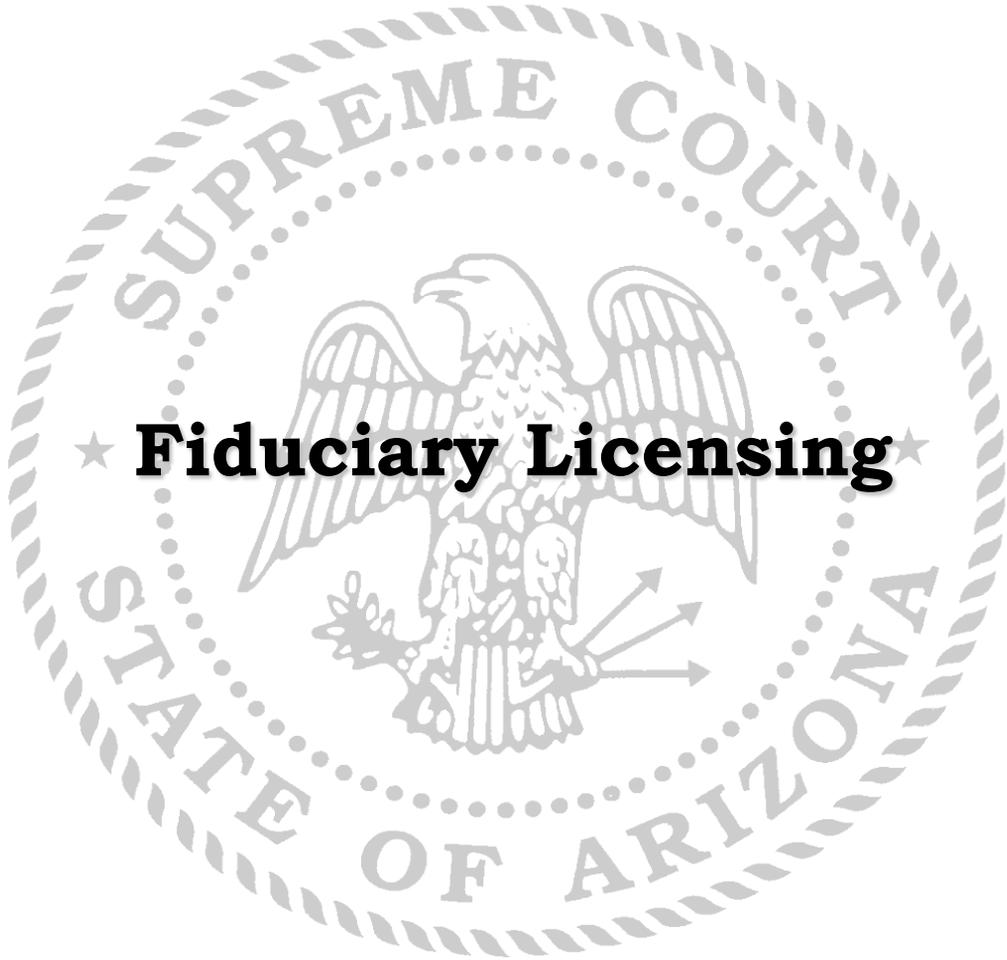


Arizona Supreme Court
Administrative Office of the Courts



Fiduciary Licensing

Compliance Audit

Dawn Walters

June 2013



Supreme Court

STATE OF ARIZONA
ADMINISTRATIVE OFFICE OF THE COURTS

Rebecca White Berch
Chief Justice

David K. Byers
Administrative Director
of the Courts

June 19, 2013

Dawn R. Walters
250 N. Litchfield Rd., Suite 115
Goodyear, AZ 85395

RE: Fiduciary Compliance Audit

Dear Ms. Walters:

Enclosed is your final compliance audit report. The Certification and Licensing Division appreciates your cooperation during the audit process.

