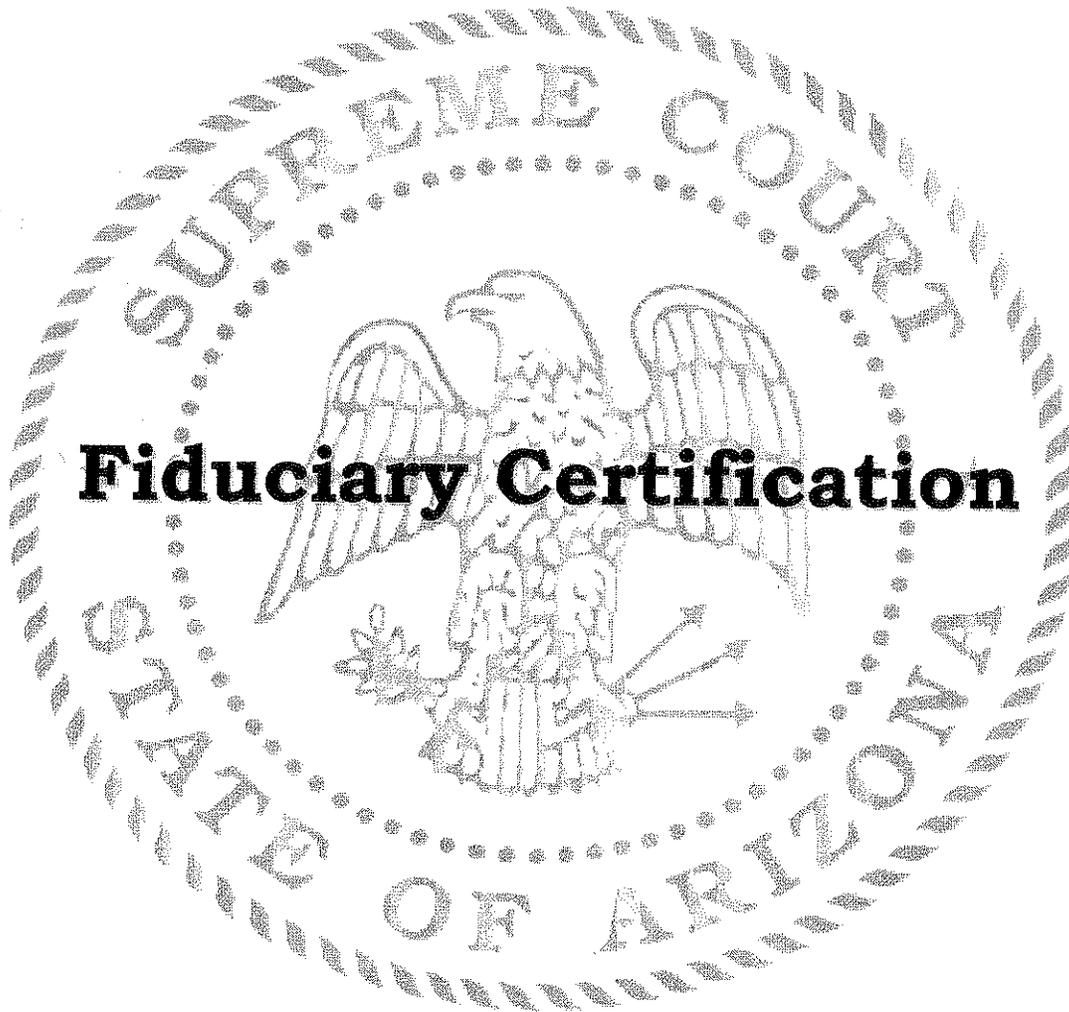


Arizona Supreme Court  
Administrative Office of the Courts

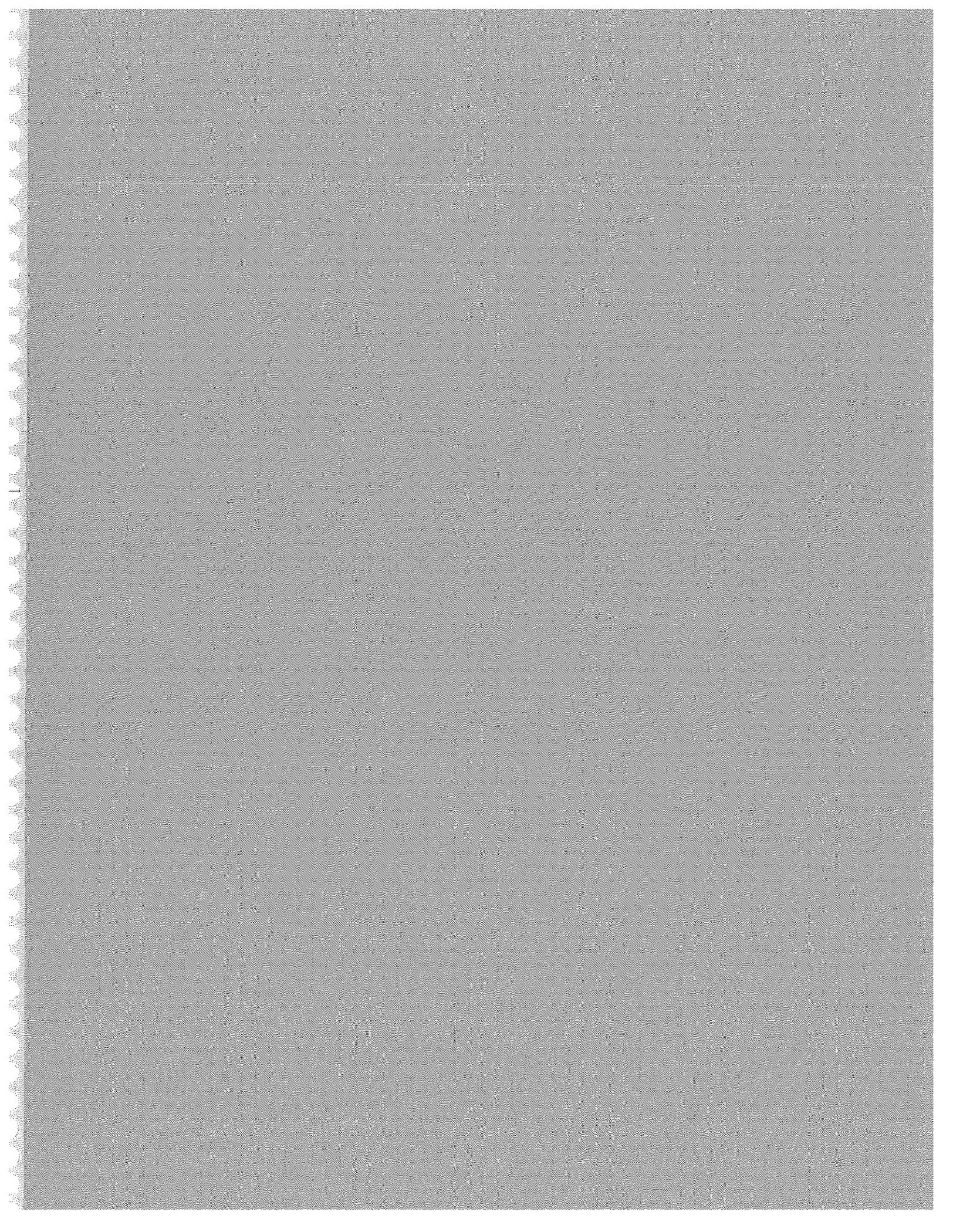


**Fiduciary Certification**

*Compliance Audit*

***Candace Bow & Clare Guthrie***

*June, 2009*





# Supreme Court

STATE OF ARIZONA  
ADMINISTRATIVE OFFICE OF THE COURTS

Ruth V. McGregor  
Chief Justice

David K. Byers  
Administrative Director  
of the Courts

June 30, 2009

Candace Bow and Clare Guthrie  
16206 Sawik Circle  
Fountain Hills, AZ 85268

**RE: Fiduciary Compliance Audit**

Dear Ms. Bow:

Enclosed is the final compliance re-audit report for Candace Bow and Clare Guthrie.

Thank you for the cooperation and assistance during the compliance re-audit process exhibited by you and your staff. Their hard work 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 your business. I hope you and your clients will equally benefit.

