila County Public Fiduciary. In addition, case file reports' narratives and actions were well documented with dates, actions of parties, management review and staff time. The Gila County Public Fiduciary staff, with one exception, consistently knew their job function and processes. In addition, missing documentation from the preceding administration has been painstakingly reconstructed to the degree of accuracy possible given the information available.

However, the compliance audit found non-compliance in the areas of inventory and appraisements, accountings and guardianship reports, documentation and fiduciary program rules. These findings are discussed below.

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding # 1</i></p> <p>➤ <i>Certified Staff</i></p> <p><i>Related Attributes:</i></p> <p><i>Arizona Code of Judicial Administration §7-202, E.1.b.(4), c.(5), d. (3)</i></p> <p><i>Requirements</i></p>	<p>Two key staff members of the Gila County Public Fiduciary Office should be certified fiduciaries:</p> <p style="margin-left: 40px;">a. Assistant Director – The assistant director manages a court appointed client caseload, supervises other certified fiduciaries and acts as the principal when the director is out of the office.</p> <p style="margin-left: 40px;">b. Accounting Clerk – The clerk manages the finances of the Gila County Public Fiduciary Office, serving as a key check and balance to the financial activities undertaken in the name of the court appointed clients. The position is responsible for reconciling client accounts, pursuing client benefits, tracking client assets and account billables/payables.</p> <p>While redundancy is built into operating processes due to office initiated internal controls, the clerk position represents a key decision maker affecting the financial lifestyle and solvency of court appointed clients. Both staff interviews and client case file reviews demonstrated a lack of communication between the current clerk and other staff and a lack of fundamental accounting procedures such as account reconciliations.</p> <p>The Gila County Public Fiduciary Office will ensure the employees in the positions of Assistant Director and Accounting Clerk become certified.</p> <p style="margin-left: 40px;">a. Until the assistant director is certified, a certified case manager will assume primary responsibility for the assistant director's caseload or the director will sign off on every client decision.</p> <p style="margin-left: 40px;">b. Until the accounting clerk is certified, all client financial decisions, processes and responsibilities will be performed by a certified fiduciary.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>The Public fiduciary is aware of the necessity for both positions to be</p>

Gila County Public Fiduciary Compliance Audit Report

held by certified fiduciaries and both positions are being controlled by a certified fiduciary. The Accounting Clerk position is now held by Eva Perez (a certified fiduciary)¹ and she has been performing the Accounting Clerk functions since November 20, 2003. The Assistant Director's position has been and will continue to be controlled by the Director until such time as the Assistant Director can be certified.

¹ Auditor note.

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding # 2</i></p> <p>➤ <i>Fiduciary Certification Number</i></p> <p><i>Related Attributes:</i></p> <p><i>Arizona Code of Judicial Administration §7-202, F.8</i></p> <p><i>Requirements</i></p>	<p>Documents submitted to the Superior Court in Gila County did not include the fiduciary's certification and the Gila County Public Fiduciary Office (business) certification numbers on court documents</p> <p>The Gila County Public Fiduciary Office will include the required certification numbers on all documents submitted to the superior court.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding</p>
<p><i>Corrective Action</i></p>	<p>The Public Fiduciary was unaware of this requirement. All documents submitted to the court since September 2, 2003 contained the required certification numbers.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #3</i></p> <p>➤ <i>Accuracy</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 2.e., 4.i. and 5.h.</i></p>	<p>The inventory and appraisements and annual accountings required by the court were inaccurately prepared and/or documented in the sampled cases:</p> <p style="margin-left: 40px;">a. The beginning balance of the 2000-01 accounting did not agree with the ending balance of the prior accounting. (See client 01)</p> <p style="margin-left: 40px;">b. The amounts presented on the account summary page did not agree to the corresponding amounts on the computer generated documents. Administrative fees and disbursements to the family were not indicated on the summary. An upgraded casket was not reflected on the accounting. In addition, one disbursement to a nursing home was paid incorrectly due to an incorrect billing. (See client 01)</p> <p style="margin-left: 40px;">c. Annual accounting beginning balances were not reported precluding assessment of accounting activity, accuracy and consistency from year to year. (See client 03)</p> <p style="margin-left: 40px;">d. In one sampled client file there was evidence of a paperless transfer of assets in the client's estate not reflected in the annual accounting filed with the court. (See client 03)</p> <p style="margin-left: 40px;">e. In one sampled client file jewelry was sent to a relative but not listed on the inventory and appraisal; however, after the client was deceased the jewelry was listed on the final accounting. (See client 01)</p> <p>Accurate preparation of court documents is inhibited by the lack of a standard office procedure such as using a "Paid" stamp to ensure payment and to track accounts payable for utilization in court accountings.</p>
<p><i>Requirements</i></p>	<p>The Gila County Public Fiduciary Office will document the case files and submit complete and accurate annual accountings and court documents.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement. The Public Fiduciary has always made efforts to submit accurate and timely accountings that were within her control. However, there were client accounts that were pulled for this audit that had been neglected by the previous administration and those</p>

