

# **City and County of San Francisco**

## **OFFICE OF THE CONTROLLER**

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### **DEPARTMENT OF AGING AND ADULT SERVICES:**

Most of the Whistle-Blowers' Allegations Made Against the Public Guardian-Public Conservator and Public Administrator Divisions Were Not Substantiated, but the Department Should Better Manage These Divisions

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**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ed Harrington**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

March 6, 2003

Report Number 02038

Darrick Lam, Executive Director  
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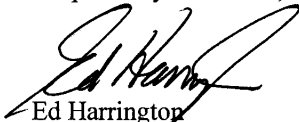
Dear Mr. Lam:

The Controller's Office presents its report concerning the investigative and performance audit of the Public Guardian-Public Conservator (public guardian) and Public Administrator (public administrator) divisions of the Department of Aging and Adult Services (department) of the City and County of San Francisco (City). Our audit followed a complaint we received from the City's Ethics Commission in August 2002. In the complaint, two employees of the public guardian alleged that there is serious mismanagement of the public guardian and public administrator, and that at least one employee may have committed fraud by accepting money from a vendor. Allegations included weak controls over client assets, a lack of written procedures, and unqualified accounting staff.

The audit found that nine of the whistle-blowers' 16 allegations were untrue or could not be substantiated but concern areas in which there are underlying problems. Three allegations are true and reflect problems the department must address, and three allegations are true but do not indicate problems. We referred a final allegation to the City Attorney for investigation. Although we found no evidence to support the whistle-blowers' allegations that the public guardian and public administrator engage in illegal or improper activities, the serious management problems in the divisions that we did find put client assets at undue risk and may impair the department's productivity. In addition, we found that the divisions do not manage their workloads effectively, and the Probate Court and some hospitals find the quality of service the divisions provide to be lacking. Finally, the department pays its software vendor excessive fees for services provided to the divisions and has not used a competitive process to select its brokerage firm and auction house.

We acknowledge the cooperation and assistance given to the audit team by you and your staff. The department's response is attached to this report. The Controller's Office will work with the department to follow up on the status of the recommendations made in this report.

Respectfully submitted,

  
Ed Harrington  
Controller



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## EXECUTIVE SUMMARY

<b><i>Background</i></b>	<p>Since fiscal year 2000-01, the functions of Public Guardian, Public Conservator, and Public Administrator have been in the Department of Aging and Adult Services of the City and County of San Francisco (City).</p> <ul style="list-style-type: none"><li>• The Public Guardian is a court-appointed conservator of vulnerable adults, mainly seniors, who cannot handle their affairs. It collects, manages, and disburses funds for its clients, most of whom receive some type of government aid. The Public Conservator handles the affairs of people whom the Superior Court has determined have a grave disability from a mental disorder. Referrals to the Public Conservator come only from hospitals. The City's Public Guardian and Public Conservator functions are united in the Public Guardian—Public Conservator division (public guardian).</li><li>• The Public Administrator division (public administrator) oversees the estates of city residents who die without a will and have no relatives to administer the estates or when appointed by the Superior Court. The public administrator secures and sells the decedent's assets, pays creditors and other costs, and remits any remaining funds to designated beneficiaries.</li></ul> <p>For fiscal year 2002-03, the public guardian has a budget for 38 full-time equivalent positions, and the public administrator has a budget for 11 full-time equivalent positions. The public guardian is budgeted to spend \$3.2 million and recover \$750,000. The public administrator is budgeted to spend \$1.0 million and generate \$1.8 million in fees.</p>
<b><i>Employees Alleged Mismanagement and Possible Fraud</i></b>	<p>Two employees of the public guardian alleged that there is serious mismanagement of the public guardian and public administrator, and that at least one employee may have been committing fraud by accepting money from a vendor. Allegations included weak controls over client assets, a lack of written procedures, and unqualified accounting staff. The allegations are fully described in Chapter One of this report. The City's Ethics Commission referred the whistle-blowers' allegations to us for investigation</p>

<p><b><i>Most of the Allegations Are Unsubstantiated, and We Found No Evidence of Fraud</i></b></p>	<p>The majority (nine) of the whistle-blowers' sixteen allegations regarding the public guardian and public administrator were untrue or could not be substantiated. However, many of these allegations concern areas in which we found underlying problems. We found three allegations are true and reflect problems the department must address, and three allegations are true but do not indicate problems. We referred a final allegation to the City Attorney for investigation. Although we found no evidence to support the whistle-blowers' allegations that the public guardian and public administrator engage in illegal or improper activities, the serious management problems in the divisions that we did find put client assets at undue risk and may impair the department's productivity.</p>
<p><b><i>Safeguards Over Client Property Should Be Stronger</i></b></p>	<p>The public guardian and public administrator do not adequately control how they collect, document, and store client property. This leaves property more vulnerable to theft or loss than it should be, and increases the risk that employees will be accused of stealing client property. Department staff conducts searches of clients' homes in pairs, but may not stay together within residences. This is efficient but increases the opportunity for theft. In addition, because the department provides little oversight of the private company that collects, transports, and sells client property, there is no way to ensure that the company accounts for and sells all items for their true values. Further, the department cannot be sure that it knows where client property is once it is collected because staff often does not update the records in the divisions' computer system. Finally, the department does not have a sound policy governing how its employees can access its property storage room and safes.</p>
<p><b><i>Comprehensive Procedures Manuals Do Not Exist</i></b></p>	<p>The public guardian and public administrator have some written procedures, but management does not ensure that they are comprehensive, compiled, distributed, and updated so as to facilitate their use by deputies and accounting staff. As a result, employees are more likely to learn accepted procedures from a coworker, who may or may not be right, or simply do things they way they see fit. Although California law provides the requirements for all county public guardians and public administrators to follow, staff in both divisions could benefit from a manual or manuals that interpret state and local laws, and that explain the desired practices in day-to-day operations. In addition, the divisions do not regularly evaluate the performance of their employees.</p>

<p><b><i>The Public Guardian and Public Administrator Do Not Manage Their Workloads Effectively</i></b></p>	<p>The workload of the public guardian and public administrator has increased significantly since fiscal year 1995-96, and neither the public administrator nor the public guardian appears to be managing the increase as well as it could. The public guardian workload is consistent with peer jurisdictions; however, the division has a backlog of cases and perceives itself as overwhelmed. As the public guardian's workload has increased, outside parties complain that work is not done, and the division's management controls can suffer when corners are cut to boost productivity. The public administrator's work is less time-sensitive than the public guardian's and the division recovers much more in fees than the cost to operate it, but staff manages the heavy workload partly by circumventing management controls and by delegating responsible work to high school student interns.</p>
<p><b><i>The Court and Hospitals Are Frustrated With the Public Guardian</i></b></p>	<p>Employees of the Probate Court and hospitals told us that some of the public guardian staff take too long to do their work and do not act professionally. Reported problems include public guardian employees often not returning phone calls promptly or at all. The hospital staff asserted that two public guardian deputies, in particular, are incompetent and hard to work with, and that the department's management has not addressed complaints about them. The hospital personnel we interviewed are frustrated that their employers funded a hospital liaison position in the public guardian, only to see the function dropped. The position, intended to improve workflow from the hospitals to the public guardian, was staffed with an employee who took a disability leave in 2002.</p>
<p><b><i>Management's Poor Handling of the Departmental Integration Has Contributed to Low Morale</i></b></p>	<p>Employees at all levels of the public administrator and public guardian say that morale is low, and they generally attribute the problem to management's poor handling of the departmental integration and a high rate of management turnover. Employees, especially in the public administrator, describe an atmosphere of mistrust and conflict. Since the public guardian and public administrator units became part of the Department of Aging and Adult Services in 2000, their staff has seen the departure of the entire management team that was in place when the office was part of the Department of Administrative Services. As for integrating the public guardian with the public conservator, which used to be part of the Department of Public Health, one employee said the staff members who worked for the public guardian function before the integration see themselves as a "vanquished army." We were told that public guardian deputies feel badly</p>

	that they are paid less than their public conservator counterparts, that two public guardian deputies are on disability leave because of conflicts in the office, and that others have left because they were unhappy with the office.
<b><i>The Department's Software Vendor Receives Excessive Fees</i></b>	We found that the department has a contract to pay its software vendor, Panoramic Software, Inc. (Panoramic) a large amount of fees—\$329,758 in 2001. The \$15,900 in monthly fees that San Francisco is obligated to pay Panoramic for software and support alone is over four times higher than the next highest fee we found, the \$3,600 per month that Solano and Alameda counties pay for what should be comparable services. Although the department selected Panoramic through a competitive solicitation process following our 1999 audit, the contract with Panoramic includes services and fees that were not specified in the City's solicitation document. The department should modify its relationship with Panoramic to ensure that the department receives appropriate services at fair prices.
<b><i>The Department Has Not Used Competitive Processes to Select, and Has No Contracts With, Its Brokerage Firm and Auction House</i></b>	The public guardian and public administrator have established exclusive or near-exclusive relationships with both a securities brokerage firm, Prudential Securities, Inc. (Prudential), and an auction house, D.G.W. Auctioneers, Inc./Cambridge Auction House (Cambridge), without having a competitive solicitation process or contract for these services. Further, the department's contracts with its tax preparation provider and property management and real estate service provider have expired. Neither competitive selection processes nor contracts are legally required for these services and we found no evidence that any of the firms engaged in fraudulent activity, as was alleged. However, some department employees question the divisions' relationship with Prudential. Further, the department does not monitor the activities of Cambridge. The department would be more assured that it is obtaining the best available value by establishing contracts for these services after using competitive processes to select the providers.

<p><b>Key Recommendations</b></p>	<p>To strengthen the management of its Public Guardian—Public Conservator division (public guardian) and Public Administrator division (public administrator), and to improve the integration of the department, the Department of Aging and Adult Services should do the following:</p> <ul style="list-style-type: none"> <li>• Recruit and hire fully qualified people to fill two key positions that are now vacant or occupied by an acting incumbent: the deputy director of programs and the manager of the public administrator.</li> <li>• Address ways to manage the workload of the public guardian and public administrator. Reducing the number of cases the divisions take on would be preferable to providing poor service.</li> <li>• Develop a policies and procedures manual and an employee performance appraisal process for the public guardian and public administrator.</li> </ul> <p>The public guardian and public administrator need to improve their procedures in the following ways:</p> <ul style="list-style-type: none"> <li>• Develop a standard training and orientation program for new employees, and institute ongoing training for all staff.</li> <li>• Create a system of spot-checking the performance of its appraiser and auction house in collecting, inventorying, appraising, and selling clients' personal property.</li> <li>• Create a better system of tracking and storing client property, possibly including bar coding of items.</li> <li>• Implement procedures that include better controls over how employees search residences and how they access the department's property storage room and safes. Make explicit and enforce the practice of dual custody, in which two employees must be present whenever client property is accessible.</li> </ul> <p>To ensure that the firms it does business with provide the best value, the Department of Aging and Adult Services should do the following:</p> <ul style="list-style-type: none"> <li>• Begin or continue to issue requests for proposals and establish contracts for the following services: appraising and auctioning property, mortuary services, real estate services, tax preparation, brokerage services, and computer services.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Remove banking and investment responsibilities from Panoramic Software, Inc. (Panoramic) and assign them to a new or existing member of the department's accounting staff, thereby saving the department up to \$84,000 per year and gaining greater control over its investment activities.</li> <li>• Discover why Panoramic charges other California counties so much less in fees than it charges San Francisco. The department should then use this information to decrease its computer services costs.</li> </ul> <p>Further, to ensure that the Department of Aging and Adult Services improves its management in a timely and sound manner, the Mayor's Office should do the following:</p> <ul style="list-style-type: none"> <li>• Evaluate what kind of management changes would make a positive difference in the department and work with the department to ensure that such changes are implemented.</li> <li>• Set a date by when the department has implemented recommended changes and is functioning effectively. If this goal is not met, consider alternative arrangements for the department.</li> <li>• Consider not adding additional divisions to the department unless the department has stabilized.</li> </ul>
<b>Department Response</b>	<p>The Department of Aging and Adult Services agrees with the report's conclusions and recommendations. The department's full response is attached to the report.</p>

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## INTRODUCTION

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The Department of Aging and Adult Services (department) for the City and County of San Francisco (City) encompasses both the Public Guardian-Public Conservator division (public guardian) and the Public Administrator division (public administrator). The department is responsible for assisting older and functionally impaired adults and their families to maximize self-sufficiency, safety, and health so that they can remain in the community as long as possible. As the court-ordered representative for individuals who cannot handle their own affairs, the public guardian oversees financial and personal care matters for its clients, most of whom receive some type of government aid. The public administrator investigates and administers the estates of county residents who die without a valid will and have no relatives to administer the estates.

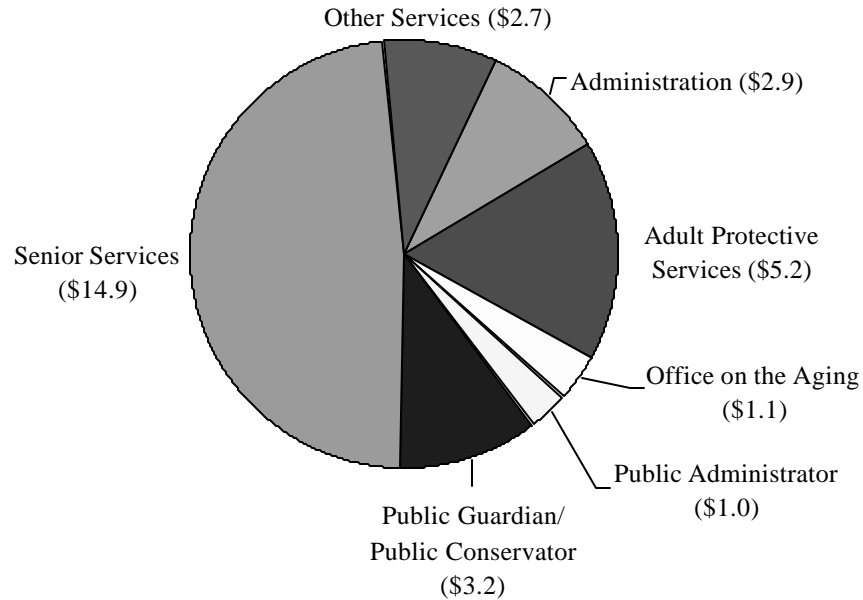
### **THE CITY ESTABLISHED THE DEPARTMENT OF AGING AND ADULT SERVICES IN RESPONSE TO AN AUDIT WE CONDUCTED IN 1999**

Before the City formed the Department of Aging and Adult Services, the public administrator and public guardian functions were a unified division under the Department of Administrative Services, and the public conservator was part of the Department of Public Health. Our 1999 audit recommended that the former Public Administrator/Public Guardian's Office request that the Mayor and Board of Supervisors consider moving the public conservator function from the Department of Public Health to the Public Administrator/Public Guardian's Office. In 2000, the City created the Department of Aging and Adult Services to bring together related city programs—which were in four different departments—that serve older and functionally impaired adult San Franciscans.

Along with the public administrator, public guardian, and public conservator, the Department of Aging and Adult Services includes the Office on the Aging (and its commission), the County Veterans Services Office, and the Adult Protective Services unit that was formerly in the Department of Human Services. In July 2003, the In-Home Support Services unit, now in the Department of Human Services, is scheduled to join the Department of Aging and Adult Services. The challenge that faced the management of this new department when it was formed—and that still faces its current administrators—was to integrate these various services, and the employees who provide them. This department, with 146 budgeted positions in fiscal year 2002-03, brings together employees from city departments, some of which had significantly different organizational cultures. In addition, key managers, including the department's first head and the three managers who ran the public guardian and public administrator functions, have resigned since the department was formed, making the job of integration even more difficult.

For fiscal year 2002-03, the department's total budget is \$31.01 million, including \$1.03 million for the public administrator and \$3.20 million for the public guardian. Almost all of these funds come from the City's general fund. The public administrator has a budget for 11.2 full-time equivalent positions and the public guardian has a budget for 37.9 full-time equivalent positions.

