

Arizona Supreme Court
Administrative Office of the Courts



Fiduciary Certification

Compliance Audit

***Santa Cruz County Public
Fiduciary***

February, 2009

February 27, 2009

Rita Ashford
Santa Cruz County Public Fiduciary
2150 N. Congress Drive # 105
Nogales, AZ 85628

RE: Fiduciary Compliance Audit

Dear Ms. Ashford:

Enclosed is the final compliance audit report for the Santa Cruz County Public Fiduciary.

Thank you for the cooperation and assistance during the compliance 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 Santa Cruz County Public Fiduciary. I hope Santa Cruz County Public Fiduciary and your clients will equally benefit.

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

Sincerely,

Nancy Swetnam, Director
Certification and Licensing Division

Enclosures

Copy: Honorable James A Soto, Presiding Judge, Santa Cruz County
Juan Pablo Guzman, Clerk of the Court, Santa Cruz County
Dave Byers, Director, Administrative Office of the Courts
Mike Baumstark, Deputy Director, Administrative Office of the Courts

TABLE OF CONTENTS

Santa Cruz County Public Fiduciary

	Section Number
EXECUTIVE SUMMARY	1
FINAL REPORT	2
Objective	
Methodology	
Scope	
Findings	
Auditee's Response	
Corrective Action Intended	
APPENDICES	
A. Response from Public Fiduciary	3
B. Supporting Documentation Exhibits	

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
Santa Cruz County Public Fiduciary
Compliance Audit Report

The Arizona Supreme Court, Fiduciary Certification Program conducted a compliance audit of Santa Cruz County Public Fiduciary, pursuant to Arizona Revised Statutes § 14-5651 and Arizona Supreme Court Administrative Order 2003-31. During the period of January 21, 2008 through January 30, 2008 the Compliance Unit audited the fiduciary activities of Santa Cruz County Public Fiduciary (SCPF) and its uncertified employees. The following is a summary of the audit findings.

Finding # 1 – Certification Number

SCPF submitted documents to the Superior Court in Santa Cruz County without the fiduciary's certification number.

SCPF agreed with the finding and stated they have added the business certification number to all court documents as well as added the designated principal's certification number to the signature line to ensure future compliance.

Finding # 2 – Late Filings

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

SCPF stated that they submit accounting documents for court review every six months. In addition SCPF states that in the past they have submitted required reports, such as guardian reports, once all necessary documents were received. SCPF has incorporated a tickler system and assigned a designated person to ensure timeliness of documents.

Finding # 3 – Documentation

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

SCPF agrees that there were documentation issues and stated that in the future they will utilize an inventory and court accounting check list for reviewing documents to ensure accuracy.

Executive Summary

Finding # 4 – Inventory

SCPF 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. Mortgage information, in one case, was not disclosed.

SCPF agreed with the findings and have implemented a checklist to establish the accuracy of inventories. It was also stated by SCPF that the values of Property reported are according to the Santa Cruz County Assessor's Office. Also stated was that SCPF submitted amended inventories to the courts when assets were discovered.

Finding # 5 – Marshalling and Securing Assets

The fiduciary did not marshal and secure the property and/or income of the client in a timely manner.

SCPF agreed with the finding and has implemented new procedures to address the finding.

Finding # 6 – Accuracy

Required court reports were inaccurately prepared and/or documented.

SCPF did not agree or disagree but simply stated that they will implement procedures and tools in the future to establish accuracy in preparation and documentation of court reports.

Finding # 7 – Diligence

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

SCPF disagreed with the finding reporting that they are in communication with the reverse mortgage company and amount of insurance is to include coverage for reverse mortgage.

FINAL REPORT

Santa Cruz County Public Fiduciary Compliance Audit Report

Objective

The compliance audit of Santa Cruz Public Fiduciary 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: Fiduciaries¹.

The objective of the compliance audit was to determine compliance with applicable statutes, Arizona Supreme Court orders and rules and ACJA § 7-201 and § 7-202.

Methodology

In preparation for the compliance audit, preliminary survey questions were requested and responded to by Santa Cruz Public Fiduciary. 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 Santa Cruz County to verify court appointment information.

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.

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.

Beginning January 21, 2008 and prior to beginning the onsite fieldwork, the auditor reviewed the client court files from the Superior Court in Santa Cruz County and conducted internal controls interviews with Santa Cruz Public Fiduciary staff.

