

Arizona Supreme Court  
Administrative Office of the Courts



## **AUDIT REPORT**

### **Santa Cruz Public Fiduciary February 2021**

Certification and Licensing Division  
Program Management and Audit Unit



**ARIZONA SUPREME COURT  
ADMINISTRATIVE OFFICE OF THE COURTS  
CERTIFICATION AND LICENSING DIVISION**

**AUDIT REPORT**

The Arizona Supreme Court, Fiduciary Licensing Program conducted a compliance audit of Santa Cruz Public Fiduciary (SCPF), licensed fiduciary business entity [REDACTED], pursuant to Arizona Revised Statute § 14-5651 and Arizona Supreme Court Administrative Order 2003-31. The Program Management and Audit Unit audited the fiduciary activities of SCPF, including the administrative and work responsibilities of licensed fiduciary Cecilia Mejia (Mejia), license number [REDACTED], for the time period of January 1, 2017, through January 1, 2019. The following is a summary of the audit.

**BACKGROUND**

The Arizona Code of Judicial Administration (ACJA) was implemented to provide for the licensure of fiduciaries and fiduciary entities to ensure performance of responsibilities in a professional and competent manner and for the protection of the public in accordance with all applicable statutes, court rules, and ACJA §§ 7-201, 7-202, 3-302, and 3-303.

Pursuant to Arizona Revised Statutes § 14-5651 and Arizona Supreme Court Administrative Order 2003-31, the Arizona Supreme Court Fiduciary Licensure Program is authorized to conduct compliance audits of licensed fiduciaries and licensed fiduciary business entities. A year-end report published June 30, 2018 by the Auditor General's office audited Santa Cruz County, including an audit of the Santa Cruz Public Fiduciary. Based on the findings outlined in the Auditor General's report, Santa Cruz County Public Fiduciary was selected for a compliance audit.

**AUDIT SCOPE AND METHODOLOGY**

The compliance audit team reviewed preliminary client information provided by Mejia for clients in which SCPF was appointed Guardian and/or Conservator during the period of January 1, 2017, through January 1, 2019. At the time of the request, SCPF was serving as Conservator, Guardian, or both for forty-nine clients. From this list, Auditors selected fifteen Guardian and/or Conservatorship files at random to review.

The audit team reviewed office and court files for each of the fifteen cases in which SCPF served as a Guardian and/or Conservator during January 1, 2017, through January 1, 2019. Auditors

reviewed case notes, client income and expense statements, financial accounts, and fiduciary billing statements with specific attention given to determining compliance with applicable codes, rules, statutes, and in follow up to the Auditor General's findings, regarding:

- Prudent management of assets and costs.
- Compliance with Statewide Fee Guidelines.
- Marshalling of assets and court approval for sale of restricted property.
- Timely and accurate filing of documents and pleadings with the court.
- Informed consent.

The scope of the audit included:

1. A pre-audit interview with Mejia, licensed fiduciary number [REDACTED], the current principal and the Santa Cruz County Public Fiduciary, conducted May 23, 2019, which included:
  - a. Review of SCPF Policies and Procedures.
  - b. Job descriptions for the Public Fiduciary and the Public Fiduciary assistant(s).
  - c. Written procedures provided by Mejia for:
    - i. Managing client files
    - ii. Documenting and maintained detailed notes of decisions made on behalf of clients
    - iii. Preparing budgets, inventories, and accountings for clients
    - iv. Administering accounts receivable and payable for clients
    - v. Marshalling assets
    - vi. Visiting wards
  - d. Review of business practices, file management, and processes
  - e. Review of internal controls for financial and accounting system
  - f. Review of procedures for sale of property
  - g. Onsite visit to the storage units where client property is held and stored for public auction
2. A follow-up interview with Mejia planned for the second site visit to take place June 23 and June 24, 2019, which the Auditors were unable to conduct.
3. Review of court files for fifteen cases in which SCPF was appointed and/or serving as Guardian and/or Conservator during the period January 1, 2017, through January 1, 2019, conducted June 24 and June 25, 2019.

4. Review of SCPF client files conducted June 24 and June 25, 2019, including as applicable for each respective client the following:
  - A. Pleadings
  - B. Inventories, lists of property, accountings
  - C. Guardian Reports
  - D. Correspondence
  - E. Demographics and personal information
  - F. Pictures of property
  - G. Auction paperwork, including sales of items, list of items, pictures, emails, and tax sheets
  - H. Medical, insurance and burial
  - I. Case notes
  - J. Financial income and expense statements
  - K. Client income statements (SSI, Retirement, etc.,)
  - L. Client bills, expenditure sheets submitted to county finance for payment of ward bills (green sheets) and balance sheets (white sheets) which track requests for payment of invoices and date invoices are paid
  - M. Bank account reconciliations
  - N. Fiduciary billing statements
  
5. On January 28, 2020, Auditors were able to conduct the follow-up interview with Mejia.

## **OBJECTIVE**

Within the stated scope, the objective of the audit was to determine compliance with applicable Arizona Revised Statutes, the Arizona Rules of Probate Procedure, Arizona Judicial Code of Administration §7-201, §7-202, §3-302, and §3-303. The findings outlined in the June 30, 2018 Auditor General’s report indicated that SCPF failed to close some matters timely. Given these findings, Auditors focused on timely filing and closure subsequent to those findings, and additionally gave specific attention to:

- Prudent management of assets and costs.
- Marshalling of assets, including identifying, securing, titling, valuing, storing, selling, and disbursing.
- Ward Visits.