A letter will follow this final audit with a Corrective Action Plan enclosed. The corrective actions required are detailed in each of the audit findings.

If you have any questions, please let me know at (602) 452-3362.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Swetnam".

Nancy Swetnam, Director  
Certification and Licensing Division

Enclosures

- c. Honorable Barbara Rodriguez Mundell, Presiding Judge, Maricopa Superior Court  
Honorable Karen O'Conner, Presiding Probate Judge, Gila County Superior Court  
Honorable Peter J. Cahill, Presiding Judge, Maricopa Superior Court  
Dave Byers, Director, Administrative Office of the Courts  
Mike Baumstark, Deputy Director, Administrative Office of the Courts

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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. 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.*

# **EXECUTIVE SUMMARY**

## **Executive Summary**

### **Candace Bow & Clare Guthrie**

### **Compliance Audit Report**

The Arizona Supreme Court, Fiduciary Certification Program conducted a compliance audit of Candace Bow and Clare Guthrie ("Bow and Guthrie"), certified fiduciaries, pursuant to Arizona Revised Statutes § 14-5651 and Arizona Supreme Court Administrative Order 2003-31 During the period of February 15, 2007 through March 6, 2007. The Compliance Unit conducted a re-audited of Bow and Guthrie and the uncertified employees during the period of May 16, 2008 through July 1, 2008. The following is a summary of the re-audit findings. Several of the findings are repeat findings therefore a corrective action plan has been created for accountability and compliance purposes.

#### ***Finding # 1 – Certification Number***

*Bow and Guthrie submitted documents to the Superior Court in Maricopa County without the fiduciary's certification number.*

*Bow and Guthrie will be more diligent in reviewing all documents to ensure their certificate number is on documents filed with the court.*

#### ***Finding # 2 – Late Filings***

*Statutorily required report of a fiduciary client was submitted to the court after the due date.*

*Bow and Guthrie have undertaken both staff and recordkeeping changes in order to avoid late filings.*

#### ***Finding # 3 – Documentation***

*Bow and Guthrie did not keep suitable records of the administration of client cases and exhibit those records upon request.*

*Bow and Guthrie state that the newly enhanced office procedures and organizational methods will prevent errors such as these from reoccurring.*

## Executive Summary

### ***Finding # 4 –Inventory***

*Bow and Guthrie did not list in reasonable detail and indicate the market value of estates as of the date of appointment for each item to be listed on an inventory.*

*Bow and Guthrie through newly implemented procedures will now inventory all estates properly.*

### ***Finding # 5 – Securing Assets***

*Bow and Guthrie did not marshal and secure the property and income of the client as soon as possible.*

*Bow and Guthrie will implement new procedures to monitor all property and income.*

### ***Finding # 6 – Final Accounting***

*Bow and Guthrie did not file a first and final accounting with the court mandated by statute.*

*Bow and Guthrie stated that an accounting will be submitted prior to May 15, 2009. The accounting was submitted on May 14, 2009.*

### ***Finding #7 – Notice***

*Bow and Guthrie did not give an accounting to the Guardian of the ward as requested and mandated by statute.*

*Bow and Guthrie sent the Guardian a copy of the final accounting on or before February 2009.*

### ***Finding # 8 – Letters of Appointment***

*Bow and Guthrie did not obtain Letters of Appointment required to act as personal representative.*

*Bow and Guthrie state that the case was transferred to another fiduciary mid January 2009.*

## Executive Summary

### ***Finding #9 – Diligence***

*A fiduciary must exercise extreme care and diligence when making medical and financial decisions on behalf of a ward or protected person.*

*Bow and Guthrie stated they will create a more timely projection of budget requirements for each ward and monitor it closely.*

### ***Finding # 10 – State Seal***

*Bow and Guthrie displayed the state seal on a business webpage without approval from the Secretary of State as required.*

*Bow and Guthrie have removed the state seal from the web site and all company literature.*

