

**Internal Audit Report 2014-04**  
**St. Louis County – Public Administrator**  
**March 30, 2015**  
**Final Report**

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Peter Krane, County Counselor	<b>Field Work:</b>
Andrea Jackson, Director – Human Services	Start Date: September 18, 2014
Stephanie Leon Streeter, P.E. Acting Director – Department of Highways and Public Works	Completion Date: October 17, 2014
Kirk McCarley, Personnel Director	Closing Date: December 28, 2014
Bob McCulloch, Prosecuting Attorney	
Patrick Mulcahy, Administrative Assistant	
Torey Parker, Director of Procurement	
Glen Powers, Director of Planning	
Greg Quinn, Director of Revenue	
Don Rode, Chief Accounting Officer	
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	<b>Audit Report Number 2014-04</b>

**Saint Louis**  
**COUNTY**  
**Auditor's Office**

**TO:** The Honorable Pat Dolan, Chair – County Council  
The Honorable Steven V. Stenger, County Executive  
Tom Arras, Public Administrator

**FROM:** David Makarewicz, CISA, St. Louis County Auditor

**SUBJECT:** Final Audit Report  
St. Louis County - Public Administrator Audit  
Audit 2014-04

**DATE:** March 30, 2015

The St. Louis County Audit Department performed an audit of the Public Administrator's Office. The audit was started September 18, 2014. Fieldwork for the review was completed on November 18, 2014. Findings and audit conclusions were discussed with the Public Administrator and staff within the Public Administrator's office.

The objectives of the review were to:

- identify and document internal controls,
- evaluate internal controls,
- evaluate the operation of the Public Administrator's office,
- review record keeping practices,
- review controls in place over the administration of funds under the control of the Public Administrator,
- review of the controls in place over handling of assets and disposition of assets handled by the Public Administrator's office on behalf of others,
- evaluate processes in place to ensure that resources are being used economically and efficiently.

The scope of this audit focused on all functions of the Public Administrator including:

- the receipt, recording, and deposit of liquid assets,
- the receipt and handling of other assets,
- handling and disbursing of all assets,
- creation and maintenance of case files that adequately document activities performed by the Public Administrator's staff and management on behalf of clients of the Public Administrator's office.

We reviewed the internal control environment surrounding these activities. We evaluated the effectiveness and efficiency with which department objectives are being achieved. In addition, we reviewed several aspects of this operation for compliance with the County Charter and Ordinances, Missouri Statutes, and internal policies and procedures.

### **Scope of Review**

We performed audit work within these subject areas.

- policies,
- procedures,
- web sites,
- processes used to create, maintain and store records,
- staff directories,
- record retention practices and adherence to record retention schedules,
- existence and contents of documentation on controls such as narratives describing key processes,
- use of general ledger,
- assets held in custody by the Public Administrator for the benefit of others,
- budget to actual expenditures

- expenditure testing
- purchasing cards,
- investment policies,
- reporting,
- fixed and capital assets.

We sampled expenditures and tested to ensure that purchasing was appropriate and recorded correctly in general ledger.

We reviewed budgeting and prior budget to actual amounts.

We reviewed a small sample of case files to gain a better understanding of the work performed by the Public Administrator and the Public Administrator's Office. We evaluated progress notes kept in case files.

Within every departmental audit, we review the usage of MUNIS accounts and cost centers to identify accounts that have never been used or dormant general ledger accounts that can be inactivated.

There is a more detailed description of the scope that is contained later in this report.

## **RESULTS**

We noted the following:

- Additional documentation would be helpful to identify controls in place, especially with respect to controls over assets held in custody by the Public Administrator on behalf of members of the public. Control narratives were written during the audit to address most of these concerns.
- Additional documentation is needed to document processes followed by the Public Administrator in writing checks on bank accounts under the control of the Public Administrator. The Public Administrator writes checks against more than 100 bank accounts of persons whose financial affairs are handled by the Public Administrator. The Treasury function within St. Louis County has not had as much visibility over these processes as it should have had. Requirements for oversight of the handling of funds that are stated in the St. Louis County Charter are not being performed adequately. Check writing processes are not well-documented. Additional reporting is needed, in the aggregate, so that the Treasury function is periodically advised of the amount of funds held on deposit in these bank accounts.

Reviews are conducted by Auditors within the Probate Court. Their reviews are detailed and conducted on a case-by-case basis. However, the St. Louis County Treasury function does not have visibility on controls or control weaknesses noted by Probate Court Audit staff. There remains a lack of reporting in the aggregate on the most liquid assets, which are the funds kept on deposit in bank accounts that are under the control of the Public Administrator.

Progress has been made to document and improve these processes.

## **KEY FINDINGS:**

### **Inactive MUNIS General Ledger Accounts – Public Administrator**

There are 59 general ledger active accounts defined in MUNIS for use by the Public Administrator's Office.

Within these 59 account strings there were 7 account strings that were established for the "CAPS Implementation" (MUNIS installation) project which occurred in 2010. These accounts are unlikely to be used in the future. We recommended that these accounts be marked as "Inactive" to prevent the accidental posting of transactions to them. These accounts were marked as "Inactive" during the audit.