¹ Arizona Codes of Judicial Administration, General Requirements & Fiduciaries, January 1, 2007.

Santa Cruz County Public Fiduciary Compliance Audit Report

During the period of January 21, 2008 through January 30, 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 Santa Cruz Public Fiduciary office. The onsite compliance audit consists primarily of fiduciary client case file review. The audit also included the fiduciary activities of the uncertified staff. An Exit Interview was conducted January 30, 2008.

Santa Cruz Public Fiduciary is the court appointed fiduciary on sixty-six (66) client cases at the time of fieldwork. Santa Cruz Public Fiduciary has approximately \$ 462,956 in court-appointed client assets under management.

Santa Cruz Public Fiduciary has eight employees, two of whom are certified, one is the principal fiduciary. The Public Fiduciary and principal also is the Santa Cruz County Indigent Health Program Director.

Scope

The compliance audit team reviewed a sample of six client case files of court appointments, focusing on the internal controls, processes, timeliness, accuracy, statutory and code requirements of client case administration.

Summary

The fiduciary and staff extended professional courtesies and cooperation to the audit team during the course of the audit.

The compliance audit found non-compliance in seven (7) key areas. The non-compliance was found in the areas of timely court filings, documentation, accuracy and securing assets. These findings are discussed as follows:

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 1</i></p> <p>➤ <i>Certification Number</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202(F)(3)</i></p> <p><i>Requirement</i></p>	<p>Documents submitted to the Superior Court in Santa Cruz County did not include the fiduciaries' certification numbers.</p> <ul style="list-style-type: none"> • Court documents filed for clients were missing the certification number (the public fiduciary office or public fiduciary certification numbers) – All Client files <p>Certified fiduciaries must include the required certification numbers on all documents submitted to the superior court.</p>
<p><i>Auditee's Response</i></p>	<p><i>"The Santa Cruz County Public Fiduciary agrees that court documents filed were missing one or both fiduciary's certification numbers."</i></p>
<p><i>Corrective Action</i></p>	<p><i>"1) All court documents submitted by Santa Cruz County Public Fiduciary include the Designated Principal's Certification number below the signature line.</i></p> <p><i>2) If a signer is other than the Designated Principal's the certification number of the signee will appear below the signature line."</i></p> <p><i>3) The Santa Cruz County Public Fiduciary Office business certification has been added to all court documents."</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 2</i></p> <p style="margin-left: 20px;">➤ <i>Late Filings</i></p> <p><i>Related Attributes:</i></p> <p><i>ARS § 14-5315(A), ARS § 14-5418(A), ARS § 14-5419(A)</i></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(2)(e)</i></p> <p><i>Requirement</i></p> <p><i>Auditee's Response</i></p>	<p>Statutorily required reports on fiduciary clients were submitted to the court after the required date due.</p> <ul style="list-style-type: none"> • Late Inventory and Appraisement – Clients # 3 & 5 • Late Annual Guardianship Report – Client # 6 • Late ordered accounting – Client # 3 <p>The fiduciary must submit the required reports on or before the statutorily required due date or court ordered due date for each client.</p> <p><i>“1) The Santa Cruz County Public Fiduciary submits accounting documents for court review every six months.</i></p> <p><i>2) The Santa Cruz County Public Fiduciary previously submitted required reports once all documents were received, i.e., physicians annual report, guardianship report.”</i></p>
<p><i>Corrective Action</i></p>	<p><i>“The following steps are taken to correct the late guardianship reports:</i></p> <p><i>1) An Accounting Specialist is assigned the task of maintaining a tickler file system to assure that accounting and guardianship reports are submitted on or before the required due date.</i></p> <p><i>2) In order to provide required inventory reports on the due date, the Santa Cruz County Public Fiduciary will ask the court for additional time in submitting said reports when all assets are unaccounted for.</i></p> <p><i>3) A tickler system is established to notify staff of required inventory due date.</i></p> <p><i>4) Established tickler system will allow the guardianship report to be submitted as required on the due date.”</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

Finding # 3

➤ Documentation

Related Attributes:

A.R.S. § 14-5418(B)

By statute a fiduciary must keep suitable records of the 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:

- Checks were not completely filled out – Client # 1
- Gains and losses were not itemized – Clients # 1, 4, 5 & 6
- Documentation was missing supporting the valuation of property on the inventory and appraisal – Client # 3
- Title to the real property was not in the client files – Clients # 4 & 6
- FICA costs for the caregiver was not disclosed in the accountings – Client # 4
- Interest earned was not reflected on the accountings – Client # 5
- A physician report was missing for one annual guardianship report period – Client # 5
- Investment accounts were not properly identified in the inventory and accountings – Clients # 5 & 6
- Documentation was missing indicating the client is current with filing income tax returns – Clients # 5 & 6
- Transfers from one account to another could not be tracked on the accountings – Clients # 5 & 6
- Title to real property was not found – Client # 6
- A list of the contents in the safety deposit box was not found – Client # 6
- A Wells Fargo account, # 8276, was closed but there was no documentation indicating where the funds were deposited – Client # 6
- One investment was re-titled to a “Guardian” account rather than a conservator account, contrary to statutory purpose for guardianship – Client # 6

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Requirement</i></p>	<p>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.</p>
<p><i>Auditee's Response</i></p>	<p><i>“The Santa Cruz County Public Fiduciary agrees that there were documentation problems in this area.”</i></p>
<p><i>Corrective Action</i></p>	<p><i>“1) The Santa Cruz County Public Fiduciary will be using an inventory and court accounting check list for reviewing accountings, inventories and guardianship reports to ensure documents submitted with the court are complete and accurate. (See attached)</i></p> <p><i>2) Inventory and accounting check list will be utilized for identifying and administrating client’s estate.</i></p> <p><i>3) These check lists will identify and document the tracking of said assets.</i></p> <p><i>4) The new statewide probate rules will prescribe state-wide forms for court reporting for conservators and/or personal representatives.</i></p> <p><i>5) The Santa Cruz County Public Fiduciary will submit to the court all documents requesting physician’s report and whether physicians have not complied with request.”</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 4</i></p> <p>➤ <i>Inventory</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS § 14-3706(A),</i></p> <p><i>Requirement</i></p> <p><i>Auditee's Response</i></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 on the inventory.</p> <ul style="list-style-type: none"> • A reverse mortgage was not disclosed – Client # 4 • The values represented on inventory were not the values as of the date of appointment – Client # 5 • Three inventories were submitted, two after the first accounting, with values not as of date of appointment – Client # 6 <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><i>“1.) Santa Cruz County Public Fiduciary agrees that there were problems providing accurate inventories. 2) Property values are according to Santa Cruz County Assessor’s office records. 3) Amended inventories were submitted to the court for review when an asset is discovered.”</i></p>
<p><i>Corrective Action</i></p>	<p><i>“1) An inventory check list will be implemented in order to ensure inventories reported are accurate. (see attached) 2) Property values are according to Santa Cruz County Assessor’s office records.”</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 5</i></p> <p>➤ <i>Marshalling and Securing Assets</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. §§ 14-3709 & 14-5424</i></p> <p><i>Arizona Code of Judicial Administration § 7-202(J)(5)(b)</i></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> <ul style="list-style-type: none"> • A check was written in the name of the fiduciary personally, not the conservatorship – Client # 1 • There was no insurance for the real property – Clients # 3, 4 & 6 • Credit card was not closed or re-titled to the name of the conservatorship – Clients # 4 & 6 • Evidence of recording letters with county recorder was not found – Client # 6 • Client credit card was not promptly re-titled in name of conservatorship or cancelled – Client # 6 • The Wells Fargo account, # 8276, and Chase Savings account, # 0427, were not promptly re-titled in the name of the conservatorship – Client # 6
<p><i>Requirement</i></p>	<p>The fiduciary appointed as a personal representative or 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><i>Auditee's Response</i></p>	<p><i>“1) One check written to the Santa Cruz County Public Fiduciary; and was properly identified and deposited in the client’s account. 2) Credit card companies are notified to close accounts. 3) Bank and financial institutions are notified to put a hold and close accounts.”</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

Corrective Action

*“1) Checks are no longer accepted and are returned to sender when not written in the client’s name/conservator account.
2) All credit cards will be closed and re-titled to the name of the conservatorship.
3 Letters of Acceptance are promptly recorded at the County Recorder.
4) All bank accounts are properly closed or re-titled in the name of the conservatorship.
5) All efforts will be made by the Santa Cruz County Public Fiduciary to secure real property insurance for client’s who have no funds in their estate to cover this cost.”*