As stated previously, please note that as a licensed fiduciary you are required to fully comply with the statutes and code governing this profession. As a means of monitoring and assuring compliance, the Certification and Licensing Division conducted this limited on-site audit of your records. Although the audit team may have identified specific deficiencies or instances of non-compliance in the files we reviewed, these findings should not be considered comprehensive. The audit does not preclude a more in-depth inquiry into the specific cases reviewed or any other court appointed cases you are assigned.

If you have any questions, please contact Anne Hunter, Compliance Unit Manager, at (602) 452-3415.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Wilson", written over a horizontal line.

Mark Wilson, Director
Certification and Licensing Division

Enclosures

cc. Honorable Rose Mroz, Probate Presiding Judge, Superior Court in Maricopa County
Michael K. Jeanes, Clerk of the Court, Superior Court in Maricopa County
Honorable John H. Nelson, Presiding Judge, Superior Court in Yuma County
Lynn Fazz, Clerk of the Court, Superior Court in Yuma County

TABLE OF CONTENTS

Dawn Walters

| | Section Number |
|--|----------------|
| EXECUTIVE SUMMARY | 1 |
| FINAL REPORT | 2 |
| Objective | |
| Methodology | |
| Scope | |
| Findings Including Auditee's Response to Draft Audit | |

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. Additionally, this is a limited on-site audit and should not be considered comprehensive. This audit does not preclude a more in-depth inquiry into the cases reviewed or other court appointed cases.

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

Dawn Walters

Compliance Audit Report

The Arizona Supreme Court Fiduciary Licensure Program conducted a compliance audit of Dawn Walters, license number 20541, pursuant to Arizona Revised Statutes § 14-5651 and Arizona Supreme Court Administrative Order 2003-31. During the period of April 29, 2013 through April 30, 2013 the Compliance Unit audited the fiduciary activities of Ms. Walters and any unlicensed employees.¹ The following is a summary of the audit findings.

Finding # 1 Documentation

The fiduciary did not keep suitable records of items purchased for a ward.

Walters agrees with the finding.

Finding # 2 Compliance

The fiduciary failed to conduct a quarterly visit to a ward as required.

Walters agrees with the finding.

¹ Pursuant to ACJA § 7-201 and § 7-202, licensed fiduciaries are required to provide active and direct supervision of other licensed fiduciaries, trainees and support staff who are employed by the fiduciary.

FINAL REPORT

Dawn Walters Final Compliance Audit Report

Objective

The compliance audit of Dawn Walters (#20541) 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 the Arizona Code of Judicial Administration (“ACJA”) § 7-201: General Requirements and § 7-202: Fiduciaries, and the Arizona Rules of Probate Procedure (“ARPP”).¹

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 provided to Dawn Walters (“Walters”). The responses were reviewed and compiled to assist in the development of case file samples. In addition, information was requested from the Superior Courts in Maricopa and Yuma Counties to verify court appointment information.

In order to test for compliance, the program uses a set of fiduciary compliance attributes consisting of Arizona statutes, Arizona Supreme Court Rules of Probate Procedure and ACJA § 7-201 and § 7-202. Compliance with these requirements was tested by interviewing and observing staff, and by reviewing samples of client case files.

A stratified sampling approach was used to select client case files for review. The 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. The selected sample of court appointed client case files was designed to provide conclusions about the accuracy, validity and timeliness of transactions, compliance with the fiduciary attributes, and the adequacy of internal controls.

¹ *Arizona Codes of Judicial Administration, General Requirements* effective January 1, 2008 & *Fiduciaries* effective September 1, 2012.

Dawn Walters

Final Compliance Audit Report

Prior to beginning the onsite fieldwork, the auditors reviewed client court files from the Superior Courts in Maricopa and Yuma Counties and on April 29, 2013 conducted an internal controls interview with Walters.

During the period of April 29, 2013 and April 30, 2013 audit staff conducted the onsite compliance portion of the audit of Walters. The onsite compliance audit consists primarily of fiduciary client case file review. The audit also included a review of fiduciary activities of the principal fiduciary and any un-licensed staff.² An exit interview was conducted on April 30, 2013.