Gila County Public Fiduciary Compliance Audit Report

	<p>accountings had been reconstructed by the current Public Fiduciary and the Attorney general to the best of their ability</p>
<p><i>Corrective Action</i></p>	<p>This office will submit accurate accountings and provide documentation that reflects proper administration of each case.</p> <p>A "Paid" stamp was purchased and put into use on September 2, 2003 to ensure proper payment in each client case.</p> <p>Paperless transfers are no longer allowed to ensure all necessary financial information is available in the client file. New policies and procedures are being drafted to ensure accuracy by February 29, 2004.</p> <p>All inventories will be properly documented to ensure that no assets are missed and new policies and procedures are being drafted. Policies will be completed in writing by February 29, 2004.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #4</i></p> <p>➤ <i>Timeliness</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS §14-5418(A)</i> <i>ARS §14-5419(A)</i> <i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 2.e., 4.i. and 5.h.</i></p>	<p>A fiduciary must provide timely annual accountings and court documents. Client annual accountings are routinely late (See client files 04, 06, 07 and 08).</p> <p>Annual accountings from the previous administration were not routinely submitted (if ever submitted) to the court, the timeliness of subsequent accountings was not ascertainable for client files existing prior to the current Gila County Public Fiduciary Office administration.</p>
<p><i>Requirements</i></p>	<p>The Gila County Public Fiduciary Office will submit the inventory and appraisal and annual accounting on or before the statutorily required due date for each client.</p> <p>For those client cases existing under the prior administration, documentation should be developed (“boilerplate” language is acceptable) to indicate the reason for and the beginning of the new administration, a beginning balance, an explanation of the Gila County settlement, if any, on the client's account and the "settled" new accounting beginning date.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>The Public Fiduciary was unaware that the timeline for submission of annual accountings was no in compliance with statute. The Fiduciary had a verbal agreement with the Superior Court Judge that all accountings must be filed within 60 days after the date the court order was signed.</p> <p>On September 12, 2003 the Public Fiduciary, her attorney and Judge Robert Duber met to discuss the necessary steps needed to make sure we are in compliance with statute. The Fiduciary will ensure that all accounting are filed on or before the date the Letters of Acceptance were signed.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #5</i></p> <p>➤ <i>Guardianship Reports</i></p> <p><u><i>Related Attributes:</i></u> <i>ARS §14-5315(C)</i></p> <p><i>Requirements</i></p>	<p>A fiduciary acting as guardian must include the specific items detailed in statute in the annual guardianship report. The following files were missing:</p> <p>Client file #01 – Name of person-in-charge; number of times seen in the last 12 months; and name and address of physician.</p> <p>Client file #03 – Name of person-in-charge; address missing, no doctor report.</p> <p>Client file #04 -- Copy of the ward's physician's report on the physical and mental condition of the ward.</p> <p>Client file #07 -- Name of person-in-charge; address missing; no address of ward's physician; a copy of the physician's report on the ward was not found; and, the name of the person providing services was missing.</p> <p>The Gila County Public Fiduciary Office will include all of the statutorily required information in the annual guardianship reports and attach the documentation to the annual accountings.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with Finding #5 except for the accusation that no guardianship reports were attached to accountings in all files.</p>
<p><i>Corrective Action</i></p>	<p>A new Guardianship Report form was drafted on 12/1/03 to ensure that all information required by statute is submitted.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #6</i></p> <p>➤ <i>Inventory & Appraisalment</i></p> <p><u><i>Related Attributes:</i></u> <i>ARS §14-5418(A)</i></p> <p><i>Requirements</i></p>	<p>Within 90 days of appointment, the fiduciary appointed as conservator must prepare and file an inventory and appraisalment of the estate. This inventory must list in reasonable detail and indicate the fair market value of the estate as of the date of appointment of each item listed.</p> <p>An estate is usually defined as all of the property, real and personal, under a ward's ownership. (<u>Mellinkoff's Dictionary of American Legal Usage, 1992</u>)</p> <p>All of the client files reviewed had inventories and appraisements which only listed personal property such as clothing and household items. The total estate listing and value was missing on each client's court submitted inventory and appraisalment.</p> <p>The net effect of these omissions is the court is not provided with a complete picture of the assets/liabilities of clients assigned to the Gila County Public Fiduciary Office and to render all subsequent annual accountings submitted for each client for court approval as questionable regarding accuracy and completeness.</p> <p>The Gila County Public Fiduciary Office will file within 90 days of appointment as a conservator a complete inventory and appraisalment of the entire estate listing in detail and indicating the fair market value of the estate of each item listed.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding. Previously all inventories were filed within a 90 day period but only included personal property. Real property had been included on the annual accounting.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 new inventories were drafted and filed including all assets owned by all wards appointed on in the year 2003. New policy and procedures are being drafted to ensure all assets are accounted for in inventories filed with the court. Policies will be completed in writing by February 29, 2004.</p>

Gila County Public Fiduciary Compliance Audit Report

Finding #7

➤ *Documentation*

Related Attributes:

ARS §14-5418(B)

A fiduciary appointed as a conservator must keep, according to state statutes, "suitable" records of the administration of the client's estate and be able to exhibit those records upon request. Suitable records include conformed copies of client court documents and documentation which tracks the disposition/storage/disbursement/appreciation of items in a client's estate.

Client #01 – Conformed copies of annual accountings were missing; jewelry was not listed on accountings; in the last accounting, the February 2002 care center payment was incorrect, no March care center payment was made and no documented reason was provided; no documentation providing justification for moving client from one facility to another; and, no documentation provided showing the nephew, son and/or daughter were contacted regarding the disposition of the limited assets of the estate.

Client #02 – Documentation is missing regarding potential restitution.

Client #03 – Brokerage/investment account statements are missing; accountings lack sufficient detail; documentation on tax filings (or the lack of need to file) are missing; application for all potential entitlements are not documented; documentation was insufficient to track disbursements; and, the inventory listings and accountings do not track the Money Market and its transition to a Certificate of Deposit and the associated interest earned.

Client #06 – Documentation in the file of both research and recording of client assets is missing; several bank accounts were noted but no statements nor indications of disposition were documented; disbursements had no supporting documentation or reconciliations to support checks; transactions and/or source of funds could not be verified because bank statements were missing; check descriptions were not descriptive; and, personal property was given to family members without documentation of the client's preferences or heir's preferences.

Client #07 – Documentation on the purchase of a compact disc player was not supported in the court submitted annual accounting.

Client #08 – File copies of the letters of appointment were not conformed.

Gila County Public Fiduciary Compliance Audit Report

<p><i>Requirements</i></p>	<p>The Gila County Public Fiduciary Office will develop a systematic process for documenting the client's records to include all assets, transactions and activities for each court appointed client.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 all Case Managers were instructed that they will ensure that all documentation is accurate and tracks the disposition/storage/disbursement/and appreciation of items in a client's estate.</p> <p>A new computer program will be purchased to allow for a systematic process of documenting and tracking client assets, transactions and activities.</p> <p>All client files will contain conformed copies of annual accountings and letters of appointment.</p> <p>All policies and procedures are currently being implemented and drafted. All policies will be completed in writing by February 29, 2004.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #8</i></p> <p>➤ <i>Entitlements</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS §14-5312(A)(9)</i></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 3.p. & 4.g.</i></p> <p><i>Requirements</i></p>	<p>A fiduciary must ensure the client is receiving all medical and financial benefits to which they are entitled.</p> <p>Client file #05 – Client file mentions a railroad pension; however, there is no documentation to indicate whether this was researched for the benefit of the client.</p> <p>The Gila County Public Fiduciary Office will research and document application for all entitlements and benefits for which each client is entitled.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>Case Managers and the Finance Clerk were instructed on September 2, 2003 to thoroughly read all documentation to ensure timely application for medical and financial benefits for wards.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #9</i></p> <p>➤ <i>Knowing Statutes & Code</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 4.c & 5.a.</i></p> <p><i>Requirements</i></p>	<p>Upon appointment the fiduciary must become informed of the statutory requirements for managing a protected person's or decedent's estate. Each finding detailed (#'s 1 through 8) is an example of a violation of this code.</p> <p>All certified fiduciaries in the Gila County Public Fiduciary Office will take appropriate steps to learn the statutory requirements and the fiduciary code of conduct for managing a protected person's or decedent's estate.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 all Public Fiduciary staff members were instructed to take steps to learn statutory requirements and continue in training that will increase their knowledge of code of conduct for managing a protected person's or decedent's estate.</p> <p>Inner office training has been set up for January 15, 2004 and January 29, 2004 to continue staff education. Staff was required to attend additional training throughout the year 2003 and will be encouraged to attend more training in the year 2004.</p>