# **FINAL REPORT**

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><i>Objective</i></p>	<p>The compliance follow up audit of Candace Bow &amp; Clare Guthrie was conducted pursuant to the Fiduciary Program's responsibilities as set forth in A.R.S. § 14-5651, Arizona Supreme Court Administrative Order No. 2003-31 and the Arizona Code of Judicial Administration ("ACJA") § 7-201: General Requirements and § 7-202: Fiduciaries<sup>1</sup>.</p> <p>The objective of the compliance audit was to determine implementation of corrective actions following the May 30, 2007 audit. Additionally compliance with applicable statutes, Arizona Supreme Court orders and rules and ACJA § 7-201 and § 7-202 was tested.</p>
<p><i>Methodology</i></p>	<p>In preparation for the compliance follow up audit, preliminary survey questions were requested and responded to by Candace Bow &amp; Clare Guthrie. 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 Maricopa County and Gila County to verify court appointment information.</p> <p>In order to test for compliance, the program has developed and currently utilizes a set of fiduciary compliance attributes consisting of Arizona statutes, Arizona Supreme Court rules and ACJA § 7-201 and § 7-202. Compliance with these requirements was tested by staff interviews, observation and reviewing samples of client case files.</p> <p>The court appointed client case files review was designed to provide conclusions about the accuracy, validity and timeliness of transactions, internal controls and compliance with the fiduciary attributes.</p> <p>Beginning May 16, 2008 and prior to beginning the onsite fieldwork, the auditor reviewed the client court files from the Superior Court in Maricopa County and conducted internal controls interviews with Candace Bow &amp; Clare Guthrie.</p>

<sup>1</sup> Arizona Codes of Judicial Administration, General Requirements & Fiduciaries, January 1, 2007.

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

During the period of June 16, 2008 through June 18, 2008 the Compliance Unit of the Certification and Licensing Division of the Administrative Office of the Courts, Arizona Supreme Court, conducted the onsite compliance portion of the audit of the Candace Bow & Clare Guthrie office. The onsite compliance audit consists primarily of fiduciary client case file review. The audit also included observation of the uncertified staff.

Candace Bow & Clare Guthrie were the court appointed fiduciary on four combination guardian/conservator cases as of June 16, 2008. The fiduciaries have thirteen power of attorney clients and two trusts under contract. Candace Bow & Clare Guthrie have approximately \$668,000 in court appointed client assets under their management not including any assets controlled under power of attorney contracts or trusts.

*Scope*

The compliance audit team reviewed the four client case files of court appointments, focusing on the internal controls, processes, timeliness, accuracy, statutory and code requirements of client case administration. Two of the three client cases have not been appointed long-enough to require court reports; therefore, inventories, annual accountings and annual guardianship reports had not been submitted to the court to be able to test for compliance.

*Summary*

Candace Bow is the owner of the uncertified business, Arizona Guardians and Conservators, which employs one other certified fiduciary (Clare Guthrie) and contracts for seven other staff on an as needed basis. The fiduciaries and staff extended professional courtesies and cooperation to the audit team during the course of the audit.

The compliance audit found non-compliance in ten (10) key areas. Where it is noted in bold, "this is a repeated finding", the finding in this re-audit remains unchanged from the audit findings in May 30, 2007. The non-compliance was found in the areas of inventory and appraisements, documentation and fiduciary responsibilities. These findings are discussed as follows:

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 1</i></b></p> <p>➤ <b><i>Certification Number</i></b></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202(F)(5)</i></p> <p><b><i>Requirement</i></b></p>	<p>Documents submitted to the Superior Court in Maricopa County did not include the fiduciary certification numbers on court documents.</p> <p><b>This is a repeat finding.</b></p> <ul style="list-style-type: none"> <li>• Court documents filed for clients were missing the certification number (one or both fiduciaries' certification numbers) – Clients # 1, 2 &amp; 3</li> </ul> <p>Certified fiduciaries must include the required certification numbers on all documents submitted to the superior court.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"We believed that we were including certification numbers on all court documents, as required. Any omission was an oversight and unintentional."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"We will be more diligent in reviewing all documents to ensure complete compliance with this requirement. (Effective immediately)"</i></p> <hr/> <p><b>AUDITOR'S NOTE: Auditee must submit a copy of the next court filing.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b>Finding # 2</b></p> <p>➤ <i>Late Filings</i></p> <p><i>Related Attributes:</i></p> <p>A.R.S. § 14-5315(A)</p> <p>Arizona Code of Judicial Administration § 7-202(J)(2)(e) § 7-202(J)(2)(f) Supreme Court Rule 127</p> <p><b>Requirement</b></p>	<p>Statutorily required reports were submitted after required due dates.</p> <p><b>This is a repeat finding</b></p> <ul style="list-style-type: none"> <li>• Late Inventory -- Client #1</li> <li>• Late Annual Accounting of Conservator, filing of estate bond, and Inventory, triggering an Order to Show Cause -- Client # 2</li> <li>• Late notification to Court of death of ward -- Client #3</li> <li>• Late Annual Report of Guardian -- Client #4</li> </ul> <p>The fiduciary must submit the inventory and appraisalment, annual accountings, guardianship reports, estate management plans and/or proof of restriction on/before the statutorily or local rule required due date for each client. The Fiduciary shall report the death of a ward as required.</p>
<p><b>Auditee's Response</b></p>	<p><i>"The internal procedures that were in place at the time did not adequately track these requirements."</i></p>
<p><b>Corrective Action</b></p>	<p><i>"Within the last 8 months, we have hired two new administrative employees who have extensive legal and office management experience. They have assisted us in improving many of our office procedures, including the establishment of two calendaring systems (on-line and hard copy) and the implementation of a proactive recordkeeping methods. (Commencing July 2008)"</i></p> <hr/> <p><b>AUDITOR'S NOTE: Provide a copy/sample of calendaring system to auditor.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

***Finding #3***

➤ ***Documentation***

*Related Attributes:*

*A.R.S. § 14-5418(B)*

***Requirement***

By AZ statute a fiduciary must keep suitable records of their administration of client cases and exhibit those records upon request. Suitable records include conformed copies of client court documents and documentation which includes decision-making and tracks the disposition, storage, disbursement and appreciation of items in a client's estate. Examples of missing documentation are:

**This is a repeat finding**

- (a) Inventory filed by fiduciary failed to reflect estate debts as of date of death of the ward -- Client #1
- (b) Annual Accounting does not properly document gains and losses to estate including sale of mobile home -- Client #2
- (c) Annual Accounting does not document twelve monthly pension payments or explain why only three were documented -- Client #3
- (d) No proof of appraisal for estate assets -- Clients # 1 & 2
- (e) No evidence income taxes were filed -- Clients # 1, 2, & 3
- (f) Protected person's assets are not recorded in fiduciary records -- Client # 1
- (g) Report of Guardian failed to reflect type of facility, full name of person in charge of facility, or government services ward was receiving as required -- Client # 4
- (h) Lack of conformed copies of Court filings -- Clients # 1, 2, 3, & 4

A fiduciary must develop a systematic process for marshalling, securing and documenting the administration of a client's estate and/or care to include all assets, transactions, activities and decision-making for each court appointed client.