Walters was the court appointed fiduciary on 12 guardianships and 3 guardian/conservatorships as of April 16, 2013. Also as of April 16, 2013 Walters reported having approximately \$430,500 in court-appointed client assets under management.

Scope

The compliance audit team reviewed a selected stratified sample of five (5) client case files of court appointments, focusing on the internal controls, processes, timeliness, accuracy, and statutory and ACJA requirements of client case administration.

Summary

Walters and her staff extended professional courtesies and cooperation to the audit team during the course of the audit.

The audit found non-compliance in two (2) areas: documentation and compliance. These findings are discussed as follows:

² Pursuant to the Arizona Code of Judicial Administration §7-201 and §7 -202, licensed fiduciaries are required to provide active and direct supervision of other licensed fiduciaries, trainees and support staff who are employed by the fiduciary.

Dawn Walters
Final Compliance Audit Report

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| <p><i>Finding # 1</i> <u>Documentation</u></p> <p><i>ARS § 14-5418(B)</i></p> | <p>Suitable records of the fiduciary’s administration were not kept and exhibited upon request.</p> <ul style="list-style-type: none">• The fiduciary did not keep suitable records of items purchased for the ward. – Client #2 |
| <p><i>Requirement</i></p> | <p>By Arizona statute a fiduciary must keep suitable records of their administration and exhibit them upon request.</p> |
| <p><i>Auditee's Response</i></p> | <p><i>“Agree that a former employee did not follow proper, established procedures in purchasing items for numerous clients.”</i></p> |
| <p><i>Corrective Action</i></p> | <p><i>“It has been discussed with staff that receipts for clients should contain only the items purchased for that individual client. When shopping for multiple clients, staff is supposed to complete separate transactions for each client so that each has their own receipt. Current staff is compliant with these procedures. This is also being added to the written procedures for our office, so that future non-compliance with these requirements by any future employee would be handled as a disciplinary matter.”</i></p> |

Dawn Walters
Final Compliance Audit Report

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|--|--|
| <p><i>Finding # 2 Compliance</i></p> <p><i>Arizona Code of Judicial Administration § 7-202 (J)(1(a) and (J)(4)</i></p> <p><i>Requirement</i></p> | <p>Duties and discharge of all obligations were not carried out in accordance with current laws, rules and administrative code.</p> <ul style="list-style-type: none"> • The fiduciary failed to visit the ward quarterly as required by ACJA – Client #5 <p>The fiduciary must perform all duties and discharge all obligations in accordance with current Arizona law and the administrative rules, court orders, and administrative orders and code.</p> <p>The fiduciary or the fiduciary’s qualified representative, if the ward is located outside the county or state, shall visit the ward no less than quarterly and as often as is necessary to ensure the client’s well-being.</p> |
| <p><i>Auditee's Response</i></p> | <p><i>“Agree that in this instance, 96 days elapsed between in-person visits by the licensed fiduciary. Although non-licensed staff conducted frequent visits and I did exercise extensive direct oversight during the quarter, I acknowledge that the quarterly visit should have taken place at least six days earlier.”</i></p> |
| <p><i>Corrective Action</i></p> | <p><i>“At the time of the audit, quarterly fiduciary visits were set on the calendar for 3 months after the previous fiduciary visit, with each client having his or her own unique visit schedule.</i></p> <p><i>To ensure that all visits by the licensed fiduciary are conducted in within the 90-day requirement, fiduciary visits are now calendared to recur every 10 weeks for all clients within a given local geographical region. This will allow fiduciary to ensure that all clients are visited within the required timeframe, instead of each client being on a different, unique quarterly visit schedule. Calendaring the visits for every 10 weeks instead of 12 weeks will allow the necessary flexibility to reschedule in the event that emergent situations arise.”</i></p> |