**Exhibit 1**  
**Department of Aging and Adult Services Budget,**  
**Fiscal Year 2002-2003**  
(in millions)



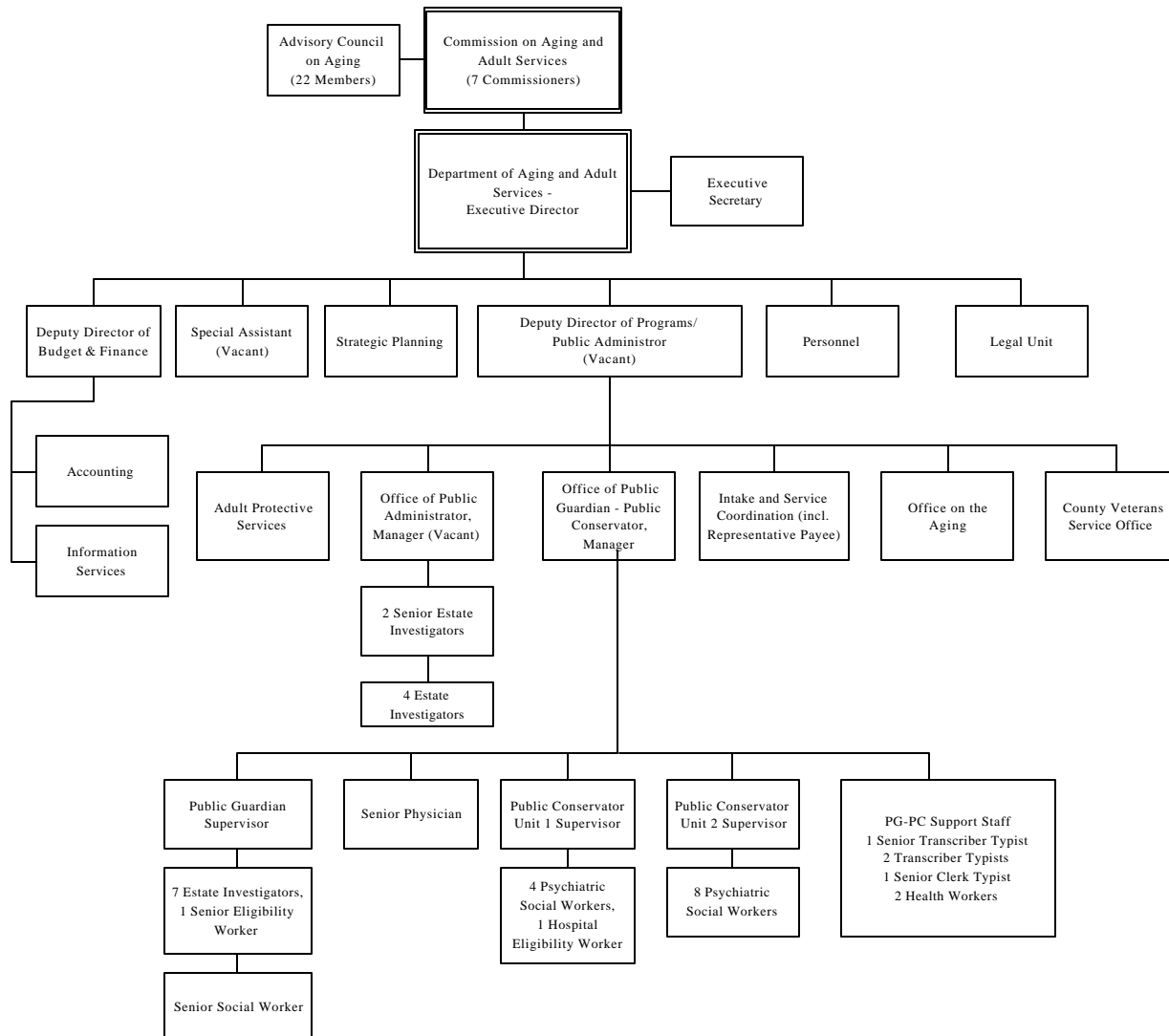
The following are descriptions of the required roles and the organizations of the public guardian-public conservator and public administrator divisions:

***The Public Guardian-Public Conservator  
Provides Financial Management and  
Personal Conservatorship for  
At-Risk Individuals***

The California Probate Code authorizes the Probate Court of the San Francisco Superior Court (Probate Court) to appoint a public guardian in each county to be the probate conservator of people, usually seniors at risk, who cannot manage their affairs. The Probate Code is the section of California State law that specifies laws that pertain to a person's legal and financial affairs when he or she is incapacitated or dies. As such, these laws guide the functions of both the public guardian and public administrator.



**Exhibit 2**  
**Department of Aging and Adult Services Organization Chart**



Note: Position detail shown only for Public Administrator and Public Guardian-Public Conservator.

Once the Probate Court orders a conservatorship, the public guardian has care and custody of that person. One person is appointed the county's official Public Guardian, and he or she is the legal conservator for all the cases and signs all the documents and reports. The public guardian division includes three units that participate in the conservatorship of a case: legal, accounting, and estate investigators, who are considered deputy public guardians. Cases are not assigned to individual staff for the duration of the conservatorship; instead, different units work on different parts of each case. In its capacity as conservator, the division collects, manages, and disburses funds for clients, most of whom receive some type of government aid and oversees clients' living and healthcare arrangements to ensure that individuals have appropriate housing and medical care. In November 2002, the public guardian had 461 active cases under its care.

In San Francisco, the public guardian is organizationally combined with the City's Public Conservator function. Public conservatorship is a mandated court action, under state law, to require involuntary treatment of individuals who meet the definition of grave disability because they have a mental disorder. Deputies who handle these cases are psychiatric social workers. Only designated hospitals may refer people to the public conservator, and the California Welfare and Institutions Code (not the Probate Code) governs the activities of the public conservator. The public conservator protects the interests of some 1,000 San Francisco residents annually. This report does not focus on the activities of the public conservator because none of the allegations pertained to it.

***The Public Administrator Oversees  
The Estates of County Residents Who  
Have No Will or Known Relatives***

According to California Probate Code, the public administrator is an officer of a county who investigates and administers the estates of county residents who die without a valid will or have no relatives to administer the estates. The public administrator must be appointed as a neutral party by the Probate Court, part of the Superior Court. As with the public guardian, the Probate Court appoints a person to serve as the Public Administrator of the county, and employees of the public administrator division help perform the duties of the office. The public administrator secures and sells the decedent's assets, pays creditors and other costs, and remits remaining funds to designated beneficiaries. In November 2002, the division was actively administering 774 decedent estates, while an additional 2,048 cases were inactive but not yet finally closed.

## **AUDIT SCOPE AND METHODOLOGY**

The Controller's Audits Division conducted both an investigative audit and a limited performance audit of the Public Guardian-Public Conservator division and the Public Administrator division in the Department of Aging and Adult Services. The objectives of each audit are presented below.

***The Controller's Audits Division Investigated  
Multiple Allegations Concerning the  
Public Guardian and Public Administrator***

Our investigative audit responded to a complaint received from the City's Ethics Commission in August 2002. The complaint included allegations by two anonymous whistle-blowers, identified only as employees of the public guardian. Alleging serious mismanagement and the possibility of fraud by employees of the public guardian and public administrator, the complaint claimed that the divisions have weak controls over client assets, that other procedures are inadequate, that the accounting staff is not qualified to do its job, and that an employee was receiving improper payments from a vendor.

As the San Francisco Whistle-blower Ordinance directs, the Ethics Commission asked the Controller to report to the commission after the Controller conducted an investigation into the allegations. Therefore, we at the Office of the Controller examined the issues, policies, procedures, and documents of the public guardian and public administrator that related to each part of the complaint. We also referred to the City Attorney's Office for investigation an allegation of criminal wrongdoing. In reaching our findings, we consider the Department of Aging and Adult Services' written response to the complaint, dated August 30, 2002. We discuss the allegations and our findings in Chapter One.

***The Controller's Audits Division Also Evaluated  
Whether the Divisions Have Adequate  
Management Controls and  
Perform Their Functions Effectively***

The current audit evaluated whether the divisions have implemented key recommendations that appeared in the report on our 1999 audit of the public guardian and public administrator. The audit determined whether the divisions, then combined as a unit under the Department of Administrative Services, properly accounted for and managed their clients' funds and assessed whether they served the appropriate clients, achieved intended results, and managed their programs in an efficient, economical manner. The 1999 audit also assessed whether the public guardian and public administrator had adequate performance measures and accurately reported their performance for budget purposes.

Our conclusions about the divisions' performance appear in Chapters 2 and 3 of this report. The appendix covers the status of the Department of Aging and Adult Services' efforts to implement the recommendations from our 1999 report.

***Our Methods Involved Interviews,  
Document Reviews, and Analyses***

To address the specific allegations and to identify needed improvements, we met with the executive director of the department, members of the senior and middle management team of the public guardian and public administrator, and many current and former staff members. We sought to understand their duties and responsibilities and to identify the principal functions that the divisions perform for their clients. We evaluated some of the department's and the divisions' key management controls—that is, the tools related to strategic planning, policies and procedures, and employee performance appraisal—to determine whether the department is achieving its objectives. To evaluate the adequacy of the divisions' monitoring of assets, we also reviewed and analyzed how the divisions use specific systems, such as its property storage procedures and computer system.

In addition, we reviewed the department's relationships with vendors that provide essential services to the public administrator and public guardian. Both divisions do business on behalf of client estates with a securities brokerage firm, an auction house, a mortuary, an accountant, and a

real estate broker. We assessed the procurement process for obtaining these services, and focused particularly on the divisions' relationships with their securities brokerage firm because that relationship is the subject of several allegations. We also looked carefully at the services and fees of the software vendor because the City's relationship with that firm had been the subject of much of our 1999 audit. We did not concentrate on assessing the vendors' effectiveness at providing their respective services; rather, we focused on the divisions' ability to use and monitor these services effectively.

Finally, to assess the quality of service the public guardian and public administrator provide, we interviewed representatives of the Probate Court and local hospitals to elicit their comments about their experiences working with the divisions.

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# **CHAPTER 1**

## **THE WHISTLE-BLOWERS' ALLEGATIONS INDICATE UNDERLYING MANAGEMENT PROBLEMS AT THE PUBLIC GUARDIAN AND PUBLIC ADMINISTRATOR DIVISIONS**

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### **CHAPTER SUMMARY**

Our investigation found no evidence to support whistle-blowers' allegations that the Public Guardian-Public Conservator division (public guardian) and Public Administrator division (public administrator) of the Department of Aging and Adult Services (department) are engaging in illegal or improper activities. Nonetheless, many of the allegations signal that serious management problems exist in the divisions and that these problems have contributed to low employee morale. Our investigation and audit revealed that the divisions have poor controls over clients' personal property and money, weaknesses in office policies and procedures, and some inadequacies in staff qualifications and training. In addition, the divisions have established relationships with vendors that are not as advantageous to the City and County of San Francisco (City) as they might be.

### **MOST OF THE ALLEGATIONS ARE UNTRUE**

Of the sixteen allegations we received from the Ethics Commission, nine are either untrue or lack substantiating evidence, although many of these allegations concern areas in which we found underlying problems. Three allegations are true and reflect problems the department must address, and three allegations are true but do not indicate problems. We referred a final allegation to the City Attorney for investigation. Our investigation also failed to confirm many of the theories and opinions expressed by current and former employees of the public guardian and public administrator, who approached us with information about problems in the department. In greater numbers than we have seen in any previous audit, these individuals sought us to express their concerns and frustrations. Many of these concerns focused on supposed inappropriate and potentially dishonest behavior by several managers, personality conflicts with managers, and other problems that had already been expressed in the complaint we received via the Ethics Commission. However, we did not substantiate any actual misconduct by the managers.

Several times employees showed us records or suggested that we look into specific case files that would prove their allegations. We reviewed all records and files brought to our attention but did not find any proof of wrongdoing. Apparently, some employees have made allegations about current and former managers of the public administrator and public guardian divisions, both formally and to audit staff, without fully understanding the circumstances, the laws involved, or the City's hiring and firing processes.

The discussion below covers specific allegations, arranged by category, and our findings.

## ***Controls Over Client Property and Money***

- *Allegation 1:* For over a year, the public guardian's estate investigators (deputies) have searched clients' homes and collected assets by themselves and without receipt booklets, so there is no accountability for the assets.

*Finding:* Untrue, but an underlying problem exists. Both public administrator and public guardian deputies appear to conduct property searches in pairs, as departmental policy requires. In our test of a sample of receipts that the divisions use to record client assets collected, all 18 receipts used for searches of residences and bank safe deposit boxes showed the signatures of two staff members. However, interviews with several public guardian and public administrator staff indicated that teams may be splitting up within residences to conduct searches more quickly, and this method increases the potential that property may be misplaced or stolen. We also found that staff uses receipt booklets inconsistently.

- *Allegation 2:* Ledgers show that public guardian clerks have made duplicate payments.

*Finding:* Untrue, but an underlying problem exists. We found no evidence to indicate that an unreasonably high number of duplicate payments is occurring. Our review of payments to 23 client accounts of the public guardian for one year revealed only one duplicate payment, and public guardian employees discovered this error after two and a half years and corrected it on their own.

Although we found little evidence of duplicate payments, account clerks lack an onsite supervisor, which increases the likelihood that errors will occur.

- *Allegation 3:* Deputies have no way to know that the office has received a check for a client. No copies of checks are being made.

*Finding:* Public guardian and public administrator clerks receive checks, such as stock dividends and Social Security benefits, that are mailed to clients. The clerks enter all checks in a logbook and the divisions' computer system before depositing them in a bank account. Although a senior account clerk told us that they do not always make copies of incoming checks, we found in both a logbook and the computer system the records of checks received for clients. Photocopying checks would not provide greater security than the logbook and computer records provide.

- *Allegation 4:* No one ensures that mail is forwarded to the current office on Otis Street, so clients' stock dividends, benefit checks, and other assets are being lost in the mail.

*Finding:* Senior management acknowledges that the Otis Street office, where the public guardian and public administrator are located, has not received mail consistently since it opened. However, the department has notified the Post Office about the current address of the public guardian and public administrator, and less mail is now misdirected.

- *Allegation 5:* The bank is moving money in and out of collective bank accounts improperly, and this money cannot be traced to client bank accounts.

*Finding:* Use of a collective account is not improper, and the bank moves money in and out of accounts only in response to instructions. Funds deposited into the collective account are tracked within the divisions' computer system to each client.

- *Allegation 6:* The acting manager of the public administrator has reorganized the storage area where clients' valuables are kept. Other employees have reported valuables and money missing in the public administrator division.

*Finding:* The acting manager of the public administrator division did reorganize the storage area, and employees described to us incidents of missing valuables. We were not able to document or otherwise prove that specific items were missing; however, controls over client property are applied inconsistently and client property easily could be lost or stolen.

### ***Office Policies and Procedures***

- *Allegation 7:* Public guardian deputies now decide without management review when to end life support for terminally ill clients. Both a supervisor and the person holding the position of public guardian used to be required to sign off on a deputy's decision to stop life support.

*Finding:* We found no evidence to support this allegation from either division supervisors or hospital staff.

- *Allegation 8:* Public guardian staff has "no manager really," and regular procedures are overlooked. The manager of the public guardian refuses to put staff instructions or any other communication in writing because he is concerned about lawsuits. Further, he does not want to be involved with asset collection or to receive investigation reports from the court.

*Finding:* Untrue, but an underlying problem exists. We found written instructions from the manager of the public guardian to staff, standard checklists for handling cases, and meeting minutes. We also reviewed 20 cases, systematically selected, from the public guardian's files and all contained at least one investigation report from the court investigator of the Superior Court. According to the manager of the public guardian, he reviews these reports before they go to a deputy and into the case file. This allegation is a matter of opinion rather than fact and, while not accurate, reflects the perception, shared by many members of the public guardian's staff, that the division's manager is not as involved with the work of the public guardian as he is with the work of the public conservator.