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 6</i></p> <p>➤ <i>Accuracy</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §§ 7-202 (J)(4)(j) & 7-202(J)(5)(h)</i></p> <p><i>Requirement</i></p>	<p>The inventory and appraisal, annual accounting and annual guardianship reports required by the court were inaccurately prepared and/or documented in the sampled cases:</p> <ul style="list-style-type: none"> • The balance did not match the summary of Assets and Debts – Client # 1 • The amount on fiduciary check # 104 did not match the invoice from E*TRADE Bank – Client # 2 • The Bank One account was not on the inventory and appraisal – Client # 3 • Real property was not listed in assets and debts of the accountings – Client # 3 • Real property and a second bank (Chase # 5129) account was not listed on inventory – Client # 4 • The property value was different on each inventory without a reference to the source of valuation – Client # 6 <p>The fiduciary must ensure any document filed with the Superior Court is complete, accurate and understandable.</p>
<p><i>Auditee's Response</i></p>	<p><i>“Inventory and appraisal, annual accounting and annual guardianship reports required by the court were submitted with available information when court document was due.</i></p> <p><i>Property values are reported as per Santa Cruz County Assessors Office records.”</i></p>

Santa Cruz County Public Fiduciary Compliance Audit Report

Corrective Action

*“1) The Santa Cruz County Public Fiduciary will implement an inventory court document check list to ensure inventories required by the court are accurate.
2) The Santa Cruz County Public Fiduciary will request from the court additional time for submitting required reports when assets are unaccounted.
3) The Santa Cruz County Public Fiduciary will implement an accounting document check list to ensure accountings required by the court are accurate. (see attached)”*

Santa Cruz County Public Fiduciary Compliance Audit Report

<p><i>Finding # 7</i></p> <p>➤ <i>Diligence</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(4)</i></p> <p><i>Requirement</i></p>	<p>The fiduciary must exercise extreme care and diligence when making medical and financial decisions on behalf of a ward or protected person.</p> <ul style="list-style-type: none"> • The reverse mortgage was not in the name of conservatorship – Client # 4 • The amount of insurance on the real property exceeded the value listed on the inventory and on the accountings which will waste client assets – Client # 4 <p>Diligence equates to the competent management of the property and income of a client’s estate.</p>
<p><i>Auditee's Response</i></p>	<p><i>“The reverse mortgage is under the name of the court appointed guardian of the estate. The Santa Cruz County Public Fiduciary is the conservator for the client.”</i></p>
<p><i>Corrective Action</i></p>	<p><i>“1) The reverse mortgage company is aware that the Santa Cruz County Public Fiduciary is the conservator. The reverse mortgage company provides the Santa Cruz County Public Fiduciary documents and correspondence regarding the client.</i></p> <p><i>2) The amount of insurance on the real property includes an amount to cover the reverse mortgage encumbrance.”</i></p>

APPENDIX

RESPONSE TO FINAL REPORT

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 1</i></p> <p>➤ <i>Certification Number</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202(F)(3)</i></p> <p><i>Requirement</i></p>	<p>Documents submitted to the Superior Court in Santa Cruz County did not include the fiduciaries' certification numbers.</p> <ul style="list-style-type: none"> • Court documents filed for clients were missing the certification number (one or both fiduciary's certification numbers) – All Client files <p>Certified fiduciaries must include the required certification numbers on all documents submitted to the superior court.</p>
<p><i>Auditee's Response</i></p>	<p>“The Santa Cruz County Public Fiduciary agrees that court documents filed were missing one or both fiduciary's certification numbers.”</p>
<p><i>Corrective Action</i></p>	<ol style="list-style-type: none"> 1.) “All court documents submitted by Santa Cruz County Public Fiduciary include the Designated Principal's Certification number below the signature line.” 2.) “If a signer is other than the Designated Principal's the certification number of the signee will appear below the signature line.” 3.) “The Santa Cruz County Public Fiduciary Office business certification has been added to all court documents.”

