

REPORT DIGEST

GUARDIANSHIP AND ADVOCACY COMMISSION FINANCIAL AND COMPLIANCE AUDIT FOR THE TWO YEARS ENDED JUNE 30, 1995

SYNOPSIS

- The Commission's internal auditor devoted most of his time to operational duties rather than the audit function. These operational duties prevented the internal auditor from auditing all major systems of internal accounting and administrative control. This finding has been repeated since 1993.
- The Commission did not devote sufficient resources to property management and its property records have deteriorated since our last audit. This finding has been repeated since 1993.

{Expenditures and Activity Measures are summarized on the reverse page.}

INTRODUCTION

The Guardianship and Advocacy Commission was established to protect the legal rights of adults (including senior citizens) with mental illness, developmental disabilities, or physical handicaps. The Commission serves as guardian of last resort for adults who are unable to make decisions concerning their own welfare, care or estate. At June 30, 1995, the Commission was responsible for 5,856 adult wards.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INTERNAL AUDIT FUNCTION

The internal auditor devoted most of his time to operational duties, rather than the audit function. Throughout fiscal year 1994 and for a portion of fiscal year 1995, the internal auditor served in various key fiscal positions. According to Commission management, these temporary duties resulted from employee illness and job vacancies. The performance of these operational duties could potentially impair the internal auditor's ability to maintain his independence. In addition, it prevented the internal auditor from auditing major systems of internal accounting and administrative control at least once every two years. **This finding has been repeated since 1993.**

Failure to audit the agency's major systems of internal accounting and administrative controls reduces the Commission's ability to identify system weaknesses which, if uncorrected, could adversely affect asset safety and Commission operations. (Finding 1, page 9.)

The Commission accepted our recommendation to maintain a full-time program of internal auditing, as required by law, and to audit all major systems of internal accounting and administrative controls at least once every two years. (For the previous agency response, see Digest Footnote 1.)

PROPERTY CONTROL

The Commission did not devote sufficient resources to property management and its property records deteriorated since our last audit. Summary reports of fixed assets, which were filed with the State Comptroller, did not reconcile with the Commission's detail records or physical inventory counts, as described below:

- The quarterly reports of fixed assets did not agree with the Commission's detailed listings of fixed assets. Based on Commission records, the quarterly report excluded about \$39,000 in property additions. In addition, the quarterly reports were not reconciled with the Commission's physical inventory counts taken in February 1995 or 1994.
- The annual GAAP financial reporting package sent to the State Comptroller did not reconcile to the Commission's detailed listing of fixed assets or to the physical inventory counts taken each year.

During our testing of the Commission's property listings, we noted additional instances of noncompliance, including: items listed at the wrong location code, items not listed on the property records, and items which were not properly tagged.

The property and equipment schedule which appears in the audit report agrees with the Comptroller's quarterly reports of fixed assets but does not reconcile with the Commission's detail records which list all property items. **This finding has been repeated since 1993.**

According to Commission management, property controls were weakened when two property clerks were laid off four years ago. Since that time, management has not devoted sufficient attention to property control. (Finding 2, pp.10-11)

Agency management accepted our recommendation to reestablish accountability for its fixed assets as required by Statute. (For the previous agency response, see Digest Footnote 2.)

OTHER FINDINGS

There were no additional findings presented in our audit report. We will review the Commission's progress towards implementing our recommendations during our next audit. Mr. John Holmes, Internal Auditor, provided the Commission's responses.

AUDITORS' OPINION

Our auditors state that the Commission's June 30, 1994 financial statements for its Ward Trust Funds are fairly presented, except for the exclusion of non-cash assets, the year-end value of which is not reasonably determinable. In 1995, the Commission changed its method of accounting for non-cash assets. According to our auditors, the Commission's June 30, 1995 financial statements for its the Ward Trust Funds are fairly stated.

Further, our auditors state that the financial statements for the Guardianship and Advocacy Fund-297, a locally administered fund, are fairly presented as of June 30, 1995 and 1994.

_____ WILLIAM G. HOLLAND, Auditor General

WGH:JHL:pp

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	3
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	1	1

SPECIAL ASSISTANT AUDITORS

Parker & Meltzer were our special assistant auditors for this engagement.

DIGEST FOOTNOTES

#1 INTERNAL AUDIT FUNCTION - Previous Agency Response

1993: "The Commission accepts the recommendation and will reduce the Internal Auditor's participation in administrative duties as rapidly as staffing and the budget allow. In addition, working in concert with program staff, the Internal Auditor will conduct effective audits, utilizing efficient resources which reasonably assure adherence to statutory mandates and agency policy and procedures."

#2 PROPERTY CONTROL - Previous Agency Response

1993: "The commission accepts the recommendation. The ...Commission is of the opinion this finding was due to the unique circumstances of office moves and layoff of staff. This duty will be assumed by other staff and adequate property control records will be maintained."

GUARDIANSHIP AND ADVOCACY COMMISSION
INFORMATION FROM FINANCIAL AND COMPLIANCE AUDIT
For The Period Ended June 30, 1995

EXPENDITURE STATISTICS	FY 1995	FY 1994	FY 1993
•Total Expenditures (All Appropriated Funds)	\$5,317,498	\$4,885,118	\$4,455,796
<u>OPERATIONS TOTAL</u>	\$5,317,498	\$4,885,118	\$4,455,796
% of Total Expenditures	100%	100%	100%
Personal Services	\$4,084,404	\$3,766,255	\$3,356,244
% of Operations Expenditures	77%	77%	75%
Average No. of Employees	123	123	112
Other Payroll Costs (FICA, Retirement)			
% of Operations Expenditures	\$633,536 12%	\$574,466 11%	\$511,053 12%
Contractual Services	\$116,740	\$134,000	\$170,068
% of Operations Expenditures	2%	3%	4%
Travel	\$138,842	\$134,091	\$119,642
% of Operations Expenditures	3%	3%	3%
Telecommunications	\$170,784	\$138,074	\$199,090
% of Operations Expenditures	3%	3%	4%
All Other Operations Items	\$173,192	\$138,232	\$99,699
% of Operations Expenditures	3%	3%	2%
•Ward Trust Fund Activity			
Additions on Behalf of Wards	\$3,989,982	\$3,201,660	\$3,422,331
Less Expenditures and Other Deductions on Behalf of Wards	<u>3,643,817</u>	<u>3,092,669</u>	<u>3,911,939</u>
Net Increase (Decrease) in Ward Funds	\$ 346,165	\$ 108,991	\$ (489,608)
•Cost of Property and Equipment	\$698,470	\$708,666	\$703,413
•Total Receipts Deposited into State Treasury	\$94,900	\$65,600	\$46,876

SELECTED ACTIVITY MEASURES	FY 1995	FY 1994	FY 1993
•Office of State Guardian			
- No. of Wards at June 30	5,856	6,095	6,826
- Ave. No. of Assigned Cases per Worker	128	135	147
- Percentage of Ward Visits Completed	99%	99%	98%
- No. of Estates at June 30	461	497	517
- Ave. No. of Estates per Worker	44	44	46
•Legal Advocacy Service			
- No. of Client Cases Handled	1,803	945	681
•Human Rights Authority			
- No. of Cases Closed	179	204	266

AGENCY DIRECTOR(S)

During Audit Period: Gary E. Miller, Director
Currently: Gary E. Miller, Director