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Auditee's Response</i></b></p>	<p><i>“(a) The two attorneys who had been handling the estate since the death of the ward did not inform us of any estate debts.</i></p> <p><i>(b) The mobile home had already been sold when we became aware that our method of recording the asset was incorrect.</i></p> <p><i>(c) The unrecorded (missing) pension payments were overlooked by the fiduciary.</i></p> <p><i>(d) Assets were not appraised.</i></p> <p><i>(e) To the best of our recollection, we believe that our CPA advised us that no income tax filings were required.</i></p> <p><i>(f) No finding listed.</i></p> <p><i>(g) Assets had not been properly recorded.</i></p> <p><i>(h) These omissions were an oversight and were not intentional.</i></p> <p><i>(i) At this time, we had no system established to request conformed copies of Court filings.”</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>“We believe that the newly enhanced office procedures and organizational methods described in our response to Finding #2 (above) will prevent errors such as these from reoccurring. (Commencing July 2008)”</i></p> <hr/> <p><b>AUDITOR’S NOTE:</b></p> <p><b>(a) The responsibility is that of the fiduciary certificate holder.</b></p> <p><b>(b) Bow and Guthrie will provide a copy of the amended inventory.</b></p> <p><b>(c) Bow and Guthrie will provide a copy of the amended accounting and the subsequent accounting.</b></p> <p><b>(d) Bow and Guthrie will provide a copy of the asset appraisals.</b></p> <p><b>(e) It is the responsibility of the fiduciary to document client case management.</b></p> <p><b>(f) Bow and Guthrie will submit a copy of the upcoming accounting.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 4</i></b></p> <p>➤ <b><i>Inventory</i></b></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. § 14-5418(A)</i></p> <p><b><i>Requirement</i></b></p>	<p>Arizona statute requires a fiduciary to list with reasonable detail and indicate the market value of an estate as of the date of appointment of each item listed.</p> <p><b>This is a repeat finding</b></p> <ul style="list-style-type: none"> <li>• No proof of estate inventory -- Client #2</li> </ul> <p>The fiduciary must provide detail on an inventory, even if it is of nominal value, to avoid giving erroneous or misleading information to either the court and/or interested parties.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"We believed that an adequate list had been compiled."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"Through newly implemented procedures, all estates will now be properly inventoried. This will include listing each item, describing it with reasonable detail, and indicating its market value. Where possible, pictures will be taken of the items in the estate. (Effective with next appointment)"</i></p> <hr/> <p><b>AUDITOR'S NOTE: ACJA § 7-202 (J)(4)(6) Pictures MUST be taken for each inventory.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 5</i></b></p> <p>➤ <b><i>Securing Assets</i></b></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. § 14-5417</i></p> <p><i>Arizona Code of Judicial Administration § 7-202(J)(4)(b)</i></p> <p><b><i>Requirement</i></b></p>	<p>A fiduciary must take reasonable steps to marshal and secure the property and income of the protected person's estate as soon as possible.</p> <p><b>This is a repeat finding</b></p> <ul style="list-style-type: none"> <li>• (a) Fiduciary was not aware of Smith and Barney account status -- Client #1</li> <li>• (b) Failure to account for estate automobile -- Client #2</li> <li>• (c) Failure to notice pension payments were not arriving -- Client #3</li> </ul> <p>The fiduciary appointed as a conservator must observe the standard of care of a prudent man dealing with the property of another and if the fiduciary has special skills or expertise (i.e. certification) she is under a duty to exercise prudence, intelligence and diligence.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"Ineffective recordkeeping methods were in use at that time."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"Through newly implemented procedures (i.e. creating and regularly maintaining a current list of the clients' financial assets), all property and income are being monitored more closely. Prudence, intelligence, and diligence are being exercised on a consistent basis. (Effective August 2008)"</i></p> <hr/> <p><b>AUDITOR'S NOTE: Provide a copy/sample of "newly implemented procedures."</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 6</i></b></p> <p>➤ <b><i>Final Accounting</i></b></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. § 14-5419(A)</i></p> <p><b><i>Requirement</i></b></p>	<p>Every conservator must account to the court for the administration of the estate not less than annually and on resignation or removal and on termination of the conservatorship.</p> <ul style="list-style-type: none"> <li>• Upon discharge of conservatorship, a first &amp; final accounting was not filed -- #4.</li> </ul> <p>The fiduciary must submit the accountings on or before the statutorily required due date or court ordered due date for each client.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"Due to the short duration of the conservatorship (three months) and the time elapsed since discharge (almost five years), we did not realize that an accounting was still required."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"An accounting will be submitted prior to May 15, 2009."</i></p> <hr/> <p><b>AUDITOR'S NOTE: Provide a copy of the court approved accounting to the auditor.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 7</i></b></p> <p>➤ <b><i>Notice</i></b></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. § 14-5419(C)(2)</i></p> <p><b><i>Requirement</i></b></p>	<p>Notice must be given to a guardian of the protected person of an intermediate or final accounting.</p> <ul style="list-style-type: none"> <li>• Guardian repeatedly requested accounting for ward -- Client #2</li> </ul> <p>The fiduciary must provide the guardian of the protected person with a copy of the final accounting.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"We believed at that time that the cost of preparing an accounting for the guardian would have been an inappropriate use ward's limited assets."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"The guardian has received a copy of the final accounting. (On or before February 2009)"</i></p> <p><b>AUDITOR'S NOTE:</b> A.R.S. § 14-5419(C)(2) C. An adjudication allowing an intermediate or final account can be made only on petition, notice and a hearing. Notice must be given to: 2. A guardian of the protected person if one has been appointed, unless the same person is serving as both guardian and conservator.</p> <p>A.R.S. §14-5418. Inventory and records: B. The conservator shall provide a copy of the inventory to the protected person if the protected person can be located, has attained the age of fourteen years, and has sufficient mental capacity to understand these matters, and to any parent or guardian with whom the protected person resides. The conservator shall keep suitable records of the conservator's administration and exhibit the records on request of any interested person.</p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 8</i></b></p> <p>➤ <b><i>Letters of Appointment</i></b></p> <p><i>Related Attributes:</i></p> <p>A.R.S. §14-3103</p> <p><b><i>Requirement</i></b></p>	<p>To acquire the powers and undertake the duties and liabilities of a personal representative of a decedent, a person shall be appointed by order of the court or statement of the registrar, shall qualify and shall be issued letters.</p> <ul style="list-style-type: none"> <li>• Letters were not obtained to administer the estate – Client #1</li> </ul> <p>A fiduciary must obtain letters and keep record of them to carry out duties of a personal representative.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>“Letters were not obtained. We mistakenly assumed that our attorneys had handled this matter properly.”</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>“This case was appointed to another fiduciary company in mid-January 2009.”</i></p> <hr/> <p><b>AUDITOR’S NOTE: It is the fiduciaries’ responsibility to obtain letters, the attorney is not the responsible party.</b></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 9</i></b></p> <p>➤ <b><i>Diligence</i></b></p> <p><u><i>Related Attributes</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(4) &amp; (J)(5) (d)</i></p> <p><b><i>Requirement</i></b></p>	<p>Clients' financial assets were diminished by lack of payments and a lack of timely attention to monthly living expenses.</p> <ul style="list-style-type: none"> <li>• Ward's assisted living rent was allowed to become in arrears \$8,898.00 – Client #2</li> </ul> <p>A fiduciary must exercise extreme care and diligence when making medical and financial decisions on behalf of a ward or protected person.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>“The guardian was notified several times of diminishing resources and advised that the ward would require public assistance. The guardian failed to respond in a timely manner.”</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>“A more timely projection of budget requirements will be created for each ward and monitored closely. This will allow us to more proactively prepare for changing circumstances. (This process was initiated in February 2009)”</i></p>