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 2</i></p> <p style="padding-left: 20px;">➤ <i>Late Filings</i></p> <p><i>Related Attributes:</i></p> <p><i>ARS § 14-5315(A), ARS § 14-5418(A), ARS § 14-5419(A)</i></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(2)(e)</i></p> <p><i>Requirement</i></p> <p><i>Auditee's Response</i></p>	<p>Statutorily required reports on fiduciary clients were submitted to the court after the required date due.</p> <ul style="list-style-type: none"> • Late Inventory and Appraisalment – Clients # 3 & 5 • Late Annual Guardianship Report – Client # 6 • Late ordered accounting – Client # 3 <p>The fiduciary must submit the required reports on or before the statutorily required due date or court ordered due date for each client.</p> <p>1.) “The Santa Cruz County Public Fiduciary submits accounting documents for court review every six months.”</p> <p>2.) “The Santa Cruz County Public Fiduciary previously submitted required reports once all documents were received, i.e., physicians annual report, guardianship report.”</p>
<p><i>Corrective Action</i></p>	<p>“The following steps are taken to correct the late guardianship reports:</p> <ol style="list-style-type: none"> 1.) An Accounting Specialist is assigned the task of maintaining a tickler file system to assure that accounting and guardianship reports are submitted on or before the required due date. 2.) In order to provide required inventory reports on the due date, the Santa Cruz County Public Fiduciary will ask the court for additional time in submitting said reports when all assets are unaccounted for. 3.) A tickler system is established to notify staff of required inventory due date. 4.) Established tickler system will allow the guardianship report to be submitted as required on the due date.”

Santa Cruz County Public Fiduciary Response To Final Report

Finding # 3

➤ *Documentation*

Related Attributes:

A.R.S. § 14-5418(B)

By statute a fiduciary must keep suitable records of the 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:

- Checks were not completely filled out – Client # 1
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- Interest earned was not reflected on the accountings – Client # 5
- A physician report was missing for one annual guardianship report period – Client # 5
- Investment accounts were not properly identified in the inventory and accountings – Clients # 5 & 6
- Documentation was missing indicating the client is current with filing income tax returns – Clients # 5 & 6
- Transfers from one account to another could not be tracked on the accountings – Clients # 5 & 6
- Title to real property was not found – Client # 6
- A list of the contents in the safety deposit box was not found – Client # 6
- A Wells Fargo account, # 8276, was closed but there was no documentation indicating where the funds were deposited – Client # 6
- One investment was re-titled to a “Guardian” account rather than a conservator account, contrary to statutory purpose for guardianship – Client # 6

Santa Cruz County Public Fiduciary Response To Final Report

<i>Requirement</i>	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.
<i>Auditee's Response</i>	“The Santa Cruz County Public Fiduciary agrees that there were documentation problems in this area.”
<i>Corrective Action</i>	<ol style="list-style-type: none">1.) “The Santa Cruz County Public Fiduciary will be using an inventory and court accounting check list for reviewing accountings, inventories and guardianship reports to ensure documents submitted with the court are complete and accurate. (See attached)”2.) “Inventory and accounting check list will be utilized for identifying and administrating client’s estate.3.) “These check lists will identify and document the tracking of said assets.4.) “The new statewide probate rules will prescribe state-wide forms for court reporting for conservators and/or personal representatives.5.) “The Santa Cruz County Public Fiduciary will submit to the court all documents requesting physician’s report and whether physicians have not complied with request.”

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 4</i></p> <p>➤ <i>Inventory</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>ARS § 14-3706(A),</i></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 on the inventory.</p> <ul style="list-style-type: none"> • A reverse mortgage was not disclosed – Client # 4 • The values represented on inventory were not the values as of the date of appointment – Client # 5 • Three inventories were submitted, two after first accounting, with values not as of date of appointment – Client # 6
<p><i>Requirement</i></p>	<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><i>Auditee's Response</i></p>	<ol style="list-style-type: none"> 1.)“Santa Cruz County Public Fiduciary agrees that there were problems providing accurate inventories.” 2.) “Property values are according to Santa Cruz County Assessor’s office records.” 3.) “Amended inventories were submitted to the court for review when an asset is discovered.”
<p><i>Corrective Action</i></p>	<ol style="list-style-type: none"> 1.)“An inventory check list will be implemented in order to ensure inventories reported are accurate. (see attached)” 2.)Property values are according to Santa Cruz County Assessor’s office records.