### **Inactive MUNIS Accounts – Probate Court**

We noted that a structure of funds and general ledger accounts had been established within St. Louis County in MUNIS in anticipation of use by the Probate Court. However, the Probate Court uses Missouri State systems and does not use St. Louis County systems for tracking, revenue and expenses.

Unfortunately a few of these accounts were used for a handful of entries in prior years. We believe that the amounts that were posted were errors that were subsequently reversed. However, we currently still have a structure of active but unused general ledger accounts in place for use by a Missouri State Court that does not use St. Louis County's general ledger system. These accounts have been inactivated. We have suggested that the unused accounts be removed from MUNIS, if possible.

### **Budgets**

We noted accounts where funds were budgeted consistently into accounts where there had little or no expenditures within the last three years. At the same time, there were other accounts where budgeted amounts had been met or exceeded for a three year period.

We are not concerned with the overall amount of budgeted funds for the department. We are concerned with the distribution of the budgeted funds into accounts where it is actually needed or used. Budgeting should take into account past experience. Within 2015 and subsequent years, this could be accomplished easily with a single budget transfer.

### **Internet Content**

During the review it was found that:

- The Public Administrator's external web site did not have an address, phone number, fax number, or an e-mail address.
- The Public Administrator's external web site did not have a link to the Probate Court web site that contains forms used to conduct business with the Court and the Public Administrator.
- The Public Administrator's web site had no reference to key statutes including Article VI Section 6.020 of the St. Louis County Charter or Missouri Statutes in Section 472 through Section 475.
- The Public Administrator's web site contained a dead link under the heading: "For a list of judgments Obtained click here."

Significant progress was made to address these findings.

### **Intranet Website**

The department did not have an intranet website. We have recommended that one be developed for contact information (staff as well as clients and persons providing care and services for clients) and for commonly used forms and documents.

### **Web Site Support**

The Public Administrator's does not have a person dedicated to maintain their department's website. A support person was designated during the audit.

### **Job Descriptions**

We reviewed job descriptions for staff within the Public Administrator's Office and compared them to information contained within the Department's entries in the Staff Directory. We noted that these job descriptions have not been updated:

- The job description for the Office Service Representative was last time updated in 2003.
- The job description for the Deputy Public Administrator was last updated in 2002.
- The job description for Attorney III was last updated in 2003.

These job descriptions should be update or if validated, the date of update should be rolled forward to indicate they the job descriptions are current.

### **Staff Directory**

The staff directory included inactive employee and has incomplete information:

- The fax number for Thomas Carbone was incorrect.
- There was no Division/Section, extension, floor and/or room for Angela Drapp.
- Shannell Graham was listed but was not a current employee.
- There was no extension, fax number, address, floor or correct room for Karla Heberling.

These findings were addressed during the audit.

### **Control Narratives**

The Public Administrator's office had documentation that was used to develop a controls narrative. Control narratives are written and kept up-to-date, they lessen the amount of external audit testing that needs to be performed to review the County's financial statements.

### **Case Notes and Contact Information**

We noted a large number of notes, single pages and "Post It" notes within case files. Many of these contained contact information for key persons providing care or critical services to individuals whose affairs were being managed by the Public Administrator. Often a single piece of paper was filed with a name and phone number. We noted case files where the same contact information was noted in more than one place. We have recommended that a single electronic document be created for each case with key contact information that is relevant.

### **Bank Accounts**

More than 100 bank accounts are currently managed by staff within the Public Administrator's office. These accounts are all held within the same financial institution. These bank accounts are necessary for the payments of living expenses and care for individuals. Payments to nursing homes are a common expense. However, the banking arrangements may conflict with requirements stated within the St. Louis County Charter. Section 4.060 of the St. Louis County Charter states:

- "The director of administration shall appoint, under the merit system, the treasurer of the county who shall:*
1. *Receive and retain custody of all public funds belonging to or handled by the county or any of its officers;*
  2. *Deposit or invest all funds coming into his hands in such depositories or securities as may be authorized by law or by ordinance;*
  3. *Supervise the disbursement of all county funds;*
  4. *Exercise all the powers and perform all the duties of a county treasurer as may be required or authorized by law."*

We noted that the Treasury function in Fiscal Management did not have visibility on the number of accounts, balances, reconciliations performed and controls used for checks written against these accounts. The processes currently used were reasonable and may be acceptable, but the Treasury function needs to have visibility on the processes used.

### **Bank Accounts – Positive Pay**

Bank accounts held in the name of St. Louis County have a feature called "Positive Pay". With Positive Pay, a file is transmitted to the bank containing information about checks written against an account. The bank will only honor checks written in the amounts and on the days indicated within this information.

This feature might or might not be available for the type of custodial bank accounts opened and managed by the Public Administrator. This feature is a very effective fraud deterrent as it shields St. Louis County from liability from fraudulent checks. This feature should be researched and implemented, if possible.

## OPINION

Overall, we are comfortable with the level of controls and type of controls in place within the Public Administrators Office, with a few, minor exceptions.

In our opinion, except for the opportunities included in this report, internal controls appear to be adequate and effective:

- Operations and record-keeping appear to be in compliance with established standards, policies and procedures.
- Resources appear to be used economically and efficiently.

