

To Honorable County Council Members
Jacquelyn Miller, Public Administrator

January 10, 2018

The Public Administrator examination opened November 16, 2017 has been completed, and the final report is being issued today. The scope of the review covered January 1, 2015 through October 31, 2017. Fieldwork for the review was completed on December 18, 2017, and our report reflects the results of work performed through that date. Responses were provided for the included observations.

The objectives of the review were to determine whether internal controls were adequate and effective, operations and records were in compliance with established standards, regulations, policies and procedures, and resources were being used efficiently.

The examination covered annual settlements, liability bond coverage, training, estate files, professional services, and assignment of cases. We reviewed the internal control environment surrounding those activities, as well as performed an evaluation of the effectiveness and efficiency with which department objectives are being achieved. In addition, reviews for compliance with the County Charter and Ordinances, Missouri Statutes, and internal policies and procedures were performed.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and consisted of examining, on a test basis, sufficient evidence to afford a reasonable basis, for our opinion.

In our opinion, except for the opportunities included in this report, internal controls were adequate and effective and operations and records were in compliance with established standards.

The issuance of this report completes the formal examination process. However, if you wish to discuss any aspects of the audit or report, please contact me.

Brent Statler

Brent R. Statler, CPA, CGAP
County Auditor

Attachment

Copy to Honorable Judge Philip Ohlms, Probate Court
Joann Leykam, Director of Administration



**Public Administrator
Examination Report
Opened November 16, 2017**

Scope January 1, 2015 – October 31, 2017

Table of Contents

I. Background and Introduction	1
Authority and Activity.....	1
Funding.....	2
Staffing.....	2
II. Status Board.....	3
III. Executive Summary.....	5
IV. Detailed Findings.....	6
Control Opportunities.....	6

BACKGROUND AND INTRODUCTION

Authority and Activity:

The Public Administrator is appointed by the Circuit Court, Probate Division, to serve in primarily three types of cases: Guardian and/or Conservator for mentally disabled persons; Personal Representative of deceased estates; and conservator of minor estates. The Public Administrator is appointed if no family or friends are available or able to serve in these cases. Guardianship requires making all personal decisions, while conservatorship requires responsibility for finances and affairs on appointed cases. The Public Administrator oversees accounts and/or care for assigned minors' estates until they become of age.

Additional cases that the court may appoint the Public Administrator include: taking charge if a person dies in the County leaving assets without any family or a last will and testament; serving for defendants' ad litem, which requires being the representative of a person whose property is injured, or a person injured, or a person entitled to maintain a wrongful death action; and will contests, becoming the representative of estates being disputed, or involved in lawsuits.

The Public Administrator is required to file an annual settlement for all conservatorship cases that have activity in their bank accounts, while personal representation cases require a final settlement when the estate is settled. The Public Administrator is required to visit those persons with guardianship at least annually which includes filing an annual review. All annual reports and settlements are filed with the Probate Court.

The Public Administrator's program mission as stated in the 2018 budget is as follows:

<p>When appointed by the Probate Division of the Circuit Court to provide for the proper administration of deceased estates and minors estates. To assure that incapacitated persons are placed in a less restrictive, safe environment and that they are receiving all the benefits they are entitled. 2018 budget, pg. 119.</p>

Funding:

The primary funding for the Public Administrator is provided by the general revenue fund. The historical funding for the Public Administrator is presented below.

Public Administrator General Revenue Fund – Expenditures Fiscal Years 2013-2018								
Fiscal Year	Salaries & Benefits	% Increase	Operating Expenditures	% Increase	Capital Expenditures#	% Increase	Total Expenditures	% Increase
2013	\$139,160	N/A	\$10,228	N/A	\$0	N/A	\$149,388	N/A
2014	\$146,369	5.2%	\$10,694	4.6%	\$0	0.0%	\$157,063	5.1%
2015	\$150,273	2.7%	\$10,350	-3.2%	\$725	100.0%	\$161,348	2.7%
2016	\$166,228	10.6%	\$4,830	-53.3%	\$0	-100.0%	\$171,058	6.0%
2017‡	\$147,921	-11.0%	\$5,100	5.6%	\$1,300	100.0%	\$154,321	-9.8%
2018*	\$142,282	-3.8%	\$16,400	221.6%	\$0	-100.0%	\$158,682	2.8%

- Includes Capital Project Funding (301)

Revenues generated by the Public Administrator are deposited in the general revenue fund. The historical funding is presented below:

Public Administrator General Revenue Fund – Revenues Fiscal Years 2013-2018		
Fiscal Year	Public Administrator Fees	Fees Collected by the Public Administrator as a Percentage of Expenditures
2013	\$49,512	33.1%
2014	\$54,400	34.6%
2015	\$51,228	31.8%
2016	\$86,330	50.5%
2017‡	\$54,000	35.0%
2018*	\$55,000	34.7%

* These are the approved budget amounts from the 2018 budget.

‡ These are the 2017 estimated amounts from the 2018 budget.

Staffing:

The number of full-time equivalent authorized positions for the Public Administrator increased (20.0%) from 2.0 full-time positions in 2013 to a total of 2.4 full-time budgeted employees in 2018.

II. STATUS BOARD

The status board provides a summary of the Public Administrator’s functions and processes. Each cell located under a function represents an activity that is to be completed to ensure that the process is performed in an effective and efficient manner. The color of the cells represents the assessment regarding completion of the activity. The legend below gives a description of the definition of each color.