**Candace Bow & Clare Guthrie  
Certified Fiduciaries  
Compliance Re-Audit Report**

<p><b><i>Finding # 10</i></b></p> <p>➤ <b><i>State Seal</i></b></p> <p><u><i>Related Attributes</i></u></p> <p><i>A.R.S. §41-130</i></p> <p><b><i>Requirement</i></b></p>	<p>Approval from the Secretary of State must be obtained prior to using, displaying or otherwise employing the seal of the state of Arizona.</p> <ul style="list-style-type: none"> <li>• Webpage of business, Arizona Guardians and Conservators, LLC displays the state seal (www.arizonaguardians.com).</li> </ul> <p>The Fiduciary must contact the Secretary of State and request approval for the use of the state seal prior to display.</p>
<p><b><i>Auditee's Response</i></b></p>	<p><i>"The model of the Arizona state seal was included in a software package of clip art purchased by the company. Its inclusion in our company literature and on our web site was done innocently, as we were unaware and had not been forewarned that approval from the Secretary of State was required."</i></p>
<p><b><i>Corrective Action</i></b></p>	<p><i>"The Arizona state seal has been removed from the web site and all company literature."</i></p>

**APPENDIX I**

**RESPONSE TO FINAL REPORT**

# ARIZONA GUARDIANS and CONSERVATORS, LLC

March 23, 2009

Kitty Boots, Compliance Unit Manager  
Certification and Licensing Division  
Arizona Supreme Court  
1501 West Washington Street  
Phoenix, Arizona 85007

Dear Ms. Boots:

In response to your letter dated February 24, 2009, enclosed is our response to the Fiduciary Compliance Re-Audit. Because of the lack of space allowed for the Auditee's Response(s) and Corrective Action(s), we have attached our answers on separate sheets of paper.