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 5</i></p> <p>➤ <i>Marshalling and Securing Assets</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>A.R.S. §§ 14-3709 & 14-5424</i></p> <p><i>Arizona Code of Judicial Administration § 7-202(J)(5)(b)</i></p> <p><i>Requirement</i></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> <ul style="list-style-type: none"> • A check was written in the name of the fiduciary personally, not the conservatorship – Client # 1 • There was no insurance for the real property – Clients # 3, 4 & 6 • Credit card was not closed or re-titled to the name of the conservatorship – Clients # 4 & 6 • Evidence of recording letters with county recorder was not found – Client # 6 • Client credit card was not promptly re-titled in name of conservatorship or cancelled – Client # 6 • The Wells Fargo account, # 8276, and Chase Savings account, # 0427, were not promptly re-titled in the name of the conservatorship – Client # 6 <p>The fiduciary appointed as a personal representative or 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><i>Auditee's Response</i></p>	<ol style="list-style-type: none"> 1.)“One check written to the Santa Cruz County Public Fiduciary; and was properly identified and deposited in the client’s account.” 2.) “Credit card companies are notified to close accounts.” 3.) “Bank and financial institutions are notified to put a hold and close accounts.”

Santa Cruz County Public Fiduciary Response To Final Report

Corrective Action

- 1.) “Checks are no longer accepted and are returned to sender when not written in the client’s name/conservator account.”
- 2.) “All credit cards will be closed and re-titled to the name of the conservatorship.”
- 3.) “Letters of Acceptance are promptly recorded at the County Recorder.”
- 4.) “All bank accounts are properly closed or re-titled in the name of the conservatorship.”
- 5.) “All efforts will be made by the Santa Cruz County Public Fiduciary to secure real property insurance for client’s who have no funds in their estate to cover this cost.”

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 6</i></p> <p>➤ <i>Accuracy</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration §§ 7-202 (J)(4)(j) & 7-202(J)(5)(h)</i></p> <p><i>Requirement</i></p>	<p>The inventory and appraisal, annual accounting and annual guardianship reports required by the court were inaccurately prepared and/or documented in the sampled cases:</p> <ul style="list-style-type: none"> • The balance did not match the summary of Assets and Debts – Client # 1 • The amount on fiduciary check # 104 did not match the invoice from E*TRADE Bank – Client # 2 • The Bank One account was not on the inventory and appraisal – Client # 3 • Real property was not listed in assets and debts of the accountings – Client # 3 • Real property and a second bank (Chase # 5129) account was not listed on inventory – Client # 4 • The property value was different on each inventory without a reference to the source of valuation – Client # 6 • <p>The fiduciary must ensure any document filed with the Superior Court is complete, accurate and understandable.</p>
<p><i>Auditee's Response</i></p>	<p>“Inventory and appraisal, annual accounting and annual guardianship reports required by the court were submitted with available information when court document was due.”</p> <p>“Property values are reported as per Santa Cruz County Assessors Office records.”</p>

Santa Cruz County Public Fiduciary Response To Final Report

Corrective Action

- 1.)“The Santa Cruz County Public Fiduciary will implement an inventory court document check list to ensure invent-tories required by the court are accurate.
- 2.) The Santa Cruz County Public Fiduciary will request from the court additional time for submitting required reports when assets are unaccounted.
- 3.) The Santa Cruz County Public Fiduciary will implement an accounting document check list to ensure accountings required by the court are accurate. (see attached)”

Santa Cruz County Public Fiduciary Response To Final Report

<p><i>Finding # 7</i></p> <p>➤ <i>Diligence</i></p> <p><u><i>Related Attributes:</i></u></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(4)</i></p> <p><i>Requirement</i></p>	<p>The fiduciary must exercise extreme care and diligence when making medical and financial decisions on behalf of a ward or protected person.</p> <ul style="list-style-type: none"> • The reverse mortgage was not in the name of conservatorship – Client # 4 • The amount of insurance on the real property exceeded the value listed on the inventory and on the accountings which will waste client assets – Client # 4 <p>Diligence equates to the competent management of the property and income of a client’s estate.</p>
<p><i>Auditee's Response</i></p>	<p>“The reverse mortgage is under the name of the court appointed guardian of the estate. The Santa Cruz County Public Fiduciary is the conservator for the client.”</p>
<p><i>Corrective Action</i></p>	<ol style="list-style-type: none"> 1.)“The reverse mortgage company is aware that the Santa Cruz County Public Fiduciary is the conservator. The reverse mortgage company provides the Santa Cruz County Public Fiduciary documents and correspondence regarding the client. 2.) The amount of insurance on the real property includes an amount to cover the reverse mortgage encumbrance.”