We noted one control weakness concerning the lack of reporting on bank account balances that is of concern. It is currently difficult for the St. Louis County Treasury function to provide minimal oversight of check writing activities performed by the Public Administrator's office unless additional reporting is in place. However, a very simple, periodic listing of bank accounts and balances should be sufficient to provide oversight and assess the associated risk. We believe that progress has been made to address the weakness noted. An effort was made during the audit to develop documentation of check writing processes and to implement periodic reporting of bank balances.

This report includes a detailed description of the scope of audit work performed. It also includes a post-audit assessment of controls found and results of audit testing at the end of the report. **(See the Post Audit Assessment of Controls.)**

Our findings and recommendation were provided to:

- Tom Arras, Public Administrator,
- Linda Griffie, Office Manager.

We thank them for their assistance during the audit. We recognize their contribution. The duties they perform in providing needed help to members of the public are commendable.

The audit results were discussed with Cindy Williams – Assistant Treasurer of St. Louis County.

We also met with the Commissioner, Deputy Commissioner and Auditor within the Probate Court to discuss our audit.

We would like to thank the Commissioner of the Probate Court, staff and management within the Court, who provided assistance during this review, including:

- Kimberly Coon, Deputy Commissioner,
- Robert C. Weis, Commissioner,
- Michelle Scaturro, Auditor - Probate Court.

The audit was conducted according to the Internal Auditing standards of the Institute of Internal Auditors (IIA) and governmental accounting and auditing standards issued by the Government Accounting Office (GAO).

## TABLE OF CONTENTS

Background and Introduction	1
Objectives and Scope of Audit	2
I. Inactive General Ledger Accounts in MUNIS – Public Administrator	3
II. Inactive General Ledger Accounts in MUNIS – Probate Court	4
III. Budgets	5
IV. Internet Content	7
V. Internet Site – Links and Content	7
VI. Web Site Support	8
VII. Intranet Web Site	8
VIII. Job Descriptions	8
IX. Staff Directory	9
X. Control Narrative	9
XI. Case Notes & Contract Information	10
XII. Bank Accounts	10
XIII. Bank Accounts – Positive Pay	12
Attachment I Assessment of Controls – Post Audit	13

## Background and Introduction

The St. Louis County Circuit Court, Probate Court, hears and determines matters pertaining to the body of Missouri law which provides for the orderly transfer of property upon death, the appointment of guardians and conservators, and the commitment for treatment of mentally ill persons. The Court, through a court order, may assign specific cases to the Public Administrator, within St. Louis County. They may appoint the Public Administrator as a conservator or guardian for a person or an estate. The Probate Court may also assign cases to other Attorneys.

The St. Louis County Auditor's Office performed an audit of the Public Administrator's Office. The Office of the Public Administrator is established by state law and County Ordinance, which provides that the Public Administrator take into their charge and custody the estates of deceased persons, the estates of minors and the estates and/or person of incapacitated and disabled persons in the county as provided by law. The office provides estate administration services for citizens of St. Louis County in those situations where there are no other persons who are qualified. The Public Administrator may be appointed as a guardian or conservator by a court order issued by the Probate Court of St. Louis County.

There is a fairly extensive body of Missouri State Statutes that govern the duties and activities of a guardian or conservator who is appointed by the Court.

The Public Administrators office has a small staff of nine employees:

- the Public Administrator,
- a Chief Deputy Public Administrator,
- three Deputy Public Administrators,
- an Accountant I,
- a Fiscal Services Supervisor,
- an Office Administrator,
- an Office Specialist Representative.

During the audit administrative functions, staffing, policies and procedures and recent expenditures were reviewed. The audit was concentrated on the subject areas listed below.

- Policies,
- Procedures,
- Web Sites,
- Staffing,
- Records ,
- Control Narratives,
- Unused or Inactive MUNIS Accounts and Cost Centers,
- Assets Held in Custody (Sampling of a Small Number of Cases),
- Budget to Actual Expenditures (Typically Expenditures with Last Six Months),
- Expenditure Testing,
- Purchasing Cards (Typically Two Months of Statements),
- Investment Policies,
- Reporting,
- Fixed and Capital Assets.

## **Objectives and Scope of Audit**

At the beginning of the audit, we met with management and established audit objectives. These objectives describe the controls we expected to find during the audit. At the end of this report we describe our conclusions as measured against these audit objectives. At the start of the audit, the objectives of the audit were as follows:

### **Policies**

The department or division should have written policies. Policies should be approved and up-to-date.

### **Procedures**

The department or division should have written procedures. Procedures should be up-to-date. Procedures should have been approved by management.

### **Web Sites**

The web sites (internal and external) should contain valid and correct information.

### **Records**

Written record retention schedules should exist.

### **Control Narratives**

Control narratives should describe processes. Controls should have been identified. Key controls should be identified.

### **Unused or Inactive MUNIS Accounts and Cost Centers**

Unused and/or redundant MUNIS accounts and cost centers should be marked as inactive, to reduce processing overhead and shorten queries and reports.

### **Assets Held in Custody**

Controls should be in place over assets held for the benefit of others. Reporting should be in place. Assets should be appropriately listed.

### **Revenue**

Revenue or fees collected should be accounted for correctly.