As you will see, we have taken decisive actions to improve our policies and procedures in the last few months. All of the deficiencies pointed out in the original audit and in the subsequent re-audit have been addressed, and improvements in our system have been implemented.

We regret that prior mistakes were made, but feel confident that our new processes will prevent the reoccurrence of these past problems.

Please contact us if you have any questions or require additional information.

Sincerely,



Clare A. Guthrie, #20542

CAG/je

CERTIFICATION & LICENSING  
2009 MAR 25 PM 1:21

## RESPONSE TO AUDIT FINDINGS

### **Finding # 1 – Certification Number**

Auditee's Response: We believed that we were including certification numbers on all court documents, as required. Any omission was an oversight and unintentional.

Corrective Action: We will be more diligent in reviewing all documents to ensure complete compliance with this requirement. (Effective immediately)

### **Finding # 2 – Late Filings**

Auditee's Response: The internal procedures that were in place at that time did not adequately track these requirements.

Corrective Action: Within the last 8 months, we have hired two new administrative employees who have extensive legal and office management experience. They have assisted us in improving many of our office procedures, including the establishment of two calendaring systems (on-line and hard copy) and the implementation of a proactive system for reminders. We have also reorganized our files and improved our recordkeeping methods. (Commencing July 2008)

### **Finding # 3 – Documentation**

Auditee's Response:

- (a) The two attorneys who had been handling the estate since the death of the ward did not inform us of any estate debts.
- (b) The mobile home had already been sold when we became aware that our method of recording the asset was incorrect.
- (c) The unrecorded (missing) pension payments were overlooked by the fiduciary.
- (d) Assets were not appraised.
- (e) To the best of our recollection, we believe that our CPA advised us that no income tax filings were required.
- (f) No finding listed.
- (g) Assets had not been properly recorded.
- (h) These omissions were an oversight and were not intentional.
- (i) At that time, we had no system established to request conformed copies of Court filings.

Corrective Action: We believe that the newly enhanced office procedures and organizational methods described in our response to Finding #2 (above) will prevent errors such as these from reoccurring. (Commencing July 2008)

#### **Finding # 4 – Inventory**

Auditee's Response: We believed that an adequate list had been compiled.

Corrective Action: Through newly implemented procedures, all estates will now be properly inventoried. This will include listing each item, describing it with reasonable detail, and indicating its market value. Where possible, pictures will be taken of the items in the estate. (Effective with next appointment)

#### **Finding # 5 – Securing Assets**

Auditee's Response: Ineffective recordkeeping methods were in use at that time.

Corrective Action: Through newly implemented procedures (i.e. creating and regularly maintaining a current list of the clients' financial assets), all property and income are being monitored more closely. Prudence, intelligence, and diligence are being exercised on a consistent basis. (Effective August 2008)

#### **Finding # 6 – Final Accounting**

Auditee's Response: Due to the short duration of the conservatorship (three months) and the time elapsed since discharge (almost five years), we did not realize that an accounting was still required.

Corrective Action: An accounting will be submitted prior to May 15, 2009.

#### **Finding # 7 – Notice**

Auditee's Response: We believed at that time that the cost of preparing an accounting for the guardian would have been an inappropriate use of ward's limited assets.

Corrective Action: The guardian has received a copy of the final accounting. (On or before February 2009)

#### **Finding # 8 – Letters of Appointment**

Auditee's Response: Letters were not obtained. We mistakenly assumed that our attorneys had handled this matter properly.

Corrective Action: This case was appointed to another fiduciary company in mid-January 2009.

### **Finding # 9 – Diligence**

Auditee's Response: The guardian was notified several times of diminishing resources and advised that the ward would require public assistance. The guardian failed to respond in a timely manner.

Corrective Action: A more timely projection of budget requirements will be created for each ward and monitored closely. This will allow us to more proactively prepare for changing circumstances. (This process was initiated in February 2009)

### **Finding # 10 – State Seal**

Auditee's Response: The model of the Arizona state seal was included in a software package of clip art purchased by the company. Its inclusion in our company literature and on our web site was done innocently, as we were unaware and had not been forewarned that approval from the Secretary of State was required.

Corrective Action: The Arizona state seal has been removed from the web site and all company literature.