- *Allegation 9:* The public administrator and public guardian now follow different procedures; thus staff in different divisions cannot assist each other.

*Finding:* According to longtime staff, before the public administrator and public guardian-public conservator became part of the Department of Aging and Adult Services, public administrator and public guardian employees were more thoroughly cross-trained. However, it seems that the failure of each division's employees to assist those in the other division may stem primarily from poor morale and from substantially increased caseloads in recent years.

## ***Staff Qualifications and Training***

- *Allegation 10:* Public guardian accounting employees are entry-level payroll clerks who are not qualified to manage the amounts of money they manage.

*Finding:* Untrue, but an underlying problem exists. We found that most of the accounting employees are senior account clerks, not payroll clerks, and they do not (and are not expected to) manage client money. Rather, they perform duties similar to those for which the Department of Human Resources determined that they were qualified. Thus, they are qualified to perform their jobs. However, account clerks have no consistent, formal training program, nor a supervisor onsite to answer their questions.

- *Allegation 11:* Public guardian clerks do not get adequate training because the manager of the public guardian is unfamiliar with the procedures.

*Finding:* We found that neither the public guardian nor the public administrator has a standard training protocol or a current, thorough manual of policies and procedures. New deputies and clerks are trained by “buddying” with colleagues and learning as they go. The divisions should have a more systematic training program for new staff.

## ***Relationships With Vendors***

- *Allegation 12:* The acting manager of the public administrator may be receiving kickbacks from Prudential Securities, Inc. (Prudential), to keep it as the division’s sole securities brokerage firm.

*Finding:* We have referred this matter to the City Attorney for investigation.

- *Allegation 13:* Using only one brokerage firm, Prudential, to handle public guardian client assets violates the California Probate Code.

*Finding:* Untrue, but an underlying problem exists. We could find no such provision in the Probate Code, and according to the department’s executive director and attorney, neither the public guardian nor the public administrator has an exclusive, contractual relationship with Prudential. However, in practice the divisions use only Prudential when they establish new client accounts, using other firms only when clients have preexisting relationships. We believe that the divisions’ clients would be better served if vendors were selected through a competitive solicitation process.

- *Allegation 14:* Prudential was selected illegally because the contract was issued without a request for proposals.

*Finding:* Untrue, but an underlying problem exists. No contract with Prudential exists. The department correctly asserts that because Prudential receives payments from the individual clients whose accounts it services, and not from the City, no competitive solicitation process or contract is required. The City Attorney’s Office supports this assertion. However, to



ensure that client funds are managed well and incur only reasonable costs, we suggest that the department use a competitive solicitation process for brokerage services.

- *Allegation 15:* Prudential gives the public guardian bad service and charges fees that other firms would not charge, some of which the public guardian cannot justify to the Superior Court.

*Finding:* Untrue, but an underlying problem exists. We reviewed several of Prudential's statements for client accounts and it appears that Prudential charged fees only for its commissions. We also found that employee opinions about Prudential's service quality and fees varied. Again, a competitive solicitation process would help the divisions determine how to obtain the best brokerage service for the best price and dispel impressions among some staff that other department employees have improper relationships with Prudential.

- *Allegation 16:* The public guardian has failed to send stock certificates to Prudential with the required instructions. There has been no check into the activities of Prudential.

*Finding:* Untrue, but an underlying problem exists. We found examples of written instructions to Prudential regarding its handling of specific accounts and of overall procedures with the public guardian. However, although the divisions receive and file Prudential's financial statements, they do not appear to review Prudential's activities.

## **THE ALLEGATIONS UNDERSCORE THE DEPARTMENT'S NEED TO IMPROVE THE DIVISIONS' MANAGEMENT**

The allegations, some of which we discuss further in Chapter Two, appear at least partly based on staff's unhappiness and on personality conflicts with management. In other words, the allegations appear to reflect a general mistrust of management by many employees that has its own impact on the functioning of the divisions. The work of both the public guardian and public administrator has a degree of inherent risk that staff could steal money or property. Thus, the success and integrity of the work depends largely on the honesty of those searching homes and processing financial data. If the staff believes that honesty and integrity is not valued, the department's effectiveness is severely compromised.

We also found that employees at all levels of the public guardian and public administrator agree that morale is low, and they attribute the problem largely to poor handling of the departmental integration and a high rate of management turnover. Based on our observations, management's efforts to facilitate the departmental integration have had mixed results. A great deal of resentment remains among staff in both divisions from the events of the past few years, and we heard employees tell and retell a few stories of alleged mismanagement or wrongdoing, which seems to reinforce people's negative opinions about their workplace.



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## **CHAPTER 2**

### **THE DEPARTMENT MUST STRENGTHEN MANAGEMENT CONTROLS, ADDRESS WORKLOAD ISSUES, AND SMOOTH THE INTEGRATION OF ITS DIVISIONS**

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#### **CHAPTER SUMMARY**

**T**he Public Guardian-Public Conservator division (public guardian) and Public Administrator division (public administrator) lack adequate controls over the collection, documentation, and storage of client property, and this omission leaves the property vulnerable to theft or loss. Inadequate controls could also expose the Department of Aging and Adult Services (department) to accusations that it is misappropriating or mismanaging client property. The divisions have some written procedures, but management does not ensure that the procedures are comprehensive, distributed uniformly, updated regularly, or compiled in a way that would facilitate their use by staff. Further, there is no standard training program for new employees or regular performance evaluations of staff.

A comprehensive and current policies and procedures manual could increase staff's adherence to standard practices and offer a means by which the divisions can better manage their workloads, which have increased significantly since fiscal year 1995-96. Since that time, the public guardian caseload has more than doubled and is perceived as excessive by some staff, but is comparable to the caseloads of public guardians in other counties. This perception may indicate that management could improve the way the division handles its workload. The public administrator caseload has increased by 61 percent in the past seven years. Part of the reason that the Public Administrator has allowed its caseload to increase so much is that the program generates much more in fees (budgeted at \$1.8 million for this fiscal year) than it costs to operate (\$1million). However, neither the public administrator nor the public guardian appears to be managing the increased caseload as well as it could. Already at low ebb because the two divisions have not integrated into the department smoothly, staff morale shows no signs of improving quickly. In addition, the divisions' management controls appear to be suffering under the strain of the increased workload. Finally, some hospital and court personnel who work with the public guardian view the public guardian's employees as taking too long to complete their work and feel that some employees do not behave professionally. Such conduct, if true, impedes the department's effectiveness and diminishes the respect outside agencies have for all members of the department.

#### **THE PUBLIC ADMINISTRATOR AND PUBLIC GUARDIAN DO NOT SAFEGUARD CLIENT PROPERTY ADEQUATELY**

Client property held by the public guardian and public administrator is vulnerable to theft or loss because the divisions have poor controls over the collection, documentation, and storage of this property. These poor controls leave the department and its staff vulnerable to accusations of

misappropriating or mismanaging client property. Department estate investigators (deputies) conduct searches in pairs, but we were told that they often separate during searches. In addition, the department provides little oversight of the private company that collects, transports, and sells client property. Consequently, the department cannot ensure that the company accounts for and sells all items for their true values. Further, the department's computer system does not contain complete and accurate records of client property, making it difficult to locate property. Finally, the department does not have a written dual custody policy—one that requires two employees to be present whenever valuables are handled—for the property it collects and stores in its storage room and safes.

### ***The Divisions Cannot Verify That They Protect Client Property***

Although the divisions could not provide us with a written policy for conducting searches of clients' residences, staff and managers agree that the department requires two deputies to be present during all searches of residences. We did not find any evidence to suggest that deputies were routinely conducting searches alone. On the other hand, several employees told us that deputies sometimes separate during searches, and the acting manager of the public administrator division told us of a visit he had made alone to a residence. Without a clear, written policy, employees may not know exactly what is expected and conduct searches improperly as a result, leaving the department vulnerable to accusations of misappropriating property.

By separating within a residence, deputies have greater opportunities to misplace or steal cash or other valuables. All seven of the other counties we contacted told us that their staff members always conduct searches in pairs, but one county acknowledged that it did not have a policy prohibiting its staff from separating within a residence. San Diego, Riverside, and Kings counties follow a system whereby one employee describes the items while the other writes the inventory, which ensures that the two employees remain together. Although San Francisco's staff may be separating for no other reason than to work more quickly, doing so increases the opportunity for—and could give the appearance of—impropriety. Rather than expecting deputies to separate during searches, the department should use other means to manage its workload, as discussed later in this chapter.

The divisions issue receipts for the personal property they collect, an important control against theft. The receipts list the items deputies receive and contain places for two deputies and a witness to sign. Of the 43 receipts we reviewed, 18 came from searches of residences and bank safe deposit boxes. All 18 receipts contained two staff signatures. The remaining 25 receipts were issued when deputies collected property at other times, such as receiving belongings from a client's landlord. Three of these receipts did not have signatures from the witnesses who had provided the property. Although these three receipts contained signatures from two staff, they should also have had signatures from the people who had turned over the property.

Requiring two deputies to sign receipts during searches adds a layer of protection against theft: to steal property, two staff would have to agree not to issue a receipt or not to list all of the items they collect. However, the divisions do not ensure that deputies write receipts whenever they

collect property. If deputies can visit a client's residence by themselves—whether to conduct a search or for another purpose—the divisions would have no way of knowing whether a deputy collected something that he or she did not list on a receipt.

A strong receipt system would require that:

- Deputies always collect property in pairs.
- Deputies use receipts with serial numbers on them and use them in numerical order.
- Both deputies who conduct the search or receive the property sign the receipt and have a witness sign it whenever possible.
- A supervisor review receipts regularly to determine if any that should have been used are missing.

While the divisions do use pre-numbered receipts that are bound in books, deputies share two or more books and no one is responsible for making sure that all receipts are accounted for. As a result, the divisions' system does not protect client property from theft or loss as much as it could.

### ***A Firm Collects and Inventories Property Without the Department's Supervision***

A private company—D.G.W. Auctioneers, Inc./Cambridge Auction House (Cambridge)—collects and inventories most property on behalf of the public administrator and public guardian, but the Department of Aging and Adult Services does not supervise or monitor the company's activities. For this reason, the department cannot determine if Cambridge properly and consistently accounts for all the items that it collects directly from the residences of the department's deceased or relocated clients or that it receives from the department. In addition, the department has no means of assessing whether Cambridge makes every effort to auction property at the highest possible price.

According to the acting manager of the public administrator, Cambridge acts almost as an additional deputy for the public administrator because the division has too few staff to conduct extensive inventories of property in deceased clients' homes. Furthermore, the division itself does not have the capacity to move large items or the space to store them.

When the department's public administrator or public guardian deputies visit a home that has large amounts of property, the deputies usually collect only the cash and the small items that may be valuable, such as jewelry. Without preparing their own inventory of the property remaining in the home, department deputies normally instruct Cambridge to collect, inventory, and appraise the remaining property. We contacted public guardians or public administrators in seven other California counties regarding their inventories of client property, and all prepare inventories themselves or in conjunction with an auction house. None delegates the entire process to an unsupervised outside organization.

Cambridge assumes a huge role in gathering and then disbursing the property that belongs to the department's clients. After collecting the property and taking it to its storage facility, Cambridge appraises the items and sends the department a list of the items with their appraised values. After being appointed administrator or conservator by the Superior Court, the public administrator or public guardian is to instruct Cambridge to sell the items, which Cambridge is supposed to do at its next regularly scheduled auction. For each lot that it sells, Cambridge sends the department a settlement statement, which shows the amount paid and Cambridge's commissions and expenses. Cambridge includes a check for the sale's net proceeds, which the department is to deposit in the client's account.

According to the acting manager of the public administrator, the department has instructed Cambridge to offer at auction everything that Cambridge appraises. This instruction provides a control by precluding the possibility that Cambridge would undervalue an item intentionally to keep it or sell it without the department's knowledge. However, the department does not monitor Cambridge's inventories or its auctions in any way, not even by conducting an occasional spot check.

After attending one Cambridge auction and reviewing some of its records regarding the sale of items received from the department, we found no fault with Cambridge's auction procedures or fees. However, because the department does no monitoring of its own, it is poorly prepared to determine whether Cambridge correctly accounts for all property that belongs to the department's clients, whether items are auctioned promptly to avoid unnecessary storage fees, or whether Cambridge auctions property in a way that is likely to bring the highest possible price.

### ***Neither Division Monitors Client Property Sufficiently***

Both the public guardian and public administrator find it difficult to track property accurately. An attorney for the public guardian said that no printed inventory of client property exists and that staff has no way of knowing where something is. If a deputy needs to find a particular item, that item may be in the property room, in a safe, with Cambridge, on a staff person's desk, or lost. Although we were told that client property with significant monetary value is supposed to be given promptly to Cambridge and not stored in the department's office for long, the lack of reliable property tracking increases the opportunity for theft or loss.

The acting manager of the public administrator said that often the inventory screens in the computer system (Panoramic system) provided by Panoramic Software, Inc. (Panoramic) are not current. The department uses proprietary software from Panoramic to track its clients' personal and financial information, and the database in the Panoramic system is intended to be a critical electronic repository of all information that the department gathers about a client. Deputies enter in the Panoramic system descriptions of the personal property and assets they collect from clients' estates, including the location of items collected by staff or Cambridge. However, the acting manager said that staff members often do not update the location of the item as it moves. For example, if the public administrator distributes a certain portion of a client's property, a deputy may decide to combine two property boxes or add the contents of a property envelope to

a box without updating the inventory in the system. In such a case, the Panoramic system's inventory screen might still show two boxes and a property envelope, but only one property box is actually in the property room.

Poor management appears to be the cause of the divisions' failure to monitor client property. The divisions lack a standard, written procedure for maintaining accurate records of client property, so employees have discretion as to what they do. Further, no one person has oversight or responsibility for storing property, keeping the storage room and safes organized, maintaining records, and replacing objects that have been moved. Without oversight, client property can be lost or stolen easily, which deprives client estates of value and delays the divisions' accounting of property for the courts.

***The Panoramic System Includes Some  
Safeguards to Protect Client Records,  
But Panoramic Has Too Much Control***

The Panoramic system software offers some protections against the intentional or accidental removal of client property information by department employees, but there is no oversight of Panoramic's activities. The system restricts staff from deleting entire active and archived public administrator and public guardian case records. It also prevents the deletion of records of client assets and property from its inventory screen, and it blocks staff from changing financial transaction ledgers. However, Panoramic's chief operating officer, who is at the department's office approximately three days each week, has complete access to the system's records and is charged with changing records at department staff's request. Department staff must contact Panoramic staff to remove a case, delete an inventory item, or modify a financial transaction record. According to a senior account clerk, Panoramic's chief operating officer routinely makes such changes when a member of the accounting staff asks.

According to one public guardian deputy, when employees notice something on an inventory screen that should not be there—for example, an item that was accidentally entered twice—the employees generally do not contact Panoramic to remove the record of the item. Rather, deputies simply change the status of the item in the Panoramic system to “HOLD,” which indicates that the department's inventory report to the court should not include the item. While this system could also be misused, it is a better practice because records of items entered in the system remain in the system, which allows the detection of any stolen or lost items. However, this practice is not a required procedure and, as such, is inconsistently used.

***The Potential for Fraud Exists  
Because Staff May Change  
Property Descriptions***

Although the Panoramic system restricts staff from deleting inventory items, employees may modify or delete the description of any inventory item, and this opportunity makes the department vulnerable to fraud. Although it is important to allow deputies and clerks the ability

to modify descriptions of items—they may learn additional or different information about an object or a financial account—it should be controlled to minimize the risk of any theft or loss going undetected. Without a mitigating control, an employee could simply change the description of a valuable item to something less valuable. By doing so, the staff person would then be able to enter the property room or the safe, or tamper with a box or envelope of property being sent to Cambridge, and replace the more valuable item belonging to the client with the less valuable one.