- Red indicates management's immediate attention is required.
- Yellow indicates an opportunity for improvement exists.
- Green indicates there is no action necessary at this time.
- Blue indicates a process that was not included in the scope of the review.
- Grey indicates a County issue that should be addressed by management, but is not necessarily a direct responsibility of the audited department/office.

Settlements	Ward Files	Assignment of Cases	Professional Assistance	Other Responsibilities	Administrative
The Court notifies the Public Administrator of due date for annual settlements and reports which are filed for each case on the anniversary date (Personal Representation is filed when estate finalized).	Each client has a case file maintained by the PA.	Referrals can come from outside sources (hospitals, social workers, etc.) or from the court. All cases will be assigned by a court order.	The PA may hire professionals (accountants, auctioneer, etc.) to perform services for clients.	Will Contests	Purchasing
The Administrator completes and files financial settlements every 6 months listing all bank balances and monetary activity for the past 6 months.	The files contain the client’s checkbook, invoices, correspondence, and other documents.	A petition for permanent guardianship is filed and approved by the court.	Invoices are sent to PA and paid out of client proceeds from asset sale or tax refund.	Defendants ad Litem	Payroll
In-state clients must be visited once a year and a review report is filed based on the due date.	A legal file is also maintained in the Probate Court.	Inventory of client’s assets is filed with the court within 30 days.	Documentation is kept in client files.	Personal Estate Administration	Liability Bond

Settlements	Ward Files	Assignment of Cases	Professional Assistance	Other Responsibilities	Administrative
<p>All reports are filed with the Probate Court and a copy of the settlement is sent to the Finance Dept. which reconciles to the bank statement for the ward.</p>		<p>Assets are liquidated (if necessary) and all funds are transferred to a new bank account.</p>			<p>Training: Required 20 hours of annual education; certificate filed with the County Executive.</p>
		<p>Change of address is filed with the post office and for all accounts.</p>			

III. EXECUTIVE SUMMARY

Following is a summary of opportunities for improvement which were noted during our review of the Public Administrator:

A. Control Opportunities

1. *Accounts Receivable Listing:* The Public Administrator's accounts receivable listing is a manual system of color coding a copy of the semi-annual reports.
2. *Payroll:* During the review of payroll the following was noted: 1) three (17.6%) out of seventeen pay periods reviewed had timesheets that did not agree to the hours proof; and timesheets documenting hours worked and/or leave taken were not signed by employees for four (25.0%) out of sixteen pay periods reviewed.

Control – Accounts Receivable Listing

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>By statute, the Public Administrator is allowed to charge fees for services rendered plus an annual probate court fee for the office's wards. These fees are assessed and provided to the Court for approval with the semi-annual report of cases and assets (June and December). The semi-annual report shows the fees that are to be charged; however, the Public Administrator only collects fees from wards with sufficient assets to pay for the fees. The Public Administrator maintains a record of fees that have not been paid (accounts receivable) so that they can be collected later if the ward receives funds or has funds remaining upon the case being discharged.</p>	<p>The Public Administrator's accounts receivable listing is a manual system of color coding a copy of the semi-annual reports.</p>	<p>Improved process of maintaining accounts receivable.</p>	<p>The Public Administrator should automate the accounts receivable list for fees approved, but not collected.</p>	<p>Since the audit, I am making a spreadsheet in Excel to track which ward was court ordered to pay fees and which ward actually paid the fees. I am in hopes this will be completed within the next month or so. We will then be able to see at a glance who we need to collect money from should they obtain additional money. As the computer program is only a couple of years old, it does not capture all of our wards going back in at least a five year span. I have been searching and I don't believe there is a way to capture in the program who was ordered to pay that fee and who paid.</p>

Control - Payroll

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>The Public Administrator's Office documents time using County-provided timesheets for all part-time and hourly employees and for full-time employees when leave is taken. Time data is entered into MUNIS based off of timesheets signed by the employee and approved by the department head. The department head approves the hours' proof report, which is then provided to the Finance Department for processing.</p>	<p>During the review of payroll the following was noted:</p> <ol style="list-style-type: none"> 1) Three (17.6%) out of seventeen pay periods reviewed had timesheets that did not agree to the hours proof; and <p><u>Note 1:</u> Two instances appear to have resulted from data entry errors on the timesheet, but the correct hours were paid. It appears the errors resulted due to the formula on the timesheet spreadsheet not functioning. The other instance included one hourly employee not being paid for three hours of work; and</p> <ol style="list-style-type: none"> 2) Timesheets documenting hours worked and/or leave taken were not signed by employees for four (25.0%) out of sixteen pay periods reviewed. <p><u>Note 2:</u> Leave taken by employees, including approval is not documented on County Leave Request/ Absence Report forms; it is only documented on timesheets.</p>	<p>Potential for errors in payroll data. Opportunity for improved documentation.</p>	<p>The Public Administrator should consider:</p> <ol style="list-style-type: none"> 1) Ensuring that the timesheet formula is used as a control to reduce the risk of incorrect hours (not) being paid to the employee; and 2) Documenting leave on the County Leave Request/Absence Report forms and ensuring that all timesheets are signed by the employee. 	<p>I am ensuring all staff complete time sheets and then when they request time off, we will utilize the county request form.</p>