Gila County Public Fiduciary Compliance Audit Report

<p><i>Finding #10</i></p> <p>➤ <i>Compliance</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 7</i></p> <p><i>Requirements</i></p>	<p>A fiduciary must perform all of their duties and discharge all of their obligations in accordance with current Arizona law and the administrative rules, administrative orders, Arizona Code of Judicial Administration §7-201: General Requirements and this code (§7-202) section adopted by the supreme court governing the certification of fiduciaries. Each finding (#'s 1 through 8) is illustrative of not meeting the <i>Code of Conduct, Standard 7</i>.</p> <p>The Gila County Public Fiduciary Office ensure the office and the certified fiduciaries will perform all of their duties and discharge all of their obligations to meet the requirements of <i>Standard 7</i>.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>The Gila County Public Fiduciary will ensure that the office and all the certified fiduciaries perform all of their duties and discharge all of their obligations to the requirements of <i>Standard 7</i>.</p> <p>The Public Fiduciary staff will continue to attend fiduciary training in the future to broaden our knowledge of our duties and obligations.</p>

SECTION THREE

APPENDIX I

Gila County Public Fiduciary

Tiffany Wager
Public Fiduciary

P.O. BOX 693 GLOBE, AZ 85502
(928) 425-3149/(928) 425-5287 FAX



January 20, 2004

Arizona Supreme Court
Certification and Licensing Division
1501 West Washington Street
Phoenix, Arizona 85007-3231

Dear J.R. and Kitty:

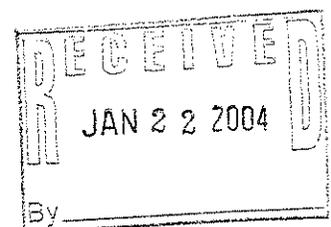
This letter is in response to the compliance audit letter dated January 8, 2004. The following information should complete your findings.

Please note that Sandra Phillips no longer is employed by the Gila County Public Fiduciary Office. This office will notify you of the changes in personnel as it occurs.

If you need any further information, please do not hesitate to contact me at the above referenced number.

Sincerely,


Tiffany Wager
Gila County Public Fiduciary



Finding # 1: Certified Staff

The Fiduciary Certification Program would like to know who the certified fiduciary is who is controlling the Assistant Director's position.

Tiffany Wager is the certified fiduciary controlling the Assistant Director's position.

Finding # 2: Completed

Finding # 3: Court Document Accuracy

The Fiduciary Certification Program would like to review the completed and implemented policies and procedures to determine if the new policies and procedures will remedy the compliance audit finding.

Please find the attached new policy and procedure for paperless transfers and inventory documentation.

- Opens envelopes for contents.
 - Stamps all checks for correct account depositing.
 - Logs all cash/checks in "incoming fund log".
 - Loretta Puzzi or Laura Short oversees all the above transactions and initials to the accuracy.
 - Sandi Phillips reviews the cash/check and initials as to the receipts in "incoming fund log".
- Upon receipt of copies of the checks and other documents, Sandi Phillips posts the receipts to the client's accounts on the client accounting computer program and proceeds with the following:
 - Makes copies of all checks received.
 - Checks the endorsement for accuracy of account.
 - Prepared deposit ticket.
 - Prints a detailed list of all receipts deposited into accounts.
 - Eva Perez or Laura Short reviews the deposit detail. The review includes a comparison of the detailed deposit to the copies and dollar total of checks received from the Public Fiduciary's Office and reconciliation of any differences.
 - Sandi Phillips runs tape of checks and money and agrees to total computer-generated deposit notice.
 - Laura Short (or Eva Perez in absence) takes deposit tickets, checks, and any currency directly to bank. The funds are the responsibility of the depositor.
 - Laura Short receives back counter receipt and teller stamped duplicate deposit ticket.
 - Sandi Phillips staples together the deposit, with the original deposit notice, copy of check, bank stamped copy of deposit ticket, and the bank deposit account receipt.
 - Sandi Phillips inserts deposit receipt into a monthly deposit folder along with all other relevant information.
- All transactions such as: deposits, transfers, withdrawals, and any other alike, made within the Public Fiduciary Office shall include proper documentation to support the transaction. Under no circumstances will any transaction be made paperless.

Finding # 4: Completed

Finding # 5: Guardianship Reports

The Fiduciary Certification Program would like to review the new Guardianship Report form drafted on December 1, 2003 to ensure that all information required by statute is submitted. The Fiduciary Certification Program would like to review the new form as soon as possible.

Please find the attached new Guardianship Report form that was drafted on December 1, 2003.

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF GILA

In the Matter of the Guardianship of)

)

)

)

)

)

An Incapacitated Person)

ANNUAL
GUARDIANSHIP REPORT

COMES NOW the GILA COUNTY PUBLIC FIDUCIARY and presents its annual report concerning the guardianship of the above named incapacitated person:

1. RESIDENCE:
(Type of residence, name, address of the home or facility and the facility's name of the person in charge).

2. CLIENT CASE MANAGER/VISITATION:
(Number of times the ward has been seen in the last twelve months and date of the most recent visit)

3. DAILY ACTIVITIES/DAY PROGRAMS/EMPLOYMENT:

4. MEDICAL INFORMATION/CURRENT CONDITION/DOCTOR:
(Name and address of physician, date the ward was last seen by physician)
Copy of the ward's physician report or summary of observation on the ward's physical and mental condition

5. MAJOR CHANGES:
(Observed major changes in ward's physical and mental condition)

6. CONTINUATION OF GUARDIANSHIP:
(Opinion whether the guardianship should be continued)

7. GOVERNMENTAL SERVICES:
(Summary of services provided to the ward by a governmental agency and the name of responsible individual)

The undersigned swears that the answers set forth above are true and correct to the best of knowledge and belief of the undersigned, subject to the penalties of making a false affidavit of declaration.

DATE:

PUBLIC FIDUCIARY CASE MANAGER
P.O. Box 693
Globe, AZ 85502

Tiffany Wager Certificate #20277
GILA COUNTY PUBLIC FIDUCIARY
Certificate #20216

Finding # 6: Inventory and Appraisalment

The Fiduciary Certification Program would like to review the re-drafted and filed inventories of all wards appointed on in the year 2003. Please send copies for us to review as soon as possible.

The Fiduciary Certification Program would like to review the completed and implemented policies and procedures to determine if the new policies and procedures will remedy the compliance audit finding.

Please find enclosed copies of the 14 redrafted and filed inventories for clients appointed on in year 2003 as well as policies and procedures to ensure all assets are accounted for in inventories filed with the court. These policies and procedures were reviewed with the staff and their signatures were required to ensure that they understood the appropriate measures to be taken to account for all assets and that they understood the proper procedure for filing inventories.

