EXECUTIVE SUMMARY

DEPARTMENT OF HUMAN SERVICES
DIVISION OF AGING SERVICES
OFFICE OF THE PUBLIC GUARDIAN FOR ELDERLY ADULTS

Our audit found the office has adequate controls to ensure its fiduciary guardianship responsibilities are achieved. We also found the financial transactions included in our testing were related to the office’s programs and were reasonable. However, not all revenues and expenses of the office are recorded in the state accounting system. Additionally, we identified potential savings related to the utilization of an accounting vendor, temporary employees, and an outside attorney. We also noted internal control weaknesses related to client asset storage, cash receipts, system access, security management, business continuity, deceased clients, investigator reports, and other matters meriting management’s attention. Questionable items related to professional services were referred to the state’s Division of Criminal Justice. We also observed potential efficiencies and cost savings that may be achieved if an electronic filing system was developed and adopted by the office to maintain client records.

AUDIT HIGHLIGHTS

- The office utilizes a vendor to perform financial-related duties for approximately one-third of its clients. The agreement with this vendor is outdated and may not be the most cost-effective option. We estimate that, during the audit period, the office and its clients could have saved at least $355,000 if temporary employment agencies were utilized to provide these services rather than the current vendor.

- Temporary employees are utilized to supplement staffing levels in providing services to its clients. We tested ten payments to the four vendors from which the office obtains legal, financial, and other administrative temporary employees and found four of these positions could have been obtained through state contract. Total payments for these four positions were $250,000 during fiscal years 2011 and 2012. If the office used the state contract vendors, cost savings of $90,000 could have been achieved.

- An outside attorney is utilized by the office to perform legal services when a client dies. Adding internal staff to perform these services could result in cost savings. We estimate the annual salary and fringe benefit costs for the staff necessary to perform this function to be $167,000. If clients were billed at a rate to cover these costs, client savings could be approximately $200,000 annually.

- The office did not have adequate internal controls to ensure client assets maintained on-site are safeguarded against loss. There was no inventory of items, no record of additions or removal of items from the room, and no log is maintained of who gained access to the room.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click here.