Further, because deputies do not always prepare receipts when they collect client property, the department has no method by which to compare receipts to the inventory descriptions within the Panoramic system or to the actual item in the storage room, in the safe, or at Cambridge. In addition, by not enforcing a dual custody policy for the property room or the safe, the department is giving employees the opportunity to take or exchange valuables without anyone's noticing.

### ***The Property Storage Room and Safes Are Not As Secure As They Should Be***

Security over the divisions' property storage room and safes is weak. Neither the public administrator nor the public guardian has a written, enforced policy about access to the property room or safes. Further, all public guardian and public administrator deputies as well as many other staff members know where the keys to the property room are kept and may enter the property room at any time by themselves. According to the acting manager of the public administrator, the contents of property room boxes are items—such as photographs and other mementos—that the deputies think might have some sentimental value for clients' heirs but which the deputies believe have no monetary value. Deputies are supposed to put items of significant monetary value in the safes, but the safes are not particularly safe: many employees know the combinations and are allowed to access the safes alone.

All seven other California counties that we contacted have various ways to limit access to clients' property in property rooms and safes. Larger counties employ a variety of controls over property in warehouses: enforcing dual custody policies, using log books and computerized inventory control systems, maintaining a staffed, alarmed warehouse, and limiting access to certain categories of staff. Such policies create internal controls that help prevent theft, the potential for theft, and the appearance that deputies are mismanaging clients' property .

### **NEITHER THE PUBLIC GUARDIAN NOR THE PUBLIC ADMINISTRATOR HAS A COMPREHENSIVE PROCEDURES MANUAL, TRAINING PROGRAM, OR REGULAR PERFORMANCE EVALUATIONS**

Both the public administrator and public guardian lack basic management controls that would organize and support the divisions' activities. Although the public guardian and public administrator have some written procedures, these procedures are neither comprehensive nor uniformly distributed to the divisions' employees. The divisions also lack a standardized training program for staff and a process for regular performance evaluations. The account clerks have no



manager onsite and consult the chief operating officer of Panoramic for help. The division management has not made updating a policy and procedures manual a priority for the public administrator and public guardian in recent years, and it appears that no senior manager has taken responsibility for ensuring that management controls, such as standardized policies, procedures, training, and evaluation, are in place. The department has begun to implement a performance evaluation process for all employees, but this is new, and mid-level managers are still learning how to conduct evaluations. Without a system of management controls, the department has no standards for its work: employees have enormous discretion in how they handle their caseloads, and the department cannot hold employees accountable for poor performance.

### ***Division Employees Receive Miscellaneous Memoranda About Administrative Matters***

In the past, new employees of the public guardian and public administrator received a handbook containing administrative policies and procedures, such as those pertaining to paid leave. However, the handbook is no longer distributed to new staff, and a senior deputy for the public guardian said she was not sure which employees have them. The handbook provides few operational instructions for carrying out the specific tasks of accounting staff, deputies, or other staff. Memoranda describing policy changes are distributed on an ad hoc basis. Further, the handbook was written in 1997 and is out of date: because the handbook was written before what was then the Department of Public Health's Office of Conservatorship Services (public conservator) joined the public guardian, none of the information is directed to the responsibilities of the public conservator. The public conservator had its own policies and procedures manual when it was part of the Department of Public Health, and the manager of the public guardian division said this manual is still used and updated by the public conservator deputies.

The public administrator has a series of documents that together could be considered a makeshift procedures manual, but these documents are not effective tools to train a new employee or make clear to any employee management's expectations of the work to be performed. The acting manager of the public administrator division gives new deputies a generic performance appraisal report that lists many of the tasks involved in administering an estate. The report covers serving clients and the community, conducting investigations, marshalling and administering assets, managing estates and clients, and documenting important information and correspondence. However, the report does not provide specific details for carrying out these functions. Additional documents, such as a new case routing form that lists the order of tasks to complete in opening a case, help ensure that the most common procedures are followed.

The written procedures in current use by the public guardian are not organized or comprehensive. The division has procedures for opening or closing cases and for processing payments of medical bills, as well as a beginning checklist for deputies. The checklist includes items such as setting up a file, contacting the residence, notifying the Social Security Administration, and conducting an investigation, and has a final account checklist for when a conservatee dies. Management has sent other procedures to staff through electronic mail messages. The public guardian also has forms and letters in template form, which staff can use as

guides to complete certain processes. Finally, the California Probate Code specifies much of the public guardian's role and responsibilities, and in interviews with us, employees regularly referred to this as the authority determining why they do what they do. Although valuable, the Probate Code does not provide, and could not be expected to provide, specific instructions on completing most procedures. According to the manager of the public guardian, the division is undergoing substantial changes, and until they are completed it would be difficult to compile a procedures manual.

Without a comprehensive procedures manual, the divisions' effectiveness is limited. Deputies and account clerks must ask colleagues or Panoramic for help and information, which does not ensure that the work is conducted in accordance with management's directives and the law. The divisions' managers are not working together to update parts of handbook that are common to both divisions—their efforts appear completely independent of each other.

***The Divisions Have No Standardized  
Training Program or Performance  
Evaluation for Employees***

Neither division has a standard way to orient, train, or evaluate new deputies. Supervisors create their own training programs for new employees on an as-needed basis, which means that both the quantity and quality of information varies considerably. For example, a public administrator deputy said that all her training was on the job with the acting manager of the division, while a public guardian supervisor created a program for her new deputy to meet with representatives from all the department's divisions, ride along with more senior staff, and receive Panoramic system training from another colleague.

Although we did not find that other jurisdictions had a consistent set of minimum qualifications for public administrator or public guardian employees, and there is no "industry standard," most counties we spoke to say they look for a variety of experience and qualifications—such as accounting, investigation, and social work—and they generally do not require college degrees. San Francisco also requires a combination of experience and education, including college degrees for estate investigators. According to the chair of the Standards and Certification Committee of the California Association of Public Administrators, Public Guardians and Public Conservators, the committee is updating the association's Standards and Certification Plan. The revised standards will help raise the level of service provided by public administrators, public guardians, and public conservators in California, and the department should integrate these standards into its hiring and performance appraisal processes.

Public guardian and public administrator employees receive some continuing professional education, but the department does not have a system to monitor who has taken what courses. The department has some funds available for employees to take classes offered by outside entities, and some training is in-house. For example, the account clerks receive training on using the Panoramic system for processing court accountings from Panoramic staff. The public guardian also has some ongoing training for staff. According to a public guardian deputy, a property management representative comes in about once a month to talk about cases, and

sometimes someone from a home care agency or other social service provider comes to the division's staff meeting. The California Association of Public Administrators, Public Guardians and Public Conservators holds two training conferences each year, and training takes place throughout the week. Public administrator employees usually attend four to six training modules specific to public administrator work, as well as informal conference workshops. However, the department was unable to provide specific, quantitative information regarding training attendance.

The department has not evaluated its staff regularly, and it lacks written procedures to discipline employees. In mid-2002 the department initiated a requirement that all new employees receive performance evaluations at six months and one year. Department managers are receiving training on administering the City's performance appraisal report from the Department of Human Resources. According to the department's senior personnel officer, the department follows the guidelines set by the Department of Human Resources for handling employee disciplinary matters. Complaints about employees go to the unit supervisor or manager, who addresses the complaint in writing with the employee. In more serious cases, the department investigates complaints, but this process can be lengthy.

Without a standard training program, there is no commonly understood knowledge base for all employees. As one public guardian deputy put it, "Deputies often ask each other about how to do things, and sometimes that's fine, but sometimes there is a standard, best way to do something and asking a colleague is not a good way to find that out." In such a system, employees cannot be held accountable, and conflicts arise from disputes over procedures, requirements, and applicable laws. As we describe in Chapter One, it appears to us that 4 of the 16 allegations came from an employee's misunderstanding laws or procedures. The department needs regular orientation for new staff, regular performance reviews, disciplinary actions for poor performers, and some way to fire poor performers who do not improve.

### ***Account Clerks Could Benefit From Closer Supervision and More Training***

Accounting staff members receive little training or direct supervision, and the unit does not perform as well as it could because its supervisor works at a separate location. Public guardian and public administrator account clerks are part of the department's finance unit, which is managed by the deputy director of finance and administration. Because the account clerks work at the department's Otis Street office, while other unit staff and the deputy director of finance and administration work at the office on Van Ness Avenue, the account clerks receive little direct supervision. As a result, they direct most of their accounting questions to Panoramic's chief operating officer, who is at the Otis Street office approximately two to three days a week. Further, account clerks receive little formal, ongoing training. We were told that new clerks learn on the job from other clerks who have more experience, and they also learn from their mistakes. According to one senior account clerk, if court accountings are not done correctly, the Superior Court judge gets angry at the attorneys, and the attorneys get angry at the clerks.

The account clerks would likely perform their jobs better and be happier doing so if they received regular, formal training and had a supervisor on-site to review their work and answer their questions. According to Panoramic's chief operating officer, the department needs a lead bookkeeper at the Otis Street office to track the money and accounts, and to manage the daily work of the accounting staff. He said that without such a person, nobody is available to fix problems that are beyond the level of the account clerks. In addition, he said, mistakes sometimes occur because no one person is looking at the whole picture. For example, although the procedure for paying a bill requires the signature of a deputy and, if the payment is over \$250, the signature of a supervisor, nobody is assigned the responsibility of properly spot checking payments after account clerks make them.

## **THE PUBLIC GUARDIAN AND PUBLIC ADMINISTRATOR DO NOT MANAGE THEIR HEAVY WORKLOADS EFFECTIVELY**

The workloads of the public guardian and public administrator have grown significantly since the period analyzed in the Controller's Office's previous audit, and neither the public administrator nor the public guardian appears to be managing the increased volume as well as it could. Morale, already low as a result of the poor integration of divisions into a new department, is not improving quickly. Although the public guardian workload is close to the workloads of other counties we contacted, some staff consider it excessive, possibly indicating that the division does not manage its workload as effectively as it might. When a backlog develops in the public guardian's work, outside parties complain, and the unit's management controls can suffer. The public administrator's work is less time-sensitive, but public administrator staff manages the heavy workload partly by circumventing management controls and delegating work in a way that may not be appropriate.

### ***Caseloads Have Increased Significantly Since Fiscal Year 1995-96, Contributing to Low Morale, And the Public Administrator Could Use Some of Its Fee Revenue to Better Serve Its Cases***

In fiscal year 1995-96, the period analyzed in our previous audit, the public guardian had a caseload comparable to those of other counties we contacted, with each public guardian staff member being responsible for an average of 21 cases. However, by November 2002, the public guardian had an average of 51 active cases per staff member, more than double the caseload of seven years earlier. At that time, the public guardian had a total of 461 active cases.

In fiscal year 1995-96, the public administrator had a significantly higher caseload than those of other counties we contacted, with each public administrator staff member being responsible for an average of 80 cases. The former public administrator told us then that San Francisco public administrator deputies carried more inactive or low-activity cases than staff in other counties, which could have accounted for the higher caseloads. However, in November 2002, the public administrator had 774 active cases, for an average of 129 active cases per staff member. This figure is 61 percent higher than the average caseload of 1995-96.

According to a senior attorney in the department, the public guardian caseload in San Francisco has increased in part because the Adult Protective Services division has expanded and is referring more clients to the public guardian. The public administrator caseload also appears to have increased because, according to the acting manager of the division, he believes in taking every case to generate revenue for the department and help as many deceased clients' relatives as possible. Although the workload of the Public Administrator may be excessive, more cases mean more fees, and the program generates much more in fees than it costs to operate. For example, the Public Administrator is budgeted for fiscal year 2002-03 to spend \$1million in city funds and collect \$1.8 million in fees. However, the public administrator does not need to accept every case referred to it; senior management should decide what an appropriate caseload level would be for the division and possibly allocate some of the public administrator fee revenue to improving the division's ability to serve its clients.

Not surprisingly, employees in both divisions feel overwhelmed with these increased workloads. We were told that morale in the two divisions has been low since the department's formation, and high caseloads do not help. Two employees have been out on stress-related disability leave and others have resigned, and remaining staff members attribute this to the departed employees' unhappiness with poor working conditions. These absences, in turn, increase the workload on other staff, further deteriorating morale. For example, one public guardian deputy had been covering her own caseload, plus the caseload of a colleague who was on leave until November 2002, plus part of the caseload for another colleague on leave. In addition, she has been acting as a senior deputy supervising some of her fellow deputies while the permanent senior deputy has been on leave. She said the public guardian needs more deputies: Carrying a caseload of 50 is a lot for deputies who are responsible for both the needs and the property of clients. Further, if a deputy has a few cases that require much attention, the rest will suffer. One attorney with the public guardian division said that given the hardships under which the division works, it is commendable how few mistakes people make.

One way in which the public administrator currently handles this increased workload is through the use of four high school student interns who enter initial case information, such as background and asset data into the Panoramic system. The interns provide administrative support for the deputies by writing letters, running errands to court or banks, setting up files, and making copies. They also work on closing low-value estates under the supervision of the acting manager of the public administrator. He said that each intern has 50-70 such estates that he or she reviews and takes care of any final processing to close the case.

***The Public Guardian's Caseload  
Is Comparable to Those of Other  
Counties We Contacted While the  
Public Administrator's Is Higher***

Although public guardian caseloads in San Francisco are much higher than they used to be, we found that public guardian caseloads in several other counties in California are comparable to the caseload in San Francisco. At the same time, the public administrator caseload in San Francisco is much higher than those of other counties. The less urbanized counties of Kings, Solano, and Yolo had very small public administrator caseloads handled by just one person in each county, so are not comparable to San Francisco. However, the more populous counties of Alameda, Riverside, Santa Clara and San Diego are more comparable to San Francisco but also have public administrator caseloads significantly smaller than those in San Francisco. The results are shown in Exhibit 3.

**Exhibit 3  
Caseloads in San Francisco and Seven Other California Counties in 2002**

	San Francisco	Alameda	Kings	River-side	San Diego	Santa Clara	Solano	Yolo	Average for Other Counties
Public Guardian	51	55	70	50	53	30	45	39	49
Public Administrator	129	40	12	75	73	50	10	16	39

Notes: Caseloads are estimates of the average number of cases carried by each employee who works on cases. We relied on reports from other counties for the caseload figures and did not audit these numbers.

***Work at the Public Guardian  
Becomes Delayed***

The high volume of cases slows conservator work at the public guardian, and administrative matters suffer. Probate court personnel said that the public guardian takes too long to file for conservatorships—referrals can be six months old by the time a case gets to court—and deputies do not always return calls promptly. Hospital staff also expressed frustration about conservatorship cases taking too long and deputies' being unresponsive. A department employee who works on public guardian cases said that payment deadlines are often missed, deputies do not always notify clerks and benefit agencies promptly when a client dies, and deputies and attorneys do not coordinate their efforts as well as they could.

As described above, the divisions' management controls are weak, and poor workload management contributes to this problem. The department's personnel analyst attributed the department's failure to evaluate its employees to both management turnover and work demands. The ad hoc training programs, the lack of oversight of the auction house, and the outdated procedures handbook reflect that management is attempting simply to keep up with the divisions' caseload, and has been unable to develop systems that would improve the divisions' operations. The sound management controls that the divisions need and have been too busy to develop—a comprehensive manual; training for both new and incumbent employees; regular

performance appraisals; and a disciplinary process—would be a great help in managing the workload and improving effectiveness.

## **HOSPITALS AND THE PROBATE COURT ARE FRUSTRATED WITH THE PUBLIC GUARDIAN**

Some outside organizations that work with the public guardian express frustration that some of its employees are very difficult to work with, and the organizations' complaints have not been addressed by the department. According to some employees of the Probate Court and hospitals with whom we spoke, some public guardian employees are responsive and capable, but others are not. These court and hospital employees perceive that the divisions have no standard of performance or a process by which to hold employees accountable, a problem that has been exacerbated by management turnover. Reportedly, some of the public guardian staff take too long to do their work and are not professional. The hospital personnel we interviewed are frustrated that their employers funded a hospital liaison position in the public guardian to improve workflow to the public guardian, only to have the staff person leave on disability. These negative perceptions and frustrations detract from the department's effectiveness and can erode the respect that the divisions receive from outside organizations.