REVIEW OF POLICY AND PROCEDURE: On January 16, 2004

I have reviewed the Policy below and understand its contents.

Eva Perez *Eva A. Perez*

Laura Short *Laura Short*

Loretta Puzzi *Loretta Puzzi*

Tiffany Wager, Public Fiduciary *Tiffany Wager*

INVENTORIES

- An inventory of all client assets (including cash, income, real property, personal property, insurance policies, stocks, bonds, and annuities) will be filed with the Probate Court within ninety (90) days following the date of appointment as required by statute.
- Initial inventories will be prepared by the case manager in charge of each client, and witnessed by a second person, whose name will be noted in the client record.
- All court filed inventories will include an assigned value for items listed, plus the total estate value, if available.
- Tiffany Wager or Laura Short will review all initial and subsequent inventories filed with the Probate Court. All inventories will be filed by the due date.

Finding # 7: Documentation

Please provide the Fiduciary Certification Program a date by which the new computer program will be purchased, installed, staff trained on and implemented. In addition, please provide the computer program name if it is an "off the shelf" program.

The Fiduciary Certification Program would like to review the implemented policy and procedures to determine if the new policies will remedy the compliance audit finding.

Tiffany Wager is conducting research to find a suitable computer program that will allow appropriate documentation and an inventory tracking system. The computer program will be purchased by February 29, 2004. The name of the program will be provided to the Fiduciary Certification Program prior to this date. This computer program will be installed by March 15, 2004 and implementation and staff training will be completed by May 31, 2004.

New policies and procedures for the new program are in the development stages. This process will take at least six months but policies and procedures will be drafted no later than July 31, 2004. On or before July 31, 2004, a copy of the policies will be provided to the Fiduciary Certification Program.

Finding # 8: Entitlements

The Fiduciary Certification Program would like for you to provide either a signed statement by those staff members that they have read and understand the process of timely application for all medical and financial benefits or a new policy and procedure for ensuring the same.

Please find the enclosed copy of the memo dated November 20, 2003. This memo requires reading all documents thoroughly to ensure timely application for all medical and financial benefits.

REVIEW OF POLICY AND PROCEDURE: On January 16, 2004

I have reviewed the Policy below and understand its contents.

Eva Perez *Eva A. Perez*

Laura Short *Laura Short*

Loretta Puzzi *Loretta Puzzi*

Tiffany Wager, Public Fiduciary *Tiffany Wager*

INVENTORIES

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- All court filed inventories will include an assigned value for items listed, plus the total estate value, if available.
- Tiffany Wager or Laura Short will review all initial and subsequent inventories filed with the Probate Court. All inventories will be filed by the due date.

- Financial ledgers will be reviewed during each visit to monitor personal spending.

C. GUARDIANSHIP/MEDICAL DECISION-MAKING AND PLACEMENT

Key features will be identified in the Public Fiduciary care plan, including key care plan elements to actively promote the maintenance of the client's health and annual dental and medical exams unless otherwise indicated.

We Will:

- Document in the Public Fiduciary care plan reasons for non-consensual care, with particular attention to restraints and care that is covert, invasive, or in opposition to client values and subject these plans to additional review by the treatment team.
- Tiffany Wager will authorize or deny authorization of medical treatment and interventions only in accordance with the Public Fiduciary Ethical Principles of Decision-Making.
- Obtain a second medical opinion when a prudent person would do so, and utilize ethical, legal, and medical advice as appropriate.
- Consult with appropriate medical personnel before authorizing medical treatment; seek court approval as required by state statute. Speak directly to the attending physician before denying any recommended medical treatment.
- Minimize the risk of substantial harm, and obtain the most appropriate possible placement and treatment of the client when considering involuntary treatment or placement, or placement in a more restrictive environment for health reasons.

D. CONSERVATORSHIP CONTACTS

Case Managers will have professional contact with or related to the protected person, sufficient to responsibly address the unique needs, cares and concerns of each protected person. Case Managers will visit at least quarterly.

Case Managers will be responsible to account for and control all real and personal property of substantial value within acceptable standards and values of the client by:

- Applying for any suitable financial, health care, or other public or private benefits for which he/she may be eligible.
- Using expert or outside advice as necessary to obtain the best service for the client.
- Assisting the client to possess and control property and funds as appropriate to his/her needs and capacities.

Gila County Public Fiduciary

Tiffany Wager
Public Fiduciary

P.O. BOX 693 GLOBE, AZ 85502
(928) 425-3149/(928) 425-5287 FAX



MEMORANDUM

To: Gila County Public Fiduciary Staff

From: Tiffany Wager, Public Fiduciary

Date: November 20, 2003

RE: Public Fiduciary Audit

This memo is in reference to our meeting on 11-20-03 in overview of the Audit.

All Case Managers and Accounting Clerk are instructed to thoroughly read all documentation to ensure accurate findings for all medical and financial benefits for all wards. Please read all Investigative reports and Doctors reports to gather information to complete new files.

It is one of my goals to have all the Public Fiduciary Staff learn all the statutory requirements and the fiduciary code of conduct for managing a protected person's or decedent's estate. I have set the following training days for which inter office trainings will be held:

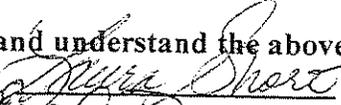
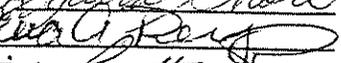
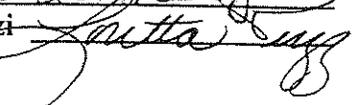
January 15, 2003	10:00 through 2:00	Review Code of Conduct
January 29, 2003	10:00 through 2:00	Review Fiduciary Attributes

We will set up future trainings and I would like for all of you to look for areas in the rules and regulations that are unclear to you and ask that we meet and discuss any issues that you need further training on.

If you have any questions please let me know.

Thank You.

I have read and understand the above:

Laura Short 
Eva Perez 
Loretta Puzzi 

Finding # 9: Completed

Finding # 10: Compliance

The Fiduciary Certification Program would like for you to provide a plan for your office to pursue compliance with Standard 7 by February 29, 2004.

Tiffany Wager has scheduled two inner-office trainings which will be held January 15, 2004 and January 29, 2004, one will be held on Code of Conduct and the other will be on Fiduciary Attributes. This office has registered for training on May 11-12, 2004, at the Elder Abuse conference. This office has in the past sought to take advantage of as many training opportunities as possible and it will continue to seek training for staff both within the office and all other available training provided elsewhere.

Gila County Public Fiduciary



Tiffany Wager
Public Fiduciary

P.O. BOX 693 GLOBE, AZ 85502
(928) 425-3149/(928) 425-5287 FAX

MEMORANDUM

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From: Tiffany Wager, Public Fiduciary

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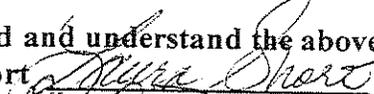
January 15, 2003	10:00 through 2:00	Review Code of Conduct
January 29, 2003	10:00 through 2:00	Review Fiduciary Attributes

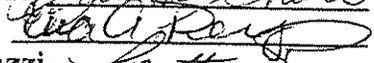
We will set up future trainings and I would like for all of you to look for areas in the rules and regulations that are unclear to you and ask that we meet and discuss any issues that you need further training on.

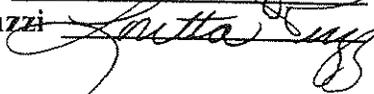
If you have any questions please let me know.

Thank You.

I have read and understand the above:

Laura Short 

Eva Perez 

Loretta Puzzi 

SECTION FOUR

APPENDIX II



Supreme Court

STATE OF ARIZONA
ADMINISTRATIVE OFFICE OF THE COURTS

Charles E. Jones
Chief Justice

David K. Byers
Administrative Director
of the Courts

January 8, 2004

Tiffany Wager
Director
Gila County Public Fiduciary Office.
P. O. Box 693
Globe, AZ 85502

Dear Ms. Wager:

We have received your letter of December 2, 2003 responding to the program's compliance audit of the Gila County Public Fiduciary Office. The completeness of your response and detail of the proposed corrective actions is appreciated.

The Fiduciary Certification Program accepts your proposed corrective action plans as remedies to the findings listed in the compliance audit with the following additions to your plans:

Finding # 1: Certified Staff

The Fiduciary Certification Program would like to know who the certified fiduciary is controlling the Assistant Director's position.

Finding # 3: Court Document Accuracy

The corrective action specifies new policies and procedures are being drafted to ensure accuracy regarding paperless transfers and inventory documentation. The time line given for the completed new policies and procedures are February 29, 2004.

The Fiduciary Certification Program would like to review the completed and implemented policies and procedures to determine if the new policies and procedures will remedy the compliance audit finding.

Finding # 5: Guardianship Reports

The draft compliance audit stated the annual guardianship report was not attached to the annual accountings in all the client files. The wording incorrectly leads to meaning all

accountings were missing guardianship reports. The correct statement would be some of the accountings reviewed were missing guardianship reports. Without the specificity of which files were missing the guardianship report, the statement has been removed for the final report.

In addition, the corrective action plan states a new Guardianship Report form was drafted on December 1, 2003 to ensure that all information required by statute is submitted. The Fiduciary Certification Program would like to review the new form as soon as possible.

Finding # 6: Inventory & Appraisement

The Fiduciary Certification Program would like to review the re-drafted and filed inventories of all wards appointed on in the year 2003. Please send copies for us to review as soon as possible.

The corrective action specifies new policies and procedures are being drafted to ensure all assets are accounted for in inventories filed with the court. The time line given for the completed new policies and procedures is February 29, 2004.

The Fiduciary Certification Program would like to review the completed and implemented policies and procedures to determine if the new policies and procedures will remedy the compliance audit finding.

Finding # 7: Documentation

The corrective action states a new computer program will be purchased to allow for a systematic process of documenting and tracking client assets, transactions and activities. Please provide the Fiduciary Certification Program a date by which the computer program will be purchased, installed, staff trained on and implemented. In addition, please provide the computer program name if it is an "off the shelf" program.

The corrective action also specifies all policies and procedures are currently being implemented and drafted. The time line given for the completed the new policies and procedures are February 29, 2004.

The Fiduciary Certification Program would like to review the completed and implemented policies and procedures to determine if the new policies and procedures will remedy the compliance audit finding.

Finding # 8: Entitlements

The corrective action states the case managers and the finance clerk were instructed on September 2, 2003 to thoroughly read all documentation to ensure timely application for all medical and financial benefits for wards.

The Fiduciary Certification Program would like for you to provide either a signed statement by those staff members that they have read and understand the process to ensure timely application for all medical and financial benefits for the wards or a new policy and procedure for ensuring same.

Finding # 10: Compliance

The corrective action ensures the office and the certified fiduciaries will meet the requirements of the Code of Conduct, Standard 7. You state the staff will continue to attend fiduciary trainings in the future in order to meet the requirements of Standard 7. As you know the Supreme Court Codes §§7-201 and 7-202 going into effect January 1, 2004 eliminate the Fiduciary Certification Program initial training after the April, 2004 and no regularly scheduled certification renewal events.

There are many ways to pursue compliance within an office. One example is to utilize scheduled, periodic formal file reviews within your own office. Utilize the way(s) which will work best for the Gila County Fiduciary Office.

The Fiduciary Certification Program would like for you to provide a plan for your office to pursue compliance with Standard 7 by February 29, 2004.

In each corrective action requiring new policies and procedures to be drafted by February 29, 2004 the Fiduciary Certification Program would like to review the new policies and procedures prior to implementation. Please send us the new policies and procedures by the last week in January, 2004.

We have included in chart form a summary of this letter. The Fiduciary Certification Program would like to again thank-you and your staff for your cooperation and professionalism throughout the audit process. We look forward to a continuing relationship.

Sincerely,



J. R. Rittenhouse
Fiduciary Program Manager
Certification and Licensing Division
Arizona Supreme Court



Kitty Boots
Fiduciary Program Review Specialist
Certification and Licensing Division
Arizona Supreme Court

Attachment

CORRECTIVE ACTION PLAN

GILA COUNTY PUBLIC FIDUCIARY

RESULTS: FIDUCIARY CERTIFICATION COMPLIANCE REVIEW
AUGUST, 2003

FINDING	CORRECTIVE ACTION	COMPLETION DATE	PLAN	STATUS
1. Certified Staff	<p><u>Short Term:</u> Positions controlled by certified staff.</p> <p><u>Long Term:</u> Positions will require certified fiduciary to perform job</p>		<p>Assistant Director to be certified by April, 2004.</p> <p>Account clerk certification is unknown.</p>	<p>PENDING</p> <p>UNKNOWN</p>
2. Fiduciary certification number on Court documents	All documents submitted to court will now have certification number	Sept. 2, 2003		COMPLETE
3. Court document accuracy	<p>"Paid" stamp purchased and in use</p> <p>New policies and procedures being drafted to ensure accuracy on accountings and properly documented inventories</p>	<p>Sept. 2, 2003</p> <p>Feb. 29, 2004</p>	<p><i>Will require review by Fiduciary Certification Program of policies and procedures prior to acceptance</i></p>	<p>COMPLETE</p> <p>PENDING</p>

4. Timeliness of annual accountings.	All accountings will be submitted by the statutorily required time lines	Sept. 12, 2003	Fiduciary met with Judge and attorney to determine steps required for compliance	COMPLETE
5. Guardianship reports	Guardianship report form was drafted to include statutorily required information	Dec. 1, 2003	<i>Will require review of new form by Fiduciary Certification Program</i>	PENDING
6. Inventory & appraisement	New inventories were drafted on all wards appointed in 2003 New policy and procedures to be drafted to account for all ward assets on inventories filed with the court	Sept. 2, 2003 Feb. 29, 2004	<i>Please provide copies to the Fiduciary Certification Program</i> <i>Will require review by Fiduciary Certification Program of policies and procedures prior to acceptance</i>	PENDING PENDING
7. Documentation	Staff instructed on accuracy and tracking assets in a ward's estate New computer program to be purchased All ward files will contain conformed copies of accountings and letters	Sept. 2, 2003 ? ?	 <i>Need date for completion</i> <i>Need date for completion</i>	COMPLETE UNKNOWN UNKNOWN

	New policies and procedures to be implemented	Feb. 29, 2004	<i>Will require review by Fiduciary Certification Program of policies and procedures prior to acceptance</i>	PENDING
8. Entitlements	Staff instructed to ensure application for all medical & financial benefits for ward	Sept. 2, 2003	<i>Will require office policy on file documentation</i>	UNKNOWN
9. Knowing statutes & code	Staff instructed and will continue training	Sept. 2, 2003	Inner office training scheduled for Jan. 15 & Jan. 29, 2004	PENDING
10. Compliance	Public fiduciary guarantees staff will perform all duties & obligations to meet code		<i>Need plan to guarantee performance</i>	UNKNOWN

SECTION FIVE

APPENDIX III

Gila County Public Fiduciary

Tiffany Wager
Public Fiduciary

P.O. BOX 693 GLOBE, AZ 85502
(928) 425-3149/(928) 425-5287 FAX



December 2, 2003

Arizona Supreme Court
Certification and Licensing Division
1501 West Washington Street
Phoenix, Arizona 85007-3231

Dear Ms. Rittenhouse:

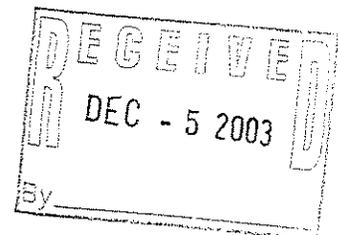
Attached you will find the compliance audit report of the Gila County Public Fiduciary Office and its responses.

Our office is grateful for your assistance in completing this Audit.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tiffany Wager", with a long horizontal flourish extending to the right.

Tiffany Wager
Gila County Public Fiduciary



Gila County Public Fiduciary Draft Compliance Audit Report

Objective

The compliance audit of the Gila County Public Fiduciary Office was conducted pursuant to the Fiduciary Program's responsibilities as set forth in A.R.S. §14-5651 and Arizona Supreme Court Administrative Order No. 2003-31.

The objective of the compliance audit was to determine compliance with applicable statutes, Arizona Supreme Court orders and rules and the Fiduciary Program rules and codes and the Code of Conduct.

Methodology

In preparation for the compliance audit, preliminary survey questions were requested and responded to by the Gila County Public Fiduciary, (See Appendix A). The responses were reviewed and compiled to assist in the development of case file samples. In addition, information was requested from the Superior Court in Gila County to verify court appointment information.

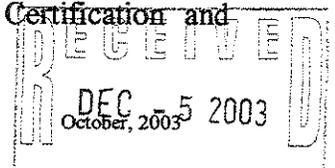
The Gila County Clerk was unable to provide the client caseload information requested due to limited progress on implementation of the Probate Automation Module (PAM), one of many elements of ongoing court automation.

In preparation for testing for compliance, the program has developed and currently utilizes a set of fiduciary compliance attributes consisting of Arizona statutes, Arizona Supreme Court rules and Fiduciary Program Certification rules and codes. Compliance with these requirements was tested by staff interviews, observation and reviewing a sample of client case files.

A stratified sampling approach was used. The selected samples of court appointed client case files were designed to provide conclusions about the accuracy, validity and timeliness of transactions, internal controls and compliance with the fiduciary attributes utilizing a cross-section of samples of court appointment types. Client case files were selected by type of appointment, length of appointment, type of required client protection and initiation or termination of appointment during the review time frame.

Scope

During the period of August 5, 2003 through August 15, 2003 and August 20, 2003 the Fiduciary Program of the Certification and



Gila County Public Fiduciary Draft Compliance Audit Report

Licensing Division of the Administrative Office of the Courts, Arizona Supreme Court, conducted a compliance audit of the Gila County Public Fiduciary Office. The audit included the fiduciary activities of the principal, certified staff and uncertified staff.

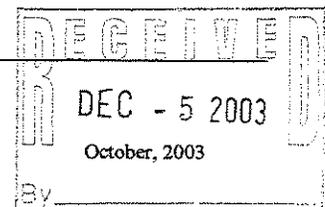
The Gila County Public Fiduciary was the court appointed fiduciary on sixty-four (64) guardian, conservator and combination guardian/conservator client cases. Due to the preceding Gila County's administration non-compliance and resulting criminal conviction, the Gila County Public Fiduciary Office has experienced staff turnover and has a new director since April 2000.

The compliance audit team reviewed a sample of eight (8) of the 64 cases of court appointments and terminations, focusing on the internal controls and processes developed since the Office's complete restructuring in April 2000.

Summary

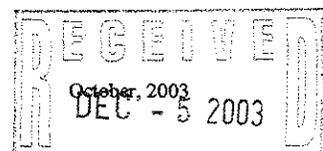
The Gila County Public Fiduciary's Office has developed and initiated an adequate set of internal controls. Those processes were witnessed and documented in written policies and procedures. In addition, case file reports' narrative and actions were well documented with dates, actions of parties, management review and staff time. The Gila County Public Fiduciary staff consistently knew their job function and processes with one exception. In addition, missing documentation from the preceding administration has been painstakingly reconstructed to the degree of accuracy possible given the information available.

However, the compliance audit found non-compliance in the areas of compliance on inventory and appraisements, accountings and guardianship reports, documentation and fiduciary program rules. These findings are discussed below.



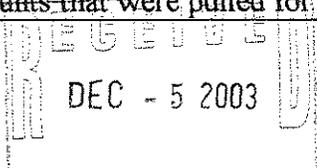
Gila County Public Fiduciary Draft Compliance Audit Report

	<p>Eva Perez, and she has been performing the Accounting Clerk functions since November 20, 2003. The Assistant Director's position has been and will continue to be controlled by a certified until such time as the Assistant Director can be certified.</p>
<p>Finding # 2</p> <p>➤ Fiduciary Certification Number</p> <p><i>Related Attributes:</i></p> <p>Arizona Code of Judicial Administration §7-202, F.8</p> <p>Requirements</p>	<p>Documents submitted to the Superior Court in Gila County did not include the fiduciary's certification and the Gila County Public Fiduciary Office (business) certification numbers on court documents</p> <p>The Gila County Public Fiduciary Office will include the required certification numbers on all documents submitted to the superior court.</p>
<p>Auditee's Response</p>	<p>In agreement with finding.</p>
<p>Corrective Action</p>	<p>The Public Fiduciary was unaware of this requirement. All documents submitted to the court since September 2, 2003 contained the required certification numbers.</p>



Gila County Public Fiduciary Draft Compliance Audit Report

<p><i>Finding #3</i></p> <p>➤ <i>Accuracy</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 2.e., 4.i. and 5.h.</i></p> <p><i>Requirements</i></p>	<p>The inventory and appraisements and annual accountings required by the court were inaccurately prepared and/or documented in the sampled cases:</p> <p>a. The beginning balance of the 2000-01 accounting did not agree with the ending balance of the prior accounting. (See client 01)</p> <p>b. The amounts presented on the account summary page did not agree to the corresponding amounts on the computer generated documents. Administrative fees and disbursement to family did not show. An upgraded casket was not reflected on the accounting. In addition, one disbursement to a nursing home was paid incorrectly due to an incorrect billing. (See client 01)</p> <p>c. Annual accounting beginning balances were not reported precluding assessment of accounting activity, accuracy and consistency from year to year. (See client 03)</p> <p>d. In one sampled client file there was evidence of a paperless transfer of assets in the client's estate not reflected in the annual accounting filed with the court. (See client 03)</p> <p>e. In one sampled client file jewelry was sent to a relative but not listed on the inventory and appraisalment; however, after the client was deceased the jewelry was listed on the final accounting. (See client 01)</p> <p>Accurate preparation of court documents is inhibited by the lack of a standard office procedure such as using a "Paid" stamp to ensure payment and to track accounts payable for utilization in court accountings.</p> <p>The Gila County Public Fiduciary Office will document the case files and submit complete and accurate annual accountings and court documents.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement. The Public Fiduciary has always made efforts to submit accurate and timely accountings that were within her control. However, there were client accounts that were pulled for this audit that</p>

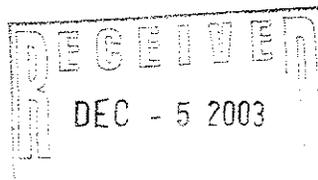


Gila County Public Fiduciary Draft Compliance Audit Report

had been neglected by the previous administration and those accountings had been reconstructed by the current Public Fiduciary and the Attorney General to the best of their ability.

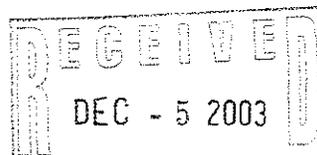
Corrective Action

This office will submit accurate accountings and provide documentation that reflects proper administration of each case. A "Paid" stamp was purchased and put into use on September 2, 2003 to ensure proper payment in each client case. Paperless transfers are no longer allowed to ensure all necessary financial information is available in the client file. New policies and procedures are being drafted to ensure accuracy by February 29, 2004. All inventories will be properly documented to ensure that no assets are missed and new policies and procedures are being drafted. Policies will be completed in writing by February 29, 2004.



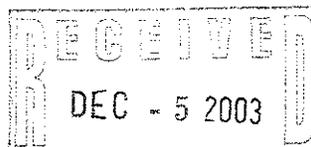
Gila County Public Fiduciary Draft Compliance Audit Report

<p><i>Finding #4</i></p> <p>➤ <i>Timeliness</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 2.e., 4.i. and 5.h.</i></p> <p><i>Requirements</i></p>	<p>A fiduciary must provide timely annual accountings and court documents. Client annual accountings are routinely late (See client files 04, 06, 07 and 08).</p> <p>Annual accountings from the previous administration were not routinely submitted (if ever submitted) to the court, the timeliness of subsequent accountings was not ascertainable for client files existing prior to the current Gila County Public Fiduciary Office administration.</p> <p>The Gila County Public Fiduciary Office will submit the inventory and appraisal and annual accounting on or before the statutorily required due date for each client.</p> <p>For those client cases existing under the prior administration, documentation should be developed ("boilerplate" language is acceptable) to indicate the reason for and the beginning of the new administration, a beginning balance, an explanation of the Gila County settlement, if any, on the client's account and the "settled" new accounting beginning date.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>The Public Fiduciary was unaware that the timeline for submission of annual accountings was not in compliance with statute. The Fiduciary had a verbal agreement with the Superior Court Judge that all accountings must be filed within 60 days after the date the court order was signed.</p> <p>On September 12, 2003 the Public Fiduciary, her attorney and Judge Robert Duber met to discuss the necessary steps needed to make sure we are in compliance with statute. The Fiduciary will ensure that all accounting are filed on or before the date the Letters of Acceptance were signed.</p>



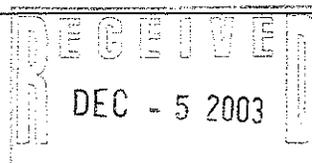
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<p><i>Finding #5</i></p> <p>➤ <i>Guardianship Reports</i></p> <p><u>Related Attributes:</u> ARS §14-5315(C)</p> <p><i>Requirements</i></p>	<p>A fiduciary acting as guardian must include the specific items detailed in statute in the annual guardianship report. The following files were missing:</p> <p style="padding-left: 40px;">Client file #01 – Name of person-in-charge; number of times seen in the last 12 months; and name and address of physician.</p> <p style="padding-left: 40px;">Client file #03 – Name of person-in-charge; address missing, no doctor report.</p> <p style="padding-left: 40px;">Client file #04 -- Copy of the ward’s physician’s report on physical and mental condition.</p> <p style="padding-left: 40px;">Client file #07 -- Name of person-in-charge; address missing; no address of ward’s physician; a copy of the ward’s physician’s report was not found; and, the name of the person providing services was missing.</p> <p>The annual guardianship report was not attached to the annual accountings in all the client files.</p> <p>The Gila County Public Fiduciary Office will include all of the statutorily required information in the annual guardianship reports and attach the documentation to the annual accountings.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with Finding #5 except for the accusation that no guardianship reports were attached to accountings in all files.</p>
<p><i>Corrective Action</i></p>	<p>A new Guardianship Report form was drafted on 12/1/03 to ensure that all information required by statute is submitted.</p>



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<p><i>Finding #6</i></p> <p>➤ <i>Inventory & Appraisalment</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS §14-5418(A)</i></p> <p><i>Requirements</i></p>	<p>Within 90 days of appointment, the fiduciary appointed as conservator must prepare and file an inventory and appraisalment of the estate. This inventory must list in reasonable detail and indicate the fair market value of the estate as of the date of appointment of each item listed.</p> <p>An estate is usually defined as all of the property, real and personal, under a ward's ownership. (<u>Mellinkoff's Dictionary of American Legal Usage, 1992</u>)</p> <p>All of the client files reviewed had inventories and appraisalments which only listed personal property such as clothing and household items. The total estate listing and value was missing on each client's court submitted inventory and appraisalment.</p> <p>The net effect of these omissions is to not provide the court with a complete picture of the assets/liabilities of clients assigned to the Gila County Public Fiduciary Office and to render all subsequent annual accountings submitted for each client for court approval as suspect regarding accuracy and completeness.</p> <p>The Gila County Public Fiduciary Office will file within 90 days of appointment as a conservator a complete inventory and appraisalment of the entire estate listing in detail and indicating the fair market value of the estate of each item listed.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding. Previously all inventories were filed within a 90 day period but only included personal property. Real property had been included on the annual accounting.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 new inventories were drafted and filed including all assets owned by all wards appointed on in the year 2003. New policy and procedures are being drafted to ensure all assets are accounted for in inventories filed with the court. Policies will be completed in writing by February 29, 2004.</p>



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Finding #7

➤ ***Documentation***

Related Attributes:

ARS §14-5418(B)

A fiduciary appointed as a conservator must keep, according to state statutes, "suitable" records of the administration of the client's estate and be able to exhibit those records upon request. Suitable records include conformed copies of client court documents and documentation which tracks the disposition/storage/disbursement/appreciation of items in a client's estate.

Client #01 – Conformed copies of annual accountings were missing; jewelry was not listed on accountings; in the last accounting, the February 2002 care center payment was incorrect, no March care center payment was made and no documented reason was provided; no documentation providing justification for moving client from one facility to another; and, no documentation provided showing the nephew, son and/or daughter were contacted regarding the disposition of the limited assets of the estate.

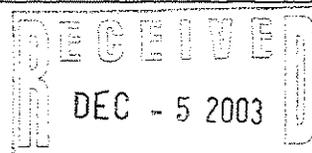
Client #02 – Documentation is missing regarding potential restitution.

Client #03 – Brokerage/investment account statements are missing; accountings lack sufficient detail; documentation on tax filings (or the lack of need to file) are missing; application for all potential entitlements are not documented; documentation was insufficient to track disbursements; and, the inventory listings and accountings do not track the Money Market and its transition to a Certificate of Deposit and the associated interest earned.

Client #06 – Documentation in the file of both research and recording of client assets is missing; several bank accounts were noted but no statements nor indications of disposition were documented; disbursements had no supporting documentation or reconciliations to support checks; transactions and/or source of funds could not be verified because bank statements were missing; check descriptions were not descriptive; and, personal property was given to family members without documentation of the client's preferences or heir's preferences.

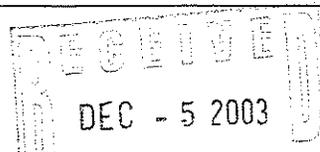
Client #07 – Documentation on the purchase of a compact disc player was not supported in the court submitted annual accounting.

Client #08 – File copies of the letters of appointment were not conformed.



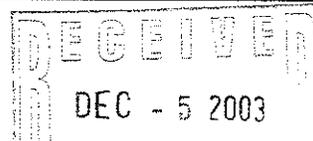
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<p><i>Requirements</i></p>	<p>The Gila County Public Fiduciary Office will develop a systematic process for documenting the client's records to include all assets, transactions and activities for each court appointed client.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 all Case Managers were instructed that they will ensure that all documentation is accurate and tracks the disposition/storage/disbursement/and appreciation of items in a client's estate.</p> <p>A new computer program will be purchased to allow for a systematic process of documenting and tracking client assets, transactions and activities.</p> <p>All client files will contain conformed copies of annual accountings and letters of appointment.</p> <p>All policies and procedures are currently being implemented and drafted. All policies will be completed in writing by February 29, 2004.</p>



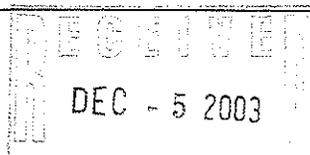
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<p><i>Finding #8</i></p> <p>➤ <i>Entitlements</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS §14-5312(A)(9)</i></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 3.p. & 4.g.</i></p> <p><i>Requirements</i></p>	<p>A fiduciary must ensure the client is receiving all medical and financial benefits to which they are entitled.</p> <p>Client file #05 – Client file mentions a railroad pension; however, there is no documentation to indicate whether this was researched for the benefit of the client.</p> <p>The Gila County Public Fiduciary Office will research and document application for all entitlements and benefits for which each client is entitled.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>Case Managers and the Finance Clerk were instructed on September 2, 2003 to thoroughly read all documentation to ensure timely application for all medical and financial benefits for wards.</p>



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<p><i>Finding #9</i></p> <p>➤ <i>Knowing Statutes & Code</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 4.c & 5.a.</i></p> <p><i>Requirements</i></p>	<p>Upon appointment the fiduciary must become informed of the statutory requirements for managing a protected person's or decedent's estate. Each finding detailed (#'s 1 through 8) is an example of a violation of this code.</p> <p>All certified fiduciaries in the Gila County Public Fiduciary Office will take appropriate steps to learn the statutory requirements and the fiduciary code of conduct for managing a protected person's or decedent's estate.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>On September 2, 2003 all Public Fiduciary staff members were instructed to take steps to learn statutory requirements and continue in training that will increase their knowledge of code of conduct for managing a protected person's or decedent's estate.</p> <p>Inner office training has been set up for January 15, 2004 and January 29, 2004 to continue staff education. Staff was required to attend additional training throughout the year 2003 and will be encouraged to attend more training in the year 2004.</p>



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<p><i>Finding #10</i></p> <p>➤ <i>Compliance</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §7-202, Appendix A, Code of Conduct, Standard 7</i></p> <p><i>Requirements</i></p>	<p>A fiduciary must perform all of their duties and discharge all of their obligations in accordance with current Arizona law and the administrative rules, administrative orders, Arizona Code of Judicial Administration §7-201: General Requirements and this code (§7-202) section adopted by the supreme court governing the certification of fiduciaries. Each finding (#'s 1 through 8) is illustrative of not meeting the <i>Code of Conduct, Standard 7</i>.</p> <p>The Gila County Public Fiduciary Office ensure the office and the certified fiduciaries will perform all of their duties and discharge all of their obligations to meet the requirements of <i>Standard 7</i>.</p>
<p><i>Auditee's Response</i></p>	<p>In agreement with finding.</p>
<p><i>Corrective Action</i></p>	<p>The Gila County Public Fiduciary will ensure that the office and all the certified fiduciaries perform all of their duties and discharge all of their obligations to meet the requirements of <i>Standard 7</i>.</p> <p>The Public Fiduciary staff will continue to attend fiduciary training in the future to broaden our knowledge of our duties and obligations.</p>