## **SUMMARY OF FINDINGS**

Santa Cruz Public Fiduciary was chosen for a compliance audit subsequent to findings outlined in the June 30, 2018 Santa Cruz County audit report published by the Auditor General’s office. The Auditor General’s report cited “38 unsettled deceased ward accounts as of June 30, 2018”, prompting further inquiry by the Arizona Supreme Court Fiduciary Licensure Program to ensure

these matters were being processed or had been taken care of. To determine the need for additional auditing, Division Director and Certifications Manager visited SCPF to meet with Mejia on April 16, 2019. During the interview, Mejia indicated that SCPF was in the process of addressing the unsettled ward accounts. In addition to reviewing files for completeness or evidence of processing since the general audit, the Arizona Supreme Court Fiduciary Licensure Program decided to audit SCPF for general compliance.

On May 23, 2019, Auditors conducted a pre-audit visit to Mejia with the intent to shape the scope of the full audit. Mejia, as well as her office manager Giovanni, were helpful and accommodating. Mejia answered all inquiries regarding her office procedures, staff, policies, and practices and was able to provide Auditors with documented policies and procedures when asked, though per Mejia these documents were dated and not necessarily reflective of current policies and procedures, though no updated document was available. Regarding the Auditor General's finding of multiple unsettled ward accounts, Mejia explained that since she has taken over the office, staff has been working to get files into compliance.

On June 24, 2019, Auditors visited the Santa Cruz Superior Court to review fifteen randomly selected Guardian and Conservatorship cases for compliance. On June 25, 2019, Auditors visited Mejia's office to review the same files for compliance. This audit revealed a generally effective and organized filing system on behalf of Mejia and the Santa Cruz Public Fiduciary. Mejia and staff communicate daily tasks and share information appropriately. Despite a period of noncompliance due to staff transition (as cited by the Auditor General and subsequently explained by Mejia), Auditors founds that the SCPF has worked to rectify non-compliant files and furthermore, going forward from this cited time period, operate an organized and professional practice.

On January 28, 2020, Auditors visited Santa Cruz Public Fiduciary in order to interview Mejia and Giovanni, as Mejia was unavailable for an interview at the time of the June 25, 2019 office visit. Again, staff was accommodating and helpful.

This having been said, the following issues of non-compliance were found during the audit.

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**FINDING NO. 1**  
**TIMELY AND ACCURATE FILING**

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**AUTHORITY:**

*ACJA § 7-202(J)(1)(c)(2): [Duty to the Court.] The fiduciary shall: Provide or ensure that reports, notices, financial accounts, and other documents are timely, complete, accurate, understandable, in a form acceptable to the court, consistent with the requirements specified in Arizona law, court rule, and the applicable sections of the Arizona Code of Judicial Administration;*

*A.R.S. § 14-5315(C)(6): [Guardian reports; contents] The report shall include the following: A copy of the ward's physician's or registered nurse practitioner's report to the guardian or, if none exists, a summary of the physician's or the registered nurse practitioner's observations on the ward's physical and mental condition.*

**ISSUES:**

- A. The Santa Cruz Public Fiduciary consistently did not file completed physician's report with the annual accountings in ten of fifteen relevant, reviewed files. The physicians' reports were not found in either court records or office records.

The ACJA and A.R.S. requires filings with the court to be complete. Out of the fifteen reviewed cases, Auditors expected Guardian reports in eleven files given their case age and status. Out of those eleven cases, ten of them did not contain completed physician's reports in every year where a report would have been required. In these cases, Auditors found Physician's reports filed alongside the annual accountings, but the vast majority of these forms were blank in the file.

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## OTHER FINDINGS

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- A. The Santa Cruz Public Fiduciary keeps a very well-organized filing system. Auditors were able to locate and follow cases chronologically and by document type. Check registers were detailed and accurate. Filings made after the time period of delinquency referenced in the Auditor General's report were timely and, besides the aforementioned finding with the Physician's reports, complete.
  
- B. ACJA § 3-303 permits fiduciaries to visit their wards once per month as part of acceptable and prudent business practice. In all Guardianship files reviewed, Santa Cruz Public Fiduciary documented weekly visits with local wards in excess of the codified monthly visit. However, SCPF provides their services at a starting point of \$24 an hour, further adjusted downwards depending on a ward's ability to pay. Thus, while these weekly visits are in excess of the monthly allotment outlined in ACJA § 7-303, the rates charged for these excess visits is not, in total, substantially different from typically higher rates charged for monthly visits in other practices.
  
- C. As of the audit timeframe, Mejia was the only licensed fiduciary working with SCPF. Auditors recommend the office employ an additional licensed fiduciary to both assist in routine, daily fiduciary functions in addition to serving as full-time back-up in the event that Mejia is unavailable to conduct fiduciary business. To note, subsequent to this audit, SCPF has added another licensed fiduciary to their staff.