### ***Hospitals and the Probate Court Report That the Public Guardian Can Be Unresponsive and Provide Poor Service***

We contacted social workers from three local hospitals regarding the service the public guardian provides to clients and hospitals. While we heard few complaints about the division's service to clients, the social workers agree that the public guardian can be difficult to work with. Social workers said the public conservator is responsive and responsible regarding patients' needs, medical issues, and keeping family members informed. However, one social worker said she had noticed the public conservator sometimes had difficulties handling patients' discharges from the hospital. Many patients need a range of services, including transportation and getting registered with their board and care facilities, and, reportedly, the public conservator sometimes has trouble coordinating these services. This can delay care for the patients and frustrates the hospital staff.

In addition, public guardian deputies are not as responsive to the hospitals as the hospitals' personnel would like. Hospital social workers feel it can be difficult to reach some of the public guardian deputies by phone and that establishing conservatorships takes longer than it should, especially since the public guardian's hospital liaison has been on disability leave. We were told that some of the newer deputies do a good job, but some others never return calls and are very difficult to work with. One social worker said she tries not to deal with the public guardian unless she absolutely has to; whenever possible, she tries to release patients to the care of family members instead of getting a conservatorship. Another said that before there was a public guardian staff member dedicated to work with hospital social workers, they were never able to reach anyone at the public guardian on the phone, and that the office was a "black hole." Hospital social workers reported that no one at the public guardian helped with the court

procedures when the social workers tried to establish conservatorships. Overall, hospital staff told us, the public guardian caseloads are too high for the deputies to manage effectively, especially because these are complicated cases, involving dysfunctional families and many court dates.

Probate court personnel said that although the public guardian is increasingly professional in its handling of conservatorships, the division could still improve. We were told that many deputies and one attorney do not conduct themselves or handle their work as professionals. Probate court staff feel that the public guardian often takes too long to file for conservatorships: they said that referrals can be six months old by the time a case gets to court. Court staff believes that both the public administrator and the public guardian need more account clerks, because they call for extensions too often and leave cases open far too long. In addition, court staff told us that a vacant attorney position at the department causes the other attorneys to be overloaded. One court staff member suggested the divisions spread the workload by using probate paralegals, as they can do everything associated with probate cases except appear in court.

***Hospitals and the Probate Court  
Report That the Public Guardian  
Does Not Address Their Complaints***

A director of social work at one hospital said she has concerns about two public guardian deputies who, in her opinion, are unable to do their work. She told us that her office has complained many times about one of these two deputies and has sent letters to the department to express the complaints. According to this director of social work, on numerous occasions the deputy in question has been found talking to the wrong patient, mistaking that person for the client he came to see, and behaves inappropriately with patients and doctors. However, according to the director of social work, the hospital's complaints have not been addressed. The department's senior personnel analyst said unit supervisors receive and handle all complaints about individual employees, and he confirmed that sometimes the process takes a long time.

Probate court personnel also noted that some public guardian deputies in particular do not return phone calls from the court for days at a time, which slows cases down. These court staff mentioned as chronic low performers the same public guardian employees mentioned by the director of social work at the hospital. According to the court employees, the divisions' deputies are not, in general, professional and tend to see the court as the enemy. They further said that the department's attorneys are not properly trained, so the court must train these attorneys as cases progress. The Probate Court supervisors told us that one attorney in particular creates unnecessary work for the court through his lack of attention to cases, and court clerks refuse to work with one attorney because they feel he has been verbally abusive to them. Court personnel feel the department is unwilling to discipline this attorney.



***The Hospital Council Funds a Liaison  
Position to Expedite Conservatorships  
But the Liaison Was on Extended Leave***

In response to growing frustrations among hospital staff with the public guardian, in February 2001 the Hospital Council of Northern California (hospital council) arranged to fund a hospital liaison position in the public guardian division. The individual filling this position was to be both an investigator and expeditor, and the Hospital Council gave the department \$75,872 for fiscal year 2002-03 to fund this position. The Hospital Council took this step because it believed that the public guardian was overwhelmed and thus patients could not be safely and promptly discharged from hospitals when they were ready to leave because the conservatorship safety net was not working. Keeping patients longer than medically necessary is expensive for the hospitals. We were told that, following the public guardian's hiring of the liaison, all parties were very pleased with the difference she made in getting patients' needs met and saving the hospitals money. The regional vice president of the San Francisco Section of the Hospital Council estimated that this position saved San Francisco General Hospital and other referring hospitals approximately \$700,000 each per year.

However, about six months after the department filled the position, the situation deteriorated. According to the executive director, there was some conflict between the hospital liaison and the then-new manager of the public guardian over the manager's more clinical approach to case management. At the same time, the department was reportedly considering reassigning the liaison to be a public guardian deputy with a normal caseload, which is allowed by the agreement the City established with the participating hospitals. Division staff and management told us that there was an episode in which the liaison has alleged that her supervisor used physical violence against her. The liaison went on disability leave in July 2002 and returned to work in February 2003, leaving the position unfilled for approximately seven months.

Members of the Hospital Council were very frustrated to be funding the public guardian for a function that is not being performed. The members we spoke with blame the department for losing a strong employee. They report that they have complained formally to the executive director of the department and to a member of the Board of Supervisors. In response to the charge that the public guardian is understaffed and needed the liaison employee to handle a caseload, the Hospital Council said it would fund the position to carry 35 cases in addition to the liaison work, and when the liaison reached that maximum, the Hospital Council would fund a second position.

**THE DEPARTMENTAL INTEGRATION HAS LED TO LOW MORALE**

As described in Chapter One, employees at all levels of the department acknowledged that morale is low and staff conflict is high. During the fieldwork phase of the audit, we conducted 22 formal interviews with current department employees, as well as 6 interviews with people who work closely with the public administrator and public guardian divisions, and 4 interviews with former employees. Nearly all of these people mentioned morale problems in the divisions. Further, both former and current employees approached audit staff with information and theories

about problems in the unit. These people sought time to express their concern and frustration to us in greater numbers than we have experienced in prior audits. Many of these concerns focused on allegedly inappropriate or potentially dishonest behavior by the acting manager of the public administrator division, or other personality conflicts, and several of the issues had been expressed via the Ethics Commission. Several times people showed us records or suggested we look into specific case files that would prove their allegations; we reviewed all records and files brought to our attention, but did not find any proof of wrongdoing.

While we did not find evidence of theft or fraud, the low morale and conflicts illustrated to us by these employees' comments has an impact on the divisions' performance. The work of both divisions includes searching homes and processing financial data, tasks in which it may be possible to steal cash or personal property even when strong safeguards are in place. As discussed above, however, because the department lacks strong management controls to safeguard assets, its effectiveness depends even more than it should on the honesty of its employees. Unfortunately, disgruntled or disillusioned employees may be less likely to be honest than those with high morale. Further, an atmosphere of mistrust and conflict prevents staff from helping one another and resolving personnel conflicts takes time away from managing cases.

### ***The Departmental Integration Led to Negative Feelings Among Staff***

As described in the Introduction, the City created the Department of Aging and Adult Services to bring together related City programs that serve older and functionally impaired adult San Franciscans. However, integrating programs from four different departments has been difficult, and the City appears to have undertaken the process without a clear plan or continuing oversight from the Mayor's Office. A high level of senior management turnover also has hindered the process of integration. As of January 2003, the public administrator and public guardian divisions are reporting to their fourth department head since 1999.

Employees at all levels of the public administrator and public guardian agree that morale is low, and they generally attribute the problem to poor handling of the departmental integration and accompanying high rate of management turnover. Efforts to facilitate the departmental integration have had mixed results. We heard the following comments from some employees regarding the integration:

- Employees received little information about the process.
- Some individuals were promoted who lacked sufficient background and experience in the work.
- It is not clear how much the Mayor's Office has guided the integration process; it seems the Mayor's Office has little continuing interest in the department and no real plan for the integration.
- Employees resent management's decision to relieve the front desk receptionist with legal secretaries, rather than another receptionist.

- The public guardian deputies see themselves as a “vanquished army” in relation to the public conservators with whom they are now colleagues.
- The manager of the public guardian division headed the public conservator when that unit was part of the Department of Public Health, and some public guardian employees think he is not familiar with public guardian issues.
- Public guardian deputies are unhappy because their work is more complex (involving the clients’ personal, medical, and financial needs) than that of the public conservator, but they are paid less than public conservator deputies.
- There is tension between the public guardian and Adult Protective Services units. Because Adult Protective Services refers to the public guardian more cases than it can handle, a backlog of these referrals has formed, and Adult Protective Services criticizes the public guardian for not acting on referrals sooner.
- The public conservator deputies did not want to be moved from the medical environment of the Department of Public Health, and they are unhappy about losing the parking spaces they had there.

***Staff Describes an Atmosphere of Distrust and Conflict, Especially At the Public Administrator***

The public administrator and public guardian have a major problem in that there is a widespread belief among staff members that lax procedures and abusive behavior are commonplace, and this belief contributes to distrust of managers by staff and low morale. A great deal of resentment remains from the past few years, and a few stories are told and retold, reinforcing people’s opinions. Employees told us the following:

- The acting manager of the public administrator has been involved in physical altercations with other staff.
- On more than one occasion, cash or jewelry apparently disappeared during or after residence searches. Whether it was lost or stolen is unclear.
- A senior attorney has been verbally abusive to both department employees and court personnel. Senior managers of the Probate Court told us that they must work with this attorney themselves because their clerks have asked not to deal with him because they feel he has verbally abused them. Reportedly, one attorney in the department resigned because of the senior attorney’s behavior.
- Two public guardian deputies are out on disability because of conflicts in the office, and several other employees have left because they were unhappy.

Some of these allegations are repeated over and over, and the problem for the department is that these stories reflect deep distrust among employees of the divisions.

### *The Executive Director is Working to Improve Morale*

The executive director acknowledges that integrating the department will require more work. He told us that he meets with all public administrator and public guardian staff monthly so that they can receive information directly from him. The department is also implementing a performance management process, including a consultant to help the public guardian and public conservator work more closely together. The executive director addresses honesty and ethics with staff by, for example, emphasizing that employees should not accept gifts or honoraria from outside agencies, and he plans to have a deputy city attorney speak further on this subject with staff so there is no misunderstanding.

## **RECOMMENDATIONS**

To strengthen management controls and better manage workloads in the public guardian and public administrator, and to improve the integration of the department, the **Department of Aging and Adult Services** should do the following:

- Help change the dynamic of the divisions by recruiting and hiring fully qualified people with public guardian or public administrator management experience to fill two key positions that are now vacant or occupied by an acting incumbent: the deputy director of programs and the manager of the public administrator.
- Address ways to manage the workload of its Public Administrator and Public Guardian-Public Conservator divisions. Senior management should decide on a feasible caseload for the divisions—reducing the number of cases the divisions take on would be preferable to providing poor service—and decide how much work and what kind of work to assign to interns.
- Consider budgeting and using some of the public administrator’s fee revenue to improve the division’s ability to serve its large caseload.
- Improve the efficiency and effectiveness of the department’s finance unit by assigning an accountant to supervise the accounting staff on site at the Otis Street office. This accountant would be available to answer accounting questions and assist the account clerks in their day-to-day operations. In addition, the department should implement a regular, ongoing training program for the accounting staff.
- Address the roles of the Adult Protective Service division and the Public Guardian to share responsibility for client screening and investigation.
- Develop a policies and procedures manual and employee performance appraisal process for the public administrator and public guardian divisions. The department also needs to improve its handling of poor employee performance.
- Develop a system to monitor employees’ continuing professional education.
- Include the standards established by the California Association of Public Administrators, Public Guardians, and Public Conservators in its hiring and performance appraisal processes.

- Consider using probate paralegals to expedite processing of cases for the court.
- Develop a control to oversee Panoramic Software, Inc. (Panoramic) and ensure its accountability for the integrity of the data in the Panoramic computer system. For example, Panoramic could be required to keep a log of all changes it makes to data in the system, and submit this log monthly to department management.

The **public administrator and public guardian** need to improve their procedures in the following ways:

- Develop a standard training and orientation program for new employees, and institute ongoing training for all staff. A presentation by a brokerage firm, for example, could help employees better understand securities and how to read statements. Probate Court personnel might also provide a similar overview so that deputies and account clerks understand what the court requires.
- Create a system of spot-checking the performance of D.G.W. Auctioneers, Inc./Cambridge Auction House (Cambridge) in collecting, inventorying, and selling conservatees' and decedents' property.
- Create a better system of tracking and storing client property. As property is transferred among the property room, the safe, and Cambridge, a note should be added to the Panoramic computer system specifying that item's current location. Management should consider bar-coding all property or implementing another system to track property.
- Write and distribute a new procedure that formalizes how staff should search conservatees' and decedents' residences. The procedure should require that two employees must conduct all searches, that the staff must stay together at all times during searches, and that witnesses must sign receipts when property is collected from third parties. In addition, two deputies must together count, sign, and seal in an envelope any cash collected from a residence or third party. The policy should further require management to conduct periodic reviews of the property items listed in the Panoramic computer system and compare the lists of items with the written receipts from searches.
- Implement better controls over access to the property room and safes, including writing a policy to establish and enforce dual custody. Dual custody requires that two employees must be present whenever the property room or a safe is opened.
- Prohibit the deletion of inventory records in the Panoramic computer system unless employees provide a written request, signed by the staff person and a supervisor, to Panoramic. Whenever possible, staff should simply change the status of an inventory item and add a note within the system to explain an error or change. If a staff person and a manager find sufficient need to delete an item, the staff person and manager should sign a written request and send it to Panoramic for removal.

Further, to ensure that the Department of Aging and Adult Services improves its management in a timely and sound manner, the **Mayor's Office** should:

- Evaluate what kind of management changes would make a positive difference in the department and should work with the department to ensure that such changes are implemented
- Set a date by when the department has implemented recommended changes and is functioning effectively. If this goal is not met, consider alternative arrangements for the department.
- Consider not adding additional divisions to the department unless the department has stabilized.

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## CHAPTER 3

### THE DEPARTMENT SHOULD SOLICIT COMPETITIVE PROPOSALS FOR A SECURITIES BROKER AND OTHER SERVICE PROVIDERS

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#### CHAPTER SUMMARY

Our investigation found no evidence that employees of the Public Guardian-Public Conservator division (public guardian) or Public Administrator division (public administrator) have engaged in any improper business relationships with vendors for the Department of Aging and Adult Services (department), which is the department to which the divisions belong. No documents suggest that vendors have paid kickbacks to any department staff in exchange for business. However, the department as a whole pays excessive fees to its software vendor, and the department should modify its relationship with this vendor as soon as it can. Further, in neglecting to use a competitive solicitation process or even to enter written contracts with Prudential Securities, Inc. (Prudential), a securities brokerage firm, and D.G.W. Auctioneers, Inc./Cambridge Auction House (Cambridge), an auction house, the department may not have obtained the most cost-effective services for the City and County of San Francisco (City).

The department's vendors perform critical tasks for the department's clients, who are elderly, disabled, or deceased. For example, the vendors appraise and auction personal property, manage and sell real property, prepare tax returns, manage securities, and provide burial and cremation services. Because the department is responsible for managing client funds, and it pays the fees for these services directly or indirectly from client funds, the department should solicit competitive proposals from potential providers of the services and then monitor the performance of the vendors that it chooses. By doing so, the department would help achieve its mission to protect the rights and assets of those who are no longer able to care or advocate for themselves while also protecting itself against accusations of mismanagement or impropriety.