### **Budget to Actual Expenditures**

Controls should be in place to ensure that department or division expenditures conform to budgets and are reasonable when compared with budgets.

### **Expenditure Testing**

Expenditures should be supported with an invoice or approved purchase order. Amounts should be mathematically correct. Invoices/source documents should be cancelled. Amounts paid should agree to invoices. Discounts should be taken. Expenditures should be properly authorized and reasonable. Payments should be timely.

### **Purchasing Cards**

Purchasing cards should be used according to policy.

### **Investment Policies**

Written policies should cover investments (of funds held for the benefit of the public administrator's office. Written policies should cover investments (of funds held for the benefit others).

### **Reporting**

Financial reporting should be in place that allows for review of revenues. Financial reporting should be in place that allows for review of expenditures. Financial reporting should be in place that allows for comparison of actual expenditures to budgets.

### **Fixed and Capital Assets**

There should be records of significant fixed assets.

**I. Inactive MUNIS General Ledger Accounts – Public Administrator**

We requested and reviewed policies and procedures within the Department of Administration and the Fiscal Management Division.

We performed a budget-to-actual review to identify how funds have been spent in support of the Public Administrator’s office. We reviewed budgets and actual results from prior years as well as the budget prepared for the 2015 fiscal year.

We also reviewed the structure of accounts used to track revenues, expenses and balance sheet items (like cash or investments). This reviewed is structured to help identify accounts that are unused, so that they can be marked as inactive, and excluded from certain reporting. This can simplify budgeting, reporting and shorten the amount of time required to review actual activity against budget.

There are 59 general ledger active accounts defined in MUNIS for use by the Public Administrator’s Office.

These accounts are predominantly expense accounts. Each general ledger account has an “account string” that defines where funds are drawn, the purpose of the expenditure and specific identifiers that are used to tie the expenditure to a particular grant, activity or project, if needed.

The key identifiers within the account string we reviewed were:

<u>Fund Name</u>	<u>Fund Number</u>	<u>Fund</u>
Fund	1010	General Fund
Department	0600	Public Administrator
Division	0000	Standard
Section	0000	Standard
Object	Various	

We identified a small number of accounts t met the following criteria:

- The account had no budget for the current year 2014.
- The account had no account balance in the current year (as of September of 2014).
- The account had no budget within the prior fiscal year (2013).
- The account had no balance within the prior fiscal year (2013).
- The account had no budget within the prior fiscal year (2012).
- The account had no balance within the prior fiscal year (2012).

Within these 59 account strings there are 7 account strings that were established for the “CAPS Implementation” (MUNIS installation) project which occurred in 2010. These accounts are unlikely to be used in the future:

<u>CAPS Implementation</u>	
1010-0600-0000-0000-511110-00000-A635-A6357-0000-	Salaries Permanent
1010-0600-0000-0000-512110-00000-A635-A6357-0000-	Social Security
1010-0600-0000-0000-512210-00000-A635-A6357-0000-	Retirement Plan
1010-0600-0000-0000-512510-00000-A635-A6357-0000-	Medical Insurance
1010-0600-0000-0000-512810-00000-A635-A6357-0000-	Long Term Disability
1010-0600-0000-0000-512830-00000-A635-A6357-0000-	Short Term Disability
1010-0600-0000-0000-525210-00000-A635-A6357-0000-	Life Insurance

We used a conservative approach in our assessment of whether accounts should be marked as inactive. Our analysis would leave at least one active account string in place for every unique object/account. For example, our analysis would leave one account string for the department for every unique object.

These accounts are marked as “Active”. If they were marked as “Inactive” they can be excluded from reporting. The accounts would still exist, but could more easily be filtered out of queries and reports. This reduces the amount of disk space required to hold results of queries and reports.

If an account is unused and marked as inactive, then transactions cannot be posted to it in error. This reduces the likelihood of errors.

If needed in the future, these accounts can be reactivated with a request to Fiscal Management.

**Recommendation**

1. We recommend that the Public Administrator request that Fiscal Management mark these accounts as inactive, so they can be filtered out of queries and reports. We prepared a spreadsheet that can be used for this review and requestt.

**Management Response**

1. These accounts were inactivated during the audit.

**II. Inactive MUNIS General Ledger Accounts – Probate Court**

We reviewed the use of accounts established within MUNIS for the benefit of the Public Administrator. We also reviewed accounts or funds established for use with the Probate Court.

We noted that a structure of funds and general ledger accounts had been established within St. Louis County’s MUNIS System in anticipation of use by the Probate Court. However, the Court does not use St. Louis County systems for tracking, revenue and expenses. The Probate Court accounts for their activity on accounting systems established by the State of Missouri.

Unfortunately a few of these accounts were used for a handful of entries in prior years.. We believe that the amounts that were posted were errors that were subsequently reversed. However, we currently have active general ledger accounts in place for use by an organization that does not St. Louis County’s general ledger.

Specifically:

- Fund 5010 has been established for use by the Probate Court. We noted that 23 general ledger accounts were created for use with this fund. Four of these accounts were used. Two of these accounts had entries that were posted for \$100.00. Two these accounts showed posted entries for \$35.88.

<u>Fund</u>	<u>Dept</u>	<u>Div</u>	<u>Sect</u>	<u>Object</u>	<u>Grant</u>	<u>Prog</u>	<u>Act</u>	<u>Loc</u>	<u>Description</u>
5010	0600	0031	0037	474190	00000	0000	00000	0000	FAIR MARKET VALUE-INVESTMENTS
5010	0600	0031	0037	474190	00000	0000	00000	0000	UNREALIZD INVESMENT GAIN/LOSS
5010	0000	0000	0000	100600	00000	0000	00000	0000	CASH PETTY AND CHANGE
5010	0000	0000	0000	308100	00000	0000	00000	0000	FUND BALANCE – CHANGES

This usage may have been mistaken entries that were posted in error or entries that were intended for a different fund. The remaining 23 accounts show no budget, nor activity from 2008 to 2014.

<u>Fund</u>	<u>Dept</u>	<u>Div</u>	<u>Sect</u>	<u>Object</u>	<u>Grant</u>	<u>Prog</u>	<u>Act</u>	<u>Loc</u>	<u>Description</u>
5010	0600	0031	0037	447418	00000	0000	00000	0000	INTEREST – INVESTMENT
5010	0600	0031	0037	474190	00000	0000	00000	0000	UNREALIZD INVESMENT GAIN/LOSS
5010	0000	0000	0000	100100	00000	0000	00000	0000	EQUITY IN TREASURERS CASH
5010	0000	0000	0000	100110	00000	0000	00000	0000	FAIR MARKET VALUE-INVESTMENTS
5010	0000	0000	0000	100600	00000	0000	00000	0000	CASH PETTY AND CHANGE
5010	0000	0000	0000	101700	00000	0000	00000	0000	INTEREST RECEIVABLE-TREAS
5010	0000	0000	0000	205100	00000	0000	00000	0000	ACCOUNTS PAYABLE

5010	0000	0000	0000	205102	00000	0000	00000	0000	0000	ACCTSPAYABL-ACTVCARDINTGRN-PNC
5010	0000	0000	0000	308100	00000	0000	00000	0000	0000	FUND BALANCE –CHANGES
5010	0000	0000	0000	308300	00000	0000	00000	0000	0000	RESERVE FOR ENCUMBRANCES
5010	0000	0000	0000	308355	00000	0000	00000	0000	0000	BUDGETED FUND BALANCE-UNRESRVD
5010	0000	0000	0000	308910	00000	0000	00000	0000	0000	EXPENDITURE CONTROL
5010	0000	0000	0000	308920	00000	0000	00000	0000	0000	APPROPRIATION CONTROL
5010	0000	0000	0000	308930	00000	0000	00000	0000	0000	ENCUMBRANCE CONTROL
5010	0000	0000	0000	308931	00000	0000	00000	0000	0000	BUD FUND BAL-RESRV FOR ENCUMBR
5010	0000	0000	0000	308940	00000	0000	00000	0000	0000	REVENUE CONTROL
5010	0000	0000	0000	308950	00000	0000	00000	0000	0000	ESTIMATED REVENUE CONTROL
5010	5000	5010	5012	512110	GY801	GY10	GYG02	0000	0000	SOCIAL SECURITY
5010	0800	0990	0000	638310	00000	0000	00000	0000	0000	RECEIPTS
5010	7680	7690	7691	638310	00000	0000	00000	0000	0000	RECEIPTS
5010	7680	7690	7692	638310	00000	0000	00000	0000	0000	RECEIPTS
5010	7680	7690	7693	638310	00000	0000	00000	0000	0000	RECEIPTS
5010	7680	7690	7694	638310	00000	0000	00000	0000	0000	RECEIPTS

All 23 accounts are listed here. All 23 accounts are marked as “Active” accounts.

We used a conservative approach in our assessment of whether accounts should be marked as inactive.

These accounts are marked as “Active”. If they were marked as “Inactive” they can be excluded from reporting. The accounts would still exist, but could more easily be filtered out of queries.

If an account is unused and marked as inactive, then transactions cannot be posted to it in error. This reduces the likelihood of errors.

If needed in the future, these accounts can be reactivated with a request to Fiscal Management.

**Recommendation**

2. We recommend that the Chief Financial Officer review these accounts. If not needed for the Public Administrator’s function, these accounts should either be deleted, or, if they have history, the accounts should be retained and inactivated. These accounts should be inactivated to prevent their use or misuse. The Public Administrator’s recommendation should be forwarded to the Chief Accounting Officer within Fiscal Management for review and action.

**Management Response**

2. These accounts were inactivated during the audit.

**III. Budgets**

We noted accounts where funds were budgeted consistently into accounts where there had been little or no expenditures within the last three years. At the same time, there were other accounts where budgeted amounts had been consistently met or exceeded for a three year period. We are not concerned with the overall amount of budgeted funds for the department. We are concerned with the distribution of the budgeted funds into accounts where it is actually needed or used. Budgeting should take into account past experience.

Amounts were consistently budgeted into these accounts and never used:

Object	Description	Revised Budgets			Expenditures		
		2014	2013	2012	2014	2013	2012
515110	Clothing & Protect Apparel	500.00	500.00	500.00	0.00	0.00	0.00
515510	Law Enforcement Material & Supplies	200.00	200.00	200.00	0.00	0.00	0.00
520110	Professional Services	1,500.00	1,500.00	1,500.00	0.00	0.00	0.00
527210	Building-Equip Maint & Repair	1,000.00	1,000.00	1,000.00	0.00	0.00	0.00

During the same time period, these accounts had expenditures over or near budgeted amounts:

Object	Description	Revised Budgets			Expenditures		
		2014	2013	2012	2014	2013	2012
513210	Office Materials & Supplies	7,000.00	8,500.00	7,000.00	7,317.28	7,864.18	8,746.49
521110	Telephone	2,500.00	2,500.00	2,500.00	3,294.84	2,906.63	2,365.30

### **Recommendation**

3. We recommend that the Public Administrator review these specific accounts to determine if budgeted funds can be allocated more appropriately to accounts where needed. It may be appropriate to transfer budgeted funds to accounts to match budgets better to likely expenditures.

### **Management Response**

3. We will take under advisement when preparing next year's budget.

## **IV. Internet Content**

We reviewed web sites hosted for the benefit of the Public Administrator. The Public Administrator's Office has a public internet site but no intranet site. We reviewed the site to validate content and to check for dead links.

We noted:

- Good information is hosted on this site, included a Frequently Answered Questions document that explains the role of the Public Administrator and his staff.
- The external webpage does not have an address, phone number, fax number, an e-mail, or links to the Probate Court.
- A link to the Probate Court site would be helpful as the Probate Court hosts a library of forms
- There is no reference to the St. Louis County Charter Article VI Section 6.020 or MO Statutes in Sections 472 through 475.

We have recommended that the Public Administrator review, reorganize and add necessary information to the website to improve upon its utility. We found useful information in other sources, such as the Budget Book that could be incorporated into the web site, including these excerpts:

#### **“Department Mission**

The Office of the Public Administrator is established by state law which provides that the public administrator take into his or her charge and custody the estates of deceased persons, the estates of

minors and the estates and/or person of incapacitated and disabled persons in the county as indicated by law and procedures.”

#### **“Strategic Priorities**

- Provide superior and effective services to the estates under the public administrator’s care by improving upon accounting and check-writing capabilities.
- Find and provide ways to inform and educate the public regarding the role of administrators, in general, and in particular, the public administrator.
- Remain informed and educated through public feedback.”

#### **“Department Products and Services**

The office provides estate administration services for citizens of St. Louis County in those situations where there are no other persons who are qualified. It also provides useful information to the public through the internet and personal contact. The office takes charge and custody of persons and assets in a number of circumstances, including:

- Where there are probate assets of a deceased person that are subject to loss or damage and there is no will, heirs, personal representative, or relatives of the deceased person;
- Where there are conservatorship assets of a minor who has no family or other person to act as conservator for the minor’s conservatorship estate; and
- The conservatorship assets and/or person of a disabled and/or incapacitated person who has no family or other person who can act as guardian for the person or conservator for their conservatorship assets.”

#### **Recommendation**

4. We recommend that the Public Administrator review, reorganize and add necessary information to the website to improve the site’s utility.

#### **Management Response**

4. We agree and it will be implemented soon.

### **V. Internet Site – Links and Content**

We reviewed web sites hosted for the benefit if the Public Administrator. The Public Administrator’s Office has a public internet site but no intranet site. We reviewed the site to validate content and to check for dead links.

Good information is hosted on this site, included a Frequently Answered Questions document that explains the role of the Public Administrator and his staff.

At this address, there is a web page:

<http://www.stlouisco.com/LawandPublicSafety/PublicAdministrator/JudgmentsObtained>

The target web page contains a link under the heading: “For a list of judgments Obtained click here.”  
The address in this link is:

<http://www.stlouisco.com/scripts/publicadmin/attachment/publicadmin/index.cfm?ViewMe=5061>

If you follow the link, you receive an error. A publicly facing web site should not contain dead links. If the target site is likely to contain an empty list or expected to contain an empty list, there should be some explanation for the benefit of the site user.

### **Recommendation**

5. We recommend that the Public Administrator request that the Chief Information Officer either repair or remove this link to “Judgments Obtained”.

### **Management Response**

5. We agree and will implement the recommendation.

## **VI. Web Site Support**

The Public Administrator does not have a person dedicated to maintains their department’s website.

If there is no dedicated IT support staff, there is a higher probability that web content will be out-of-date. There is a greater possibility of dead links if web site content is not reviewed and corrected at some regular frequency.

### **Recommendation**

6. We recommend that the Public Administrator appoint a designee for the website within the department or formally arrange for the IT department to manage the website.

### **Management Response**

6. A support person has been designated who will provide support for the web site.

## **VII. Intranet Website**

The Public Administrator’s Office does not have an intranet site.

### **Recommendation**

7. We recommend that the Public Administrator appoint a designee for the web site within the department or formally arrange for the IT department to manage the web site.

### **Management Response**

7. Per the IT department:  
*I’ve spoken with Linda Griffie from the Public Administrator office. Given the small size of the office, and the relatively small amount of web site changes they are likely to have, I’m assigning Brian Fagnani from my staff to work with the Public Administrator to make web site changes as needed. He will be able to help them with the changes that you will be recommending, and can assist them going forward.*

## **VIII. Job Descriptions**

We reviewed job descriptions for staff within the Public Administrator’s Office and compared them to information contained within the Department’s entries in the Staff Directory.

Several job descriptions have not been updated since 2002 and 2003.

## **Recommendation**

8. We recommend that the Director of Personnel Division and Public Administrator review and update the job descriptions for:
- Office Service Representative – 2003,
  - Deputy Public Administrator – 2002,
  - Attorney III – 2003.

## **Management Response**

8. We will review.

## **IX. Staff Directory**

The Staff Directory was reviewed during the audit. The Staff Directory had not been updated recently.

The staff directory included inactive employee and has incomplete information.

We noted the following:

- The fax number for Thomas Carbone was incorrect.
- There was no Division/Section, extension, floor and/or room for Angela Drapp.
- Shannell Graham is not a current employee. This entry should be removed.
- There was no extension, fax number, address, floor or correct room for Karla Heberling.

## **Recommendation**

9. We recommend that the Public Administrator update the staff directory for:
- The fax number for Thomas Carbone was incorrect.
  - There was no Division/Section, extension, floor and/or room for Angela Drapp.
  - Shannell Graham is not a current employee. This entry should be removed.
  - There was no extension, fax number, address, floor or correct room for Karla Heberling.

## **Management Response**

9. These changes have been implemented.

## **X. Control Narratives**

Documentation is prepared and made available to external auditors who perform audit of St. Louis Count financial statements. The documentation, called a control narrative, is typically a high level description of processes performed within Departments. Control narratives identify key controls so that they can be tested. If the controls are tested and found to be working then less audit work may be necessary to complete the audit.

Controls documentation focuses on processes involving handling of funds or custody of assets.

The Public Administrator's office had documentation that was used to develop a control narrative that describes processes performed by staff within the department. A control narrative has been developed.

If control narratives are written and kept up-to-date, they lessen the amount of external audit testing that needs to be performed to review the County's financial statements and handling of Federal funds.

### **Recommendation**

10. We recommend that the Public Administrator review and finalize the controls narrative for his department.

### **Management Response**

10. Control narratives have been drafted. Additional content has been provided for narratives on controls over bank accounts.

## **XI. Case Notes and Contact Information**

We reviewed a sample of case files to determine the extent to which notes and records are kept regarding each case handled by the Public Administrator.

We noted a large number of notes, single pages and “Post It” notes -- many of which contained contact information for key persons providing care or critical services on cases being managed by the Public Administrator. Often a single piece of paper was filed with a name and phone number. We noted case files where the same contact information was noted in more than one place.

For example, it was not uncommon to see notes in different places recording the name and address of the client, as well as the names and addresses persons providing care and assistance to manage the affairs or estate of an individual. Across several cases, these notes included the addresses for properties, the names, phone numbers and addresses of relatives, care givers, case workers, nurses, doctors, and real estate agents.

We believe it would be more efficient and cost effective if more of these notes were incorporated into a simple electronic document named by case. As an alternative, this information could be incorporated better into the “Estates” program used by the Public Administrator.

If placed in a single document, this information could also be emailed or sent to smart phones so that it would be accessible

### **Recommendation**

11. We recommend that the Public Administrator consider organizing key contact information with one place or one electronic document (like a Word document or text file) for each case.

### **Management Response**

11. We have the information contained in an access based program call the Estates Program. It is located on the St. Louis County Server.

## **XII. Bank Accounts**

The Public Administrator may be required, by court order to take custody of certain assets which are used to pay expenses on behalf of a person who is incapacitated or unable to manage their own affairs.

The office of the Public Administrator may manage or administer assets held by others, such as stock or bond accounts. It is not unusual for the Public Administrator to also establish a joint or custodial bank account for payment of ongoing expenses for the care of an individual.

More than 100 bank accounts are currently managed by staff within the Public Administrator's office. These accounts are all held within the same financial institution. These bank accounts are necessary for the payments of living expenses and care for individuals. Payments to nursing homes are a common expense.

However, the banking arrangements may conflict with requirements stated within the St. Louis County Charter. Section 4.060 of the St. Louis County Charter states:

*"The director of administration shall appoint, under the merit system, the treasurer of the county who shall:*

- 1. Receive and retain custody of all public funds belonging to or handled by the county or any of its officers;*
- 2. Deposit or invest all funds coming into his hands in such depositories or securities as may be authorized by law or by ordinance;*
- 3. Supervise the disbursement of all county funds;*
- 4. Exercise all the powers and perform all the duties of a county treasurer as may be required or authorized by law."*

We noted that the Treasury function in Fiscal Management did not have visibility on the number of accounts, balances, reconciliations performed and controls used for checks written against these accounts. The processes currently used may be acceptable, but the Treasury function needs to have visibility on the processes used.

These funds are 'highly liquid, as the checks are prepared, written, printed and issued by staff within the Public Administrator's office. More than 100 of these accounts are in one banking institution. This relationship was not bid.

We have drafted some high level documentation to describe these accounts, their number, their purpose and a description of controls in place over the disbursement of funds by checks, written within the Public Administrator's office.

We are comfortable with the need for these accounts. We are not comfortable that there is adequate documentation about the processes followed to hold and disburse these funds. For example, the total amount of funds may be show on individual bank statements, but the total amount held or managed is not known or tracked on a monthly or annual basis. There is a lack of reporting or visibility on the total amount of assets held in these bank accounts at some regular interval. Since these funds are held in bank accounts where the checks are written by the Public Administrator's staff, these funds are highly liquid

The Probate Court has an audit function that reviews accounting for assets and funds held in custody.. The audits performed by the Probate Court appear to be detailed and effective in reviewing expenditures, on a case by case basis. They also appear to be effective in checking the disposition of less liquid assets, like the sale of vehicles or real estate.

We have also recommended that, as a minimum, these be an annual or semi-annual accounting of the total number of accounts and balances based on statements received and held. It may be acceptable to perform this reconciliation on a fairly infrequent basis, such as an annual or semi-annual basis. This accounting could be a simple spreadsheet showing the name, institution, bank account number (or portion of account number), and month end balance.

This accounting should be done to assess the level of risk within the operation and to allow an independent review of controls in place by others such as the St. Louis County Treasury function, the Probate Court, the St. Louis County Auditor's office.

### **Recommendation**

12. We recommend that the Public Administrator review a draft of procedures written that describe processes used to manage bank accounts within the public administrator's office.

13. We recommend that the Public Administrator perform, at a minimum an annual or semi-annual accounting of bank accounts and balances managed directly by staff within his office. This can be a simple listing of accounts and balances, based on bank statements, so that the total amount of funds managed, in the aggregate, is known.

**Management Response**

12. It has been reviewed.
13. We will review and make a determination.

**XIII. Bank Accounts – Positive Pay**

More than 100 bank accounts are currently managed by staff within the Public Administrator’s office. These accounts are all held within the same financial institution. These bank accounts are necessary for the payments of living expenses and care for individuals. Payments to nursing homes are a common expense.

Bank accounts held in the name of St. Louis County have a feature called “Positive Pay”. With Positive Pay, a file is transmitted to the bank containing information about checks written against an account. The bank will only honor checks written in the amounts and on the days indicated within this information.

This feature might or might not be available for the type of custodial bank accounts opened and managed by the Public Administrator.

This feature is a very effective fraud deterrent as it shields St. Louis County from liability from fraudulent checks.

There may be additional control features available, such as water marks, and micro-printing on check borders that should be reviewed and assessed at the same time.

We have assisted the Public Administrator in developing documentation about their banking processes. We would recommend reviewing this feature and other banking features to determine if they are available and practical for use with these accounts.

**Recommendation**

14. We recommend that the Public Administrator request and coordinate a review, by the Treasury function of control features used within bank accounts managed directly by staff within his department. Consideration should be given to additional fraud prevention and control features, such as “Positive Pay”.

**Management Response**

14. We are gathering information and reviewing the situation.

## **Post Audit Assessment of Controls**

At the end of the audit, we compared the results of our review to the original audit objectives. We prepared a written assessment of controls we found and their effectiveness. We noted considerable effort expended to improve controls during the audit:

### **Policies**

The department is governed by statute. Additional policies might be helpful.

### **Procedures**

The department is governed by statute. Additional policies might be helpful.

### **Web Sites**

The department has an external web site. We noted a dead link. We recommended that this link be corrected. We have suggested that the department store key documents on an intranet site.

### **Record Retention Schedules**

Written record retention schedules exist.

### **Control Narratives**

Control narratives were developed during the audit. We have recommended that the Public Administrator review and approve the draft control narrative. Key controls have been identified.

### **Unused or Inactive MUNIS Accounts and Cost Centers**

We recommended that a small number of unused and/or redundant MUNIS accounts and cost centers be marked as inactive, to reduce processing overhead and shorten queries and reports. Seven accounts were defined for use in recording costs for the CAPS project. These accounts have never been used.

### **Assets Held in Custody**

Controls were in place over assets held for the benefit of others. Reporting was in place. Assets are appropriately listed. We have recommended periodic reporting of bank balances.

### **Revenue**

Revenue or fees collected are be accounted for correctly.

### **Budget to Actual Expenditures**

Controls are in place to ensure that department or division expenditures conform to budgets and are reasonable when compared with budgets. We recommended that the amounts budgeted in a small number of accounts be reviewed. Funds are budgeted which have consistently not been used for three successive years.

### **Expenditure Testing**

Expenditures were supported with an invoice and approved purchase order. Amounts were mathematically correct. Invoices/source documents were cancelled. Amounts paid agreed to invoices. Expenditures were properly authorized and reasonable. Payments were timely.

### **Purchasing Cards**

Purchasing cards were used according to policy.

### **Investment Policies**

Written policies cover investments (of funds held for the benefit of the public administrator's office. Written policies cover investments (of funds held for the benefit others).

### **Reporting**

Financial reporting is in place that allows for review of revenues. Financial reporting is in place that allows for review of expenditures. Financial reporting is in place that allows for comparison of actual expenditures to budgets.

### **Fixed and Capital Assets**

There should be records of significant fixed assets. Fixed assets are stored under the Public Administrator's location code, under the Circuit Clerk's office. We recommended that additional documentation be developed by Fiscal Management to clarify or map where records of department assets for certain are stored.