Exhibit 4 lists the names of the department's vendors, the services they provide, whether the vendors have contracts with the department, and the fees they received in 2001.

**Exhibit 4**  
**Fees Paid to Service Providers by the Public Guardian and Public Administrator in 2001**

Vendor	Service	Contract	2001 Fees Received
D.G.W. Auctioneers, Inc./Cambridge Auction House	Appraise and auction property	No	\$25,441
Green Street Mortuary	Burial and cremation	Yes	263,668
Keynote Properties	Property management and real estate	Expired	Unavailable
Mendelson, Long & Co.	Tax preparation	Expired	110,067
Panoramic Software, Inc.	Computer services	Yes	329,758
Prudential Securities Inc.	Brokerage services	No	12,863

Note: Fees paid to Panoramic Software, Inc., come from the City's accounting system; other figures were self-reported by the vendors or were provided by Panoramic. All figures are unaudited.

### **THE DEPARTMENT'S SOFTWARE VENDOR RECEIVES EXCESSIVE FEES**

The department pays its software vendor, Panoramic Software, Inc. (Panoramic), fees that are considerably higher than those several other California counties pay for comparable services. The department selected Panoramic through a competitive solicitation process, but the contract with Panoramic includes services and fees that the City's solicitation document did not specify. The department should modify its relationship with Panoramic to ensure that the department receives appropriate services at fair prices.

#### ***The Department Used a Competitive Process to Select a Software Vendor And Is Satisfied With Its Service***

Established by the City in 2000, the Department of Aging and Adult Services solicited proposals that same year from prospective vendors of computer services, and it awarded a new five-year contract to Panoramic, the vendor that the Public Administrator's/Public Guardian's Office had used for the previous 10 years. The 1999 audit by the Office of the Controller found that the Public Administrator/Public Guardian's Office had not used a competitive solicitation process prior to establishing a contract with Panoramic in 1995.

In 2000, when the Public Administrator/Public Guardian's Office issued a request for proposals for computer services, it held a pre-proposal conference and formed a multi-departmental review panel to rate the proposals submitted. Although the department's files do not contain copies of any other proposals that vendors submitted for the contract, the review panel's score sheet shows that the panel received two proposals and that every panelist rated Panoramic's proposal more favorably than the competing proposal. Department personnel we interviewed are generally pleased with the software and service that Panoramic provides. Staff at four other California counties that use Panoramic expressed satisfaction with Panoramic's software and service.



***Panoramic Charges \$7,000 Per Month for  
Limited Investment Activities That  
The Request for Proposals Does Not Specify***

The City contracts with Panoramic primarily to provide and maintain the computer network system that the department uses to account for client financial and personal information. However, the contract between the City and Panoramic also includes fees for activities that the scope-of-work section of the department's request for proposals (request) does not describe. The contract calls for Panoramic to receive \$7,000 each month for banking and investment activities, a figure calculated at a rate of \$1,000 per day for seven days each month. The only activities named in the request's scope section that relate to banking and investment are the checking of bank account balances and the transferring of daily balances via telephone or on-line. The scope-of-work section does not mention investment activities. The section also states that the banking function might be cancelled as bank capabilities change.

Panoramic performs a very limited banking and investment function for the divisions. The department deposits most client funds in a collective account at Banc of America Investment Services, Inc. (Banc of America). Panoramic staff, mainly the chief operating officer, instructs Banc of America to invest the funds in fixed-term instruments that have no risk and that are consistent with the California Probate Code's list of permitted investments. Panoramic staff also prepares a monthly financial statement for the department's deputy director of finance and administration. Panoramic has no role in managing the securities accounts of public administrator or public guardian clients: brokerage firms manage those funds.

Although Panoramic's limited banking and investment activity for the public guardian and public administrator appears to abide by the California Probate Code and previous audit recommendations, the department cannot justify the \$84,000 per year that it pays Panoramic for performing this function. Our audit showed that if a department employee were to perform this function, the City would save money. For example, a full-time senior accountant at the top step of the City's pay scale would cost the City less than \$75,000 a year in salary and benefits, a savings of at least \$9,000 a year. Further, even if the accountant spent seven full days each month on banking and investment activities—as Panoramic is paid to do—the accountant would be able to perform other functions during the remainder of each month. The savings would equal the full \$84,000 per year if an existing department employee were able to perform these limited banking and investment functions.

Of the seven other counties in California that we contacted, four use Panoramic, but none engages Panoramic for banking and investment activities. The four counties that use Panoramic include Riverside and San Diego, two large counties that have caseloads comparable to those of San Francisco. All seven counties use their existing staff to instruct banks about transferring funds and purchasing certificates of deposits and other investment instruments. By using a department employee to perform such functions, the City would save money and give the department—rather than a private contractor—the responsibility for supervising banking and investment activities.

***Panoramic's Other Fees  
Seem Exorbitant for the  
Services Provided***

Although San Francisco contracts for more types of service from its computer system provider than do other counties we contacted, the fees that San Francisco pays to Panoramic appear to be exorbitant. The department paid Panoramic a total of \$329,758 in calendar year 2001. In addition to the monthly \$7,000 fee Panoramic can charge for banking and investment activities, its contract entitles it to charge \$6,000 in monthly fees for its software license, maintenance, and extensions as well as \$9,900 each month for user support. Panoramic may charge an additional \$2,000 each month for analysis, research, and procedure development, for a total of \$24,900 in monthly charges. The contract entitles Panoramic to charge additional fees for training new staff and for providing additional analysis and additional services.

The four counties we contacted that use Panoramic pay only for software and technical support services, and they pay significantly less for those services than San Francisco does. Exhibit 5 shows that the monthly fees that the four other counties pay Panoramic range from \$1,200 in Yolo and Riverside counties, to \$3,600 in Solano County, for an average of \$1,850 a month. In contrast, San Francisco pays Panoramic approximately \$15,900 a month for software and technical support, or \$14,050 more than the four other California counties pay for these services on average. The other three counties we contacted use different software packages, and they all pay significantly less for those services than San Francisco.

**Exhibit 5  
Monthly Fees Paid to Computer Services Contractors:  
San Francisco Versus Seven Other California Counties**

<b>County</b>	<b>Population (2000 Census)</b>	<b>Analysis &amp; Research</b>	<b>Banking &amp; Investment Activities</b>	<b>Software &amp; Support</b>	<b>Total</b>
Alameda*	1,443,741	NA	NA	\$3,600	\$3,600
Kings*	129,461	NA	NA	458	458
Riverside	1,545,387	NA	NA	1,200	1,200
San Diego	2,813,833	NA	NA	1,400	1,400
Santa Clara*	1,682,585	NA	NA	Unable to determine	Unable to determine
Solano	394,542	NA	NA	3,600	3,600
Yolo	168,660	NA	NA	1,200	1,200
<i>Average</i>	1,168,316	NA	NA	\$1,920	\$1,920
<i>Average (only counties using Panoramic)</i>	1,230,606	NA	NA	\$1,850	\$1,850
San Francisco	776,733	\$2,000	\$7,000	\$15,900	\$24,900

\*Do not use Panoramic Software, Inc.  
NA = Not Applicable

Although we did not compare the number of system users in each county, San Francisco is clearly not the largest county in the comparison above. Its 2000 population of 776,733 was less than the average population of more than 1 million in the seven other counties. Further, the department has its own information services manager and information services analyst who

perform much of the technical support for the department's local area network. Nonetheless, the fees that San Francisco pays Panoramic for software and support are over four times higher than the next highest fee we found, the \$3,600 per month that Solano and Alameda counties pay.

### **THE DEPARTMENT DID NOT OBTAIN PROPOSALS FOR BROKERAGE OR AUCTION SERVICES, NOR DID IT CONTRACT WITH THE CURRENT PROVIDERS OF THESE AND OTHER SERVICES**

The public guardian and public administrator have exclusive or near-exclusive relationships with both a securities brokerage firm, Prudential Securities, Inc. (Prudential), and an auction house, D.G.W. Auctioneers, Inc./Cambridge Auction House (Cambridge), without using a competitive solicitation process or contracting for these services. Because the divisions' clients actually pay for these services, City law does not require contracts for these vendors, and we found no evidence that either firm engaged in fraudulent activity. Nonetheless, some department employees question the department's relationship with Prudential, and the department has not ensured that the City receives the best possible service from Cambridge because it does not monitor this firm's activities. The department could be more certain that it is obtaining the best available service at a fair price if it established contracts for its securities brokerage and auction services after using a competitive process to select the providers. In addition, a competitive solicitation process would allow the department to specify exactly the services it needs and to monitor the actions and fees of providers against standards in a contract. Finally, competitive proposals and written contracts would demonstrate to employees that the department uses fair, open processes to choose its service providers and that these relationships are professional.

#### ***No Contract Exists With Prudential***

The department never entered a written contract with Prudential, the securities brokerage firm the department uses to manage clients stocks and securities. Moreover, it never issued a request for proposals for brokerage services and no contract or other written agreement obligates the department to use Prudential. Instead, the department initiated its relationship with Prudential based on the positive experience of one of the public guardian's employees when she was with a previous employer. If a division client already has securities under management by a brokerage firm, the public guardian or public administrator keeps those investments with that firm. If estate investigators for the public administrator find, for example, stock certificates that are not associated with a brokerage firm, the division generally establishes a new account for that client or case with Prudential.

The San Francisco Administrative Code, Section 21.17, requires that the City establish a contract with all contractors to which it pays more than \$2,500. Although Prudential received almost \$13,000 in fees from public guardian and public administrator accounts in 2001, the department does not need to follow the City's formal contracting requirements because the department pays Prudential using clients' funds rather than city money. As stated in Chapter 1, the City Attorney's Office told us that the administrative code does not require departments to follow competitive processes and establish contracts unless city funds are being used to procure goods

or services for the City. Regardless of what is legally required, however, the department has the obligation to seek the best service at a fair price for its clients, and thus it should solicit proposals and establish formal, comprehensive contracts for brokerage services.

### ***Prudential's Fees Appear Reasonable***

Although several division employees expressed negative opinions about the size of Prudential's fees, the fees seem reasonable for the level of service that the firm provides. An associate vice president of investments (associate vice president) at Prudential said that Prudential groups together the accounts for the public administrator and public guardian divisions to reduce service fees. In 2001, Prudential had 42 client accounts with the department (30 with the public administrator, 12 with the public guardian), and it received \$12,863 in total commissions. These accounts fluctuate in value, but the highest total asset value during 2001 was \$2,913,117 (\$2,415,335 for the public administrator and \$497,782 for the public guardian). Prudential's commissions from public administrator and public guardian accounts represented less than one-half of one percent of the total assets it managed for the department. The associate vice president states that this percentage represents a reasonable cost, especially in light of the services that Prudential provides.

According to the associate vice president, he and his staff spend much time researching stock prices, chasing stock splits and mergers, exchanging certified letters, and performing other tasks, all of which should be taken into account when considering its fees. In addition, several employees we interviewed in the department agree that Prudential's fees are reasonable for the services provided. However, to better determine if the fees are no higher than they need to be and whether the department could be receiving better service for less cost, the department should use a competitive solicitation process to establish a contract with a brokerage firm.

### ***Employees Expressed Various Opinions About Prudential's Services***

During the course of our audit, department employees voiced a range of opinions about Prudential's services. Some staff complained that Prudential employees do not return telephone calls promptly and that Prudential's statements are difficult to understand. On the other hand, the public administrator's acting manager and one of its senior estate investigators contend that Prudential provides satisfactory service to the department. They argue that Prudential performs investigative work on behalf of the department, such as researching the assets a client owns, and completing all the proper forms. The manager of the public guardian division said that he thinks Prudential's monthly client statements are clear. The public administrator's acting manager said that he uses Prudential to establish new accounts because he is familiar with its way of operating. He also said that he objected to an attempt to move three accounts to a different brokerage firm because Prudential deserves to receive any commissions associated with liquidating stocks after it has put so much work into researching and managing the accounts.

### ***No Contract Exists With Cambridge***

The public guardian and public administrator divisions use Cambridge almost exclusively to appraise and auction their clients' personal property, but no comprehensive contract exists between the department and Cambridge. The department has never issued a request for proposals from appraisers or auctioneers. Instead, Cambridge provides a consignment agreement for each lot of property it auctions. The agreement describes the compensation and reimbursement Cambridge will receive for auctioning property. Because Cambridge receives payment in client funds rather than city funds, no other city department reviews these agreements, and the department does not follow the contracting procedures used to establish city contracts.

Although the department's relationship with Cambridge does not violate the City's contracting laws, the department might obtain better appraisal and auction services at the same or a lower price by using a competitive process to select a provider and then establishing a contract.

### ***The Department Does Not Monitor Cambridge's Charges***

No one in the department checks to see that the fees Cambridge charges are consistent with the fees listed in the consignment agreement. For each lot of property Cambridge sells, the department receives a settlement statement showing Cambridge's commission and other charges as well as the client's proceeds that remain from the amounts paid by the buyers at auction. The department keeps these settlement statements in client files, and staff enters in the Panoramic computer system the amount of the client's proceeds. However, no division employee reviews Cambridge's charges, and no one tracks the total amount of Cambridge's fees and commissions for each month, quarter, and year. Thus, the department cannot gauge the volume of business that it refers to Cambridge. If it knew this information, the department might be better positioned to negotiate lower fees with Cambridge or another auction house, and it could determine which services are cost-effective for the department to have a contractor perform and which may not be.

In addition, no one in the department is responsible for monitoring the quality of service that Cambridge provides. To review the auction procedures ourselves, we attended one of Cambridge's Saturday morning auctions and found nothing unusual. Nonetheless, because it does not regularly check Cambridge's activities, the department cannot demonstrate that it receives the best possible service for its clients at a fair price.

### ***Cambridge's Fees Were Consistent With Its Consignment Agreement in 2001***

For all estates that it auctioned for the public administrator in 2001, Cambridge's commission of 27 percent was consistent with its consignment agreement. According to statements Cambridge supplied, Cambridge had annual gross sales for public administrator estates of \$65,606, of which Cambridge's commission was \$17,418, or 27 percent. After deducting charges for appraisal,

storage, pickup and towing, we found that public administrator estates received \$40,165 (61 percent) of the total sales. Although we did not evaluate the commissions and fees that Cambridge charged for individual estates, Cambridge's commission of 27 percent was consistent with its consignment agreement, which lists its commissions as ranging from 15 percent for lots selling at \$5,001 and above to 35 percent for lots selling at \$150 or below.

***The Department's Contracts With  
Its Public Accountant and  
Real Estate Firms Have Expired***

The department does not have valid contracts with the firms that prepare tax returns and provide property management and real estate services for public guardian and public administrator clients. The department's contract with Mendelson, Long & Co., a public accounting firm, expired on June 30, 2001, at which time the department extended the contract for one year, until June 30, 2002. As of November 2002, the department had not issued a new request for proposals or established a new contract for tax preparation services. The department continues to use Mendelson, Long & Co. without a contract.

As is the case with its tax preparation firm, the department has let expire its contract with its property management and real estate firm. Keynote Properties manages client-owned properties while the department is the administrator or conservator of clients' estates. These duties include setting fair market rents, coordinating all repairs and improvements, acquiring insurance, and collecting and depositing rent payments. In addition, Keynote Properties acts as the listing agent to negotiate the sale of properties owned by the department's clients. The department's most recent contract with Keynote Properties was in effect from July 1, 1999, to June 30, 2002. The contract included a provision for a one-year extension, but the department has not formalized that extension and continues to use Keynote Properties without a contract. Further, the department's files do not contain evidence that the department used a competitive solicitation process to choose a provider of property management and real estate services.

Although payments to its tax preparation firm and real estate firm come from client accounts, by not having valid contracts or always following competitive solicitation processes, the department fails to ensure that it receives good service at fair prices for its clients.

***The Department Has a Valid  
Contract For Mortuary Services***

The department properly used a competitive solicitation process to obtain mortuary services, and it has a valid contract with the vendor that supplies these services. Green Street Mortuary Services provides cremation and burial services for public administrator and public guardian clients if no other arrangement has been made.

## RECOMMENDATIONS

To ensure that the firms with which it does business provide good service to the divisions' clients and to the City at fair prices, the **Department of Aging and Adult Services** should do the following:

- To ensure that client funds are spent on services of the best available value, use competitive processes and establish contracts with all vendors of professional services, including: appraisal, auction, brokerage, computer, mortuary, property management and real estate, and tax preparation services.
- Remove banking and investment responsibilities from Panoramic Software, Inc. (Panoramic), and assign them to a new or existing member of the department's accounting staff, thereby saving the department \$9,000 to \$84,000 per year and gaining greater control over its investment activities.
- Educate its management, through questioning Panoramic and other counties, as to why Panoramic charges lower fees to other California counties than it charges San Francisco. The department should then use this information to negotiate and amend Panoramic's contract to decrease the department's costs. If an amendment is not possible, the department should negotiate lower fees when it next establishes a contract for computer software and services.
- Make certain that the accountant who is hired or transferred to the Otis Street office to supervise the account clerks (as recommended in Chapter Two) has proper qualifications to oversee banking and investing activities. The accountant will instruct Banc of America Investment Services on investing client funds and prepare monthly financial statements.
- Establish a process by which the department reviews the performance of companies with which it contracts. Assigned staff should assess periodically the quality of the service that contractors perform and review the payments contractors receive to ensure that they comply with contract provisions.

We conducted this audit according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Mark Tipton, Audit Manager  
Millicent Bogert  
John Haskell  
Kai Mander





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## APPENDIX

### STATUS OF PREVIOUS AUDIT RECOMMENDATIONS

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In June 1999, the Controller's Audits Division issued its report on the investigative and performance audit of the Public Administrator/Public Guardian's Office, then a part of the Department of Administrative Services. As is its policy, the Controller's Audits Division contacted the office six months, one year, and two years following the audit and asked it to tell us whether the audit's recommendations had been implemented. Although we did not independently verify whether each recommendation had been implemented, the statements in the table below are based on both the department's responses to our follow-up letters and our own observations made during the current audit. Use below of "the department" refers to the city department to which the public guardian and public administrator divisions belong. In 2000, those divisions moved from the Department of Administrative Services to the Department of Aging and Adult Services.

<b>Audit Recommendation</b>	<b>Status</b>
<u>Deposit of Excess Interest Earnings</u> : The Public Administrator/Public Guardian's Office (public administrator/public guardian) should properly deposit all excess interest earnings to the City's general fund.	Implemented. Beginning with fiscal year 2000-2001, the department has deposited excess interest earnings in the general fund.
<u>Use City's Purchasing Process</u> : The public administrator/public guardian should request funding through the City's budgetary process to pay for computer services, telephone equipment, unreimbursed client expenses, and any other administrative costs of the office.	Implemented. The department now adheres to the City's purchasing policies.
<u>Disciplinary Action</u> : The department should take the appropriate disciplinary action against the Public Administrator/Public Guardian for his bypassing the City's annual appropriation process and for violating the city ordinance requiring the Controller's certification of a valid appropriation before an expenditure is made.	Implemented. Because personnel matters are confidential, it is unknown whether any disciplinary action was taken. The former Public Administrator/Public Guardian no longer works for the City.
<u>Properly Classify Fund Receipts</u> : The department should direct the public administrator/public guardian to reflect accurately the fees collected by the office.	Implemented.

<p><u>Eliminate Security Weaknesses in System:</u> Correct the security weaknesses in the computer system and ascertain that all client accounts in the system correspond to actual clients.</p>	<p>Implemented. See Chapter Two of this report for additional recommendations for safeguarding clients' records.</p>
<p><u>Consult the City Attorney on Panoramic Contract:</u> Obtain opinion of the City Attorney to determine if the contract between the public administrator/public guardian and Panoramic is legally binding and whether the contract needs corrections or amendments to reflect the fees that the office pays.</p>	<p>Implemented. The City Attorney's Office found the contract binding and recommended against seeking amendments or corrections. The department used a competitive bid process in establishing its most recent contract with Panoramic Software, Inc.</p>
<p><u>Consult Purchaser on Panoramic Contract:</u> Ask City's Purchaser to determine if the contract with Panoramic represents the most cost-effective method for acquiring computer services</p>	<p>Implemented. The department has implemented some of the Purchaser's recommendations, including using the City's e-mail system rather than Panoramic's and using the City to make hardware purchases.</p>
<p><u>Obtain Refund From Panoramic:</u> The department should deduct \$64,050 from the next payment to Panoramic to recover the amount unnecessarily paid for materials and services already required by the contract.</p>	<p>Not implemented. After consulting with Panoramic, the department determined that if it sought repayment of the \$64,050, Panoramic would in turn bill the department for an additional \$72,000, the difference between what Panoramic charged for hardware services and the amount specified in the contract. Because the City Attorney's Office had determined that the contract was binding, the department determined that billing Panoramic for \$64,050 would lead to a net cost of \$7,950 to the City.</p>
<p><u>Use City Budget Process for Expenditures:</u> The public administrator/public guardian should follow city procedures requiring departments to budget and obtain necessary approvals for all expenditures.</p>	<p>Implemented.</p>

<p><u>Follow Charter in Procuring Information Technology Services:</u> The public administrator/public guardian should adhere to current city charter requirements when it obtains information technology services in the future.</p>	<p>Implemented.</p>
<p><u>Close Public Administrator Cases More Promptly:</u> The public administrator/public guardian should close public administrator cases more promptly.</p>	<p>Implemented.</p>
<p><u>Close Representative Payee Cases More Promptly:</u> The public administrator/public guardian should close promptly those representative payee cases for clients who cannot be located or who have died.</p>	<p>Implemented.</p>
<p><u>Transfer of Residual Funds of Representative Payee Clients:</u> The public administrator/public guardian should establish a policy and procedures for transferring the residual funds to the City's general fund for clients who have died or cannot be located. Further, the office should request the Board of Supervisors' approval for appropriate legislation to authorize the practice. In addition, to the extent required by federal law, the representative payee division should establish and maintain necessary records to show that the amount of funds transferred does not exceed the total fees that clients should have paid while receiving program services.</p>	<p>The department follows standard probate procedure in disposing of funds. It has not formalized the policy with the Board of Supervisors.</p>
<p><u>Consider Serving Additional Client Groups:</u> The public administrator/public guardian should consider whether seniors at risk in nursing homes, substance abusers, and seniors in public housing should receive services of the public administrator's office. If so, the office should request additional funding from the Board of Supervisors.</p>	<p>Implemented. The Board of Supervisors funded an increase of two positions in the public administrator/public guardian divisions. Also, as stated in Chapter Two, the department contracted with the San Francisco Hospital Council to fund a staff person in the Public Guardian division to serve as a liaison between city hospitals and the division.</p>

<p><u>Consider Moving Public Conservator's Office:</u> Request that the Mayor and Board of Supervisors consider moving the public conservator functions from the Department of Public Health to the public administrator/public guardian.</p>	<p>Implemented. The public conservator function was organizationally combined with the public guardian function in the Department of Aging and Adult Services.</p>
<p><u>Invest Funds With Treasurer:</u> The public administrator/public guardian should transfer investment funds to the City Treasurer so that the treasurer can invest the funds as part of the City's pooled investment fund.</p>	<p>Not implemented. Department managers concluded that the department would earn more interest by managing those funds themselves. Also, the Probate Court has concurrent jurisdiction over these funds, and the department contends that the court is reluctant to allow the department to transfer authority.</p>
<p><u>Maintain Lower Balances in Bank Accounts:</u> The public administrator/public guardian should reduce the fund balances in its checking and savings accounts, and make the excess funds available for investment.</p>	<p>Implemented.</p>
<p><u>Seek Guidance on Use of Additional Earnings:</u> The public administrator/public guardian should ask the Board of Supervisors to consider how to use the additional earnings that the client funds will realize if the funds are transferred to the Treasurer and invested in the City's pooled investment fund.</p>	<p>Not implemented. The department has not consulted the Board of Supervisors because the department has not transferred the funds to the Treasurer.</p>

**DEPARTMENT OF AGING AND ADULT SERVICES  
RESPONSE TO THE AUDIT**





March 5, 2003

Mark Tipton  
Performance Audit Manager  
Office of the Controller  
City Hall, Room 316  
San Francisco, CA 94102

RE: Responses to draft Controller's Office Audit Report (Report Number 02038) on the Public Administrator-Public Guardian.

Dear Mr. Tipton:

Thank you for sending me a draft copy of the Controller's Office audit report (Report Number 02038) on the Public Administrator-Public Guardian, dated February 2003.

As indicated in the report, the Department of Aging and Adult Services (DAAS) was created in July 2000 to assist seniors, persons with disabilities, and their families to maximize self-sufficiency, safety and health so that they can remain in the community as long as possible. Since my succession as the new Executive Director in July 2002, I have committed myself to improve the effectiveness and efficiency of the department.

I agree with the recommendations contained in the report to strengthen the management of the Public Guardian-Public Conservator division (defined as the Public Guardian), and Public Administrator division (defined as Public Administrator), and to improve the integration of the department. Following are my responses to the each of the recommendations:

- 1. Recruit and hire fully qualified people to fill two key positions that are now vacant or occupied by an acting incumbent: the deputy director of programs and the manager of the public administrator.**

DAAS has completed the recruitment, interviewing, and selection process for the 0952 Deputy Director of Programs (Public Administrator) as of February 28, 2003. Under the City Charter, the City Administrator has the final authority to appoint the Public Administrator. It is anticipated that this position will be filled by March 28, 2003.

DAAS is in the process of recruiting for the 1131 Assistant Public Administrator/Public Guardian. The interviewing and selection will be completed by April 30, 2003. It is anticipated that this position will be filled by May 30, 2003.

- 2. Address ways to manage the workload of the public guardian and public administrator. Reducing the number of cases the divisions take on would be preferable to providing poor service.**

Ways to Manage the Public Guardian (PG and PC) Workload.

DAAS will improve the management of the PG and PC workloads in several ways regarding:

- Identification of those with a higher priority than the PG or PC (i.e., family members, named conservators, or trust documents), or determination that they do not exist.
- Identification of any estate plans, including conservatorship instructions, that have been located.
- Exploration of other less restrictive alternatives to probate conservatorship (i.e., power of attorney), trust or representative payee by family, friends, or professional associates (i.e., accountant, attorney or other professional fiduciaries).
- Exploration of alternatives to the PG or PC as conservator such as friends, professional associates, affiliated church organizations, private professional conservators, or money managers/case managers, all of which are options.

First, once the DAAS Deputy Director of Programs is filled, weekly meetings between this individual and PG, PC and Adult Protective Services (APS) staff will enable the consistent determination as to which cases are appropriate to be administered by the PG and the PC. With all of the information compiled regarding a potential conservatee, the DAAS Deputy Director of Programs will have a clear understanding if the cases presented should be prepared for filing a petition for probate or LPS conservatorship (i.e., the conservatorship should be filed by the PC in the mental health court).

Second, ongoing training (as described in the response to recommendation # 4 below), by the designated DAAS Training Specialist, will ensure the understanding by all relevant DAAS units (PG, PC, and APS) as to what types of cases each DAAS division should administer and the criteria that must be met in filing either probate conservatorship or LPS conservatorship cases.

Third, as a result of the training, the referral process will be clarified for the PG, PC and APS staff. This will assist with the increasing demand for services by finding, when appropriate, other alternatives. The DAAS Deputy Director of Programs will establish the priority of cases referred and accepted, including: (1) abuse cases, (2) frail elderly at risk cases, (3) mental health cases, and (4) other referrals.

NOTE: The fact that APS or hospitals refer a case to the PG or PC does not infer that the case automatically can or will be accepted and filed in court. At all times, all of the parties involved must be aware of the client's rights. DAAS, as a government entity, and the staff of its different divisions, must not overstep their bounds and needlessly pursue legal action with regard to a client (i.e., probate conservatorship or LPS conservatorship).

Forth, in determining the priority of such cases, DAAS and its PG and PC divisions, along with the City Attorney, District Attorney, and Police Department, have been working collaboratively to establish a Fiduciary Abuse Specialized Team (FAST) program in San Francisco to stop the abuse of the elderly. This FAST program is based on a successful "best practice" model in Santa Clara County.

Financial, emotional, and physical abuse are the targets of this program, which will work as follows: (1) the PG will become the conservator and provide probate administration; (2) the City Attorney will pursue the civil recovery of assets; (3) the District Attorney will work on the criminal actions of the perpetrator; and (4) APS will assist the others involved with its investigation of the entire matter. This program will allow for much of the investigation and recovery of assets through the law suits filed in court by the City Attorney and District Attorney, all of which will save vital time to minimize elderly abuse, and will reduce duplication by the PG and PC.



Fifth, the audit report states that hospitals would rather work with families of clients rather than with the PG concerning the need for conservatorship. The fact is that families of clients are exactly with whom hospitals should be working, because the families have a higher priority than the PG in matters related to conservatorship. Of course, this would not be the case if it were determined that a particular family was abusing a client. This would also not be the case when, for any other reason, the PG is the most appropriate option for a client in regard to the need for a conservatorship.

DAAS will initiate quarterly in-service training for hospitals to explain the duties and responsibilities of the PG, and how best to seek and obtain conservatorship when it is necessary. This will help to decrease inappropriate referrals from hospitals when other options exist. In addition, in collaboration with the Hospital Council, DAAS has recently established a dedicated telephone line and message center (355-3513) to accept calls and provide information about how to make referrals to the PG. After the original Hospital Liaison went on disability leave in July 2002, the department assigned another staff from the PG to carry out the terms of agreement between DAAS and the Hospital Council. This alternative staff member has remained as the liaison to the Hospital Council.

#### Ways to Manage the Public Administrator (PA) Workload.

DAAS will improve the management of the PA workload in several ways.

First, DAAS will regularly educate all Deputy Public Administrators in regard to the duties and liabilities of a personal representative (administrator or executor) as set forth in the California Probate Code and the San Francisco Probate Manual. The Deputy Public Administrators have been provided copies of both the probate code and the probate manual.

The Deputy Public Administrators, as well as the Deputies from the PG and PC, are directed to attend the Public Administrator/Public Guardian/Public Conservator state conferences. These conferences have classes and workshops for which the attendees are given credit and certificates of attendance.

The Deputy Public Administrators are directed to the California Probate Code, Chapter 4, entitled "Public Administrators", sections 7600 to 7666, which sets forth the duties of public administrators, as well as what is expected of public officers with regard to reporting cases to the PA. This chapter addresses the need for employees of hospitals, convalescent facilities, and board and care homes to give immediate notice of the death of their patients when no information is available concerning family members and next of kin. This chapter also establishes the responsibilities of funeral directors, who are in control of the decedent's remains, and of financial institutions that may be in possession of the decedent's assets.

The Deputy Public Administrators are also directed to the California Probate Code, sections 8460 to 8469, which list the priority of those who are to administer an estate when there is no testamentary document found. The PA is sixteenth on this list of priority.

When assisting the public with these sections of the California Probate Code, the Deputy Public Administrators will refer the family or named personal representatives to section 13100 of the probate code, which allows the family or personal representative to administer those estates of \$100,000 or less in summary fashion.

Second, based on a clear understanding of the duties of the PA as well as the responsibilities of medical and residential facilities, funeral directors, and financial institutions, and the priorities established concerning who should administer estates, Deputy Public Administrators will be able to: (1) determine which cases are appropriate to be administered by the PA; and (2) direct the other cases to the identified family members or named personal representatives, who should be the fiduciary for such estates.

Third, the probate code allows summary proceedings for cases under \$10,000 and summary probate proceedings for cases valued between \$10,000 and \$100,000. The smaller estates are administered by the PA without Superior Court supervision. The larger estates are filed in Superior Court and are administered without notice or court hearings. These allowances for summary proceedings provide administrative relief from all of the requirements of formal probate proceedings. In such situations, this allows the Deputy Public Administrators to do their jobs and perform their duties without the extra requirements mandated for much larger estates, which are those over \$100,000.

Fourth, the PA staff will review all potential cases, keeping in mind the specific criteria for the PA to accept cases. In instances where there are family members or a named personal representative able to act, such cases will be referred to them. The PA staff will then determine the value of the estate and act accordingly. This will assist in optimizing the use of the PA staff, focusing its attention solely on appropriate cases.

**NOTE:** The PA staff, including the DAAS legal counsel, cannot give legal advice or opinion to family members or personal representatives. They can state what cases the PA can administer, make suggestions as to the alternatives, and give reasons why the PA may not be the appropriate fiduciary in a particular situation. In addition, they can provide assistance by referring them to their own legal counsel, or the county bar association, for legal advice. Referencing section 13100 of the probate code would not be considered giving legal advice or opinion. Instead, it would be assisting the public by setting forth alternatives to the PA probating an estate.

The overall workload for the PA should be impacted by the three methods of probate (related to estate size) and the total number of cases being administered. Focusing on the size of the estates being probated, as well as the number of cases being administered, and how these cases are distributed among the Deputy Public Administrators, will assist in the effective management of the PA workload.

Fifth, the PA, in collaboration with the PG, periodically arranges in-house training sessions, which include presentations from the stockbroker, the tax accountant, the software provider, and the legal council assigned to these divisions. These sessions address procedures related to stocks, taxes, accountings, inventories, the pertinent changes in the Probate Code, and the local court's rules and procedures. Such sessions will continue. Topics of interest and concern to all PA and PG staff will be the subject of future meetings.

**NOTE:** The use of high school student interns for any PA activities will be limited immediately to non-fiduciary and clerical duties.

- 3. Develop a policies and procedures manual and performance appraisal process for the public guardian and public administrator.**

Status of the PC Policies and Procedures Manual.

The PC has a comprehensive policies and procedures manual, which consists of a binder including: (1) introduction; (2) administrative structure; (3) LPS conservatorship services; (4) court reports; (5) other responsibilities; (6) case management; (7) documentation; (8) other topics, including repatriation, out-of-county returns, and probate referrals; (9) communication; (10) administrative services; (11) continuing education; and (12) protocols. Each section has policies and procedures issued by the Public Conservator. Some information may need to be updated.

The PC policies and procedures manual will be reviewed and updated by a DAAS committee that will include: (1) the DAAS Deputy Director of Programs; (2) the Senior Psychiatric Social Worker; (3) the DAAS legal division; and (4) the DAAS Senior Planner. This policies and procedures manual will be reviewed and updated by May 16, 2003.

Status of the PG Policies and Procedures Manual.

The PG has written policies and procedures, but they are not organized into one comprehensive manual. These policies and procedures are contained in a folder divided into: (1) program bulletins; (2) administrative bulletins; and (3) personnel bulletins. Each of the bulletins have been reissued on September 30, 2002. Some of the information may need to be updated. To update and develop this manual, DAAS is researching "best practice" models for a PG policies and procedures manual, which have been found in Los Angeles County, Riverside County, Nevada County, and Yolo County.

The PG policies and procedures manual will be updated and developed by a DAAS committee that will include: (1) the DAAS Deputy Director of Programs; (2) the Senior Estate Investigator; (3) the DAAS legal division; and (4) the DAAS Senior Planner. This policies and procedures manual will be completed by May 31, 2003.

Status of the PA Policies and Procedures Manual.

The PA has written policies and procedures, but they are not organized into one comprehensive manual. To update and develop this manual, DAAS is researching "best practice" models for a PA policies and procedures manual, which have been found in Los Angeles County, Orange County, San Diego County, Maricopa County (Arizona), and Riverside County.

These models will be used to develop a PA policies and procures manual for San Francisco County, along with the following resources: (1) Handbook for Public Administrator, Public Guardian, and County Veterans Service Organization; (2) Superior Court's Probate Manual; (3) California Probate Code; and (4) California Health and Safety Code.

The PA does have written standards already developed for estate investigators related to: services to clients and the community, investigation procedures, marshalling assets and administration, estate and client management, coordination of internal case activities, and documentation procedures.

The PA policies and procedures manual will be developed by a DAAS committee that will include: (1) the DAAS Deputy Director of Programs; (2) the Acting Assistant Public Administrator; (3) the DAAS legal division; and (4) the DAAS Senior Planner. This policies and procedures manual will be completed by May 31, 2003.

Performance Appraisal Process for the PA and PG.

As the audit report states, DAAS has begun to implement a performance evaluation process for all employees, including the PA and PG. For each step outlined below, DAAS utilizes the City and County of San Francisco Performance Plan and Appraisal Report (PPAR). The DAAS performance appraisal cycle consists of the following:

1. Initial review of position duties, responsibilities and expectations

An Initial Position Review is to be conducted within the two weeks of the appointment into a position. The purpose of this meeting is to insure that the employee is cognizant of his/her job duties and the level to which they must be performed in order to receive a competent and effective rating. Department and division-specific training should take place at this time.

2. Mid probation – end of probation review

At the Mid Probation Review, supervisors will use the PPAR from the Initial Position Review as his/her benchmark for rating purposes and, as a result, employees will have an understanding upon what basis the various evaluation ratings were reached. Performance standards will enhance a supervisor's ability to identify those duties and responsibilities where development is needed or where standards have been exceeded.

Upon completion of the probationary period, the supervisor will review the Mid Probation Review PPAR and craft a new PPAR with special attention areas of improvement. For any employee for whom the overall rating is "needs development" or "unacceptable", the supervisor will need to review the performance evaluation with the Program Manager prior to the conference with the employee.

3. Annual Performance Plan and Appraisal Report

The supervisor will conduct a PPAR with each employee per annum including a Mid-period Appraisal Report Review Meeting.

All DAAS division managers and supervisors have been directed by me to attend training classes provided by the Department of Human Resources (held during the fall of 2002) on how to conduct performance evaluation discussions and prepare performance evaluations. Performance evaluations for all DAAS staff are to be completed by June 30, 2003.

4. **Develop a standard training and orientation program for new employees, and institute ongoing training for all staff.**

A standard orientation program for new employees has been developed, which consists of: (1) an overview of the DAAS mission and vision, the DAAS organizational structure, and the functions and inter-relationships of the various DAAS divisions; and (2) a review of the requirements for Civil Service employment with the CCSF. This orientation program will also include: (3) a review of the DAAS employees handbook, now being developed. In addition to CCSF Civil Service appointment processing, all new employees are required to complete an extensive DAAS appointment processing checklist.

Periodic trainings for all staff take place at monthly DAAS staff meetings. Topics have included policies related to the inappropriate acceptance of gifts and honoraria, sexual harassment, and ergonomics. In addition, a monthly DAAS training program has been designed to address issues of concern to DAAS

contractors and employees, such as: community resources, ethical issues, cultural competency, persons with disabilities, interdisciplinary casework, working difficult clients, disaster preparedness, conflict resolution, and elder abuse prevention. This training program began in April 2002. The schedule for the rest 2003 and 2004 is now being planned.

Ongoing trainings will be designed by the designated DAAS Training Specialist to address many different issues related to the functions and inter-relationships of each DAAS division. These trainings will explain what types of cases each DAAS division (particularly the PA, PG, PC, and APS) are able to accept and administer. The criteria that must be met in filing either a probate conservatorship by the PG or an LPS conservatorship by the PC will be explained. In addition, as mentioned earlier, individual division training sessions have been and will continue to be scheduled (particularly for the PA, PG, PC and APS) related to division policies and procedures, duties and responsibilities, as well as what is expected of public officers. Newly hired employees will be trained by their supervisors according to each division's policies and procedures manual, now under review and development.

**5. Create a system of spot-checking the performance of its appraiser and auction house in collecting, inventorying, appraising, and selling clients' personal property.**

Spot-checks are already in place because of probate code requirements and because of the court's supervision. The probate code and the San Francisco Probate Manual establish the necessary requirements for administering an estate. One of the requirements is the appointment of a probate referee whose duty is to appraise the estate's assets. Probate referees are initially appointed by the State Controller. Of the referees appointed in a county, the Judge of the Superior Court appoints one to appraise the items of the formal probate estate.

The sales of an estate's assets are reviewed in the final account to the court, which includes the probate referee's appraisal and the list of property on-hand at the time of the final accounting. The sales of estate property is set forth as an attached schedule of sale. The schedule includes the appraised value, the cost of the sale (including commissions), and the proceeds of the sale. These accountings, along with the schedule, are reviewed by the court. After review, the court issues its order settling and approving the petitioner's account.

As a means of spot-checking, the auction house and the Deputy Public Administrators now take digital photographs of the personal property in an estate. Any questions concerning missing assets are resolved by examining the photographs. In addition, in order to ensure a better check on the auction house, or any other person involved with an estate, DAAS has ordered a video camera so that a videotape of all dual searches, including all personal property in the dwelling of the conservatee or the deceased, will be made before the dwelling is released to the appraiser and/or auction house for further action.

Videotaping will ensure the estate has a record of all assets found during a search. It will also provide a clear and comprehensive record for the protection of the City and the clients. Finally, it will assist the PA staff, should there be a claim of fraudulent activity. The DAAS accounting staff will conduct reviews of documents submitted by the appraisers, comparing the appraisal data to the videotape, to be certain that all personal property of the conservatee or the deceased is accounted for in a final disposition.

Also, periodically, DAAS may "salt" the premises before an investigation for assets by the Deputy Public Administrators or before auction house movers enter the premises. The practice of "salting" involves placing items of value within the premises and checking the inventory to see if the items are listed.

**6. Create a better system of tracking and storing client property, possibly including bar coding of items.**

The videotaping of personal property will be the beginning point of tracking and storing client property. Once the videotape is completed, the Deputy Public Administrator will inventory and appraise the property. The initial inventory and appraisal will be submitted to the heirs or beneficiaries (if any) for instructions as to sale or storage.

If there are no claimants to the estate, the valueless property is abandoned and a notation of abandonment will be made. If property is to be sold, the seller will give the Deputy Public Administrator a receipt for the items it will be keeping before the sale. Again, a receipt will be required if the property will be stored and held for the heirs pursuant to their instructions.

DAAS has changed the lock for its property room. The Senior Account Clerk has been assigned a key and designated as the primary person authorized to have access to this room. The On-Site Accounting Supervisor will be the back-up person authorized to have access. No single person will be allowed to enter the property room. The property will always be under dual custody. A log requiring sign-in and sign-out with signatures, dates and times, has been put in place.

Serialized receipts for all property are already kept in triplicate. The receipts are to be signed by both deputies and the person turning over the assets. One copy of the receipt is kept by the PA, a second copy is held in the PA office file for the estate, and a third copy is kept in the DAAS Accounting Section. This will facilitate the control of assets moving in and out of the property room, and will also limit DAAS exposure to unauthorized access.

DAAS will investigate a bar coding system, as well as the suggestion that the PA have a warehouse and a warehouseman. In the meantime, the PA will enforce the double custody of all property with the sign-in supervised by the DAAS Accounting Section, and a more accurate and updated system of recording estate's assets in the computer system.

**7. Implement procedures that include better controls over how employees search residences and how they access the property storage room and safes. Make explicit and enforce the practice of dual custody, in which two employees must be present whenever client property is accessible.**

DAAS will revise its policies to explicitly state that no employee engaged in a search will ever enter a client's premises alone or be out of sight of a second employee while engaged in a search. As mentioned above, each search will be videotaped as it occurs. The videotape will be taken at each residence or place of business, and will be kept for the duration of the administration of the estate. The videotape will include all contents of the dwelling and each of the participants involved in the search. Failure to comply will result in a disciplinary action, which may lead to suspension or the termination of employment.

Deputies and account clerks will be charged with the responsibility of updating the computer system with regard to the personal property and the appraisal of all items. The software company will not be involved in any changes made to the computer system with regard to assets. Only the DAAS Accounting Section will be authorized to make any necessary changes to the assets component of the system, and only when the change is noted in the "events" section of the system. This will allow for the tracking of any changes by the PA.

As mentioned above, the lock of the DAAS property room has been changed and the key assigned to the Senior Account Clerk. When hired, the DAAS Deputy Director of Programs will have custody of a second key, which will provide an additional back-up entrance capability into this storage facility.

One safe is located in the DAAS property room and access to it is controlled by the Senior Account Clerk. Other safes exist at 77 Otis Street. DAAS will evaluate whether or not these safes are necessary. Should they be needed, all combination locks will be removed and key locks will be installed. The keys to these safes will be kept in the DAAS property room.

DAAS procedures related to property storage only come into effect after the initial determination is made for each estate as to what items should be abandoned, and what property is to be sold, stored off-site, or stored on-site. The appraisal of property is essential in making these decisions. The initial appraisal is made by the deputies, who determine if the value of the property warrants hiring an appraiser to appraise and inventory the property, at the expense of the estate. Appraisal services and auctioneer services should not be provided by the same vendor. Accordingly, the services of appraising property and the sale of the property will be obtained through two separate requests for proposals (as described below).

**8. Begin or continue to issue requests for proposals and establish contracts for the following services: appraising and auctioning property, mortuary services, real estate services, tax preparation, brokerage services, and computer services.**

DAAS will issue a separate request for proposal (RFP) for each of the following services: (1) appraising property; (2) auctioning property, (3) mortuary services, (4) real estate services, (5) tax and accounting services, (6) brokerage services, and (7) computer services. DAAS has already contacted other jurisdictions within and outside of California to obtain examples of effective RFPs that have been successfully used in order to ensure a large pool of applicants from which to select each service provider. DAAS will develop all RFPs to allow multiple vendors to be used for each service, as appropriate. DAAS management will monitor the vendors used to prevent over-reliance on any one service provider.

**9. Remove banking and investment responsibilities from Panoramic Software, Inc. (Panoramic) and assign them to a new or existing member of the department's accounting staff, thereby saving the department up to \$84,000 per year and gaining greater control over its investment activities.**

The current contract with Panoramic Software, Inc. is from July 1, 2000 to June 30, 2004. DAAS will work with the City Attorney's Office to revise the contractual relationship with Panoramic, in order to remove all banking and investment responsibilities. If deemed appropriate by the City Attorney, all banking and investment activities will be controlled in-house.

**10. Discover why Panoramic charges other California counties so much less in fees than it charges San Francisco. The department should use this information to decrease its computer services costs.**

DAAS has contacted several jurisdictions within and outside of California, including Maricopa County, Arizona, to discover why Panoramic's fees in San Francisco are high. DAAS will work with the City Attorney's Office to revise the contractual relationship between itself and Panoramic. If it is deemed appropriate by the City Attorney, DAAS will re-issue the RFP to competitively select a vendor to perform the trust accounting functions.

Following are additional management changes I am initiating or have already initiated that will make a positive difference in DAAS:

Presentation by Deputy City Attorney on Not Accepting Gifts or Honoraria from Outside Agencies.

On December 4, 2002, Ms. Ann Alpers, Deputy City Attorney, was invited to attend the monthly DAAS general staff meeting to speak on issues pertaining to not accepting gifts or honoraria from outside agencies. Her presentation provided staff with definitions of gifts and honoraria as well as clarifications on how to handle these situations as they arise.

Professional Evaluation of PG and PC Performance.

On January 6, 2003, in cooperation with Mitchell Katz, M.D., Director of Health for the Department of Public Health, I retained the services of Susan Poor and Associates, Planning Consultants, to undertake an evaluation of the PG and PC programs. This evaluation will explore how these programs are performing and recommend how that performance might be improved in terms of efficiency, sharing of expertise and resources, and realizing different ways of performing necessary functions.

Preliminary recommendations made by Ms. Poor are in the following areas: (1) structure and staffing, (2) policies and procedures, and (3) specific ideas for change. In regard to structure and staffing, Ms. Poor recommends considering a significant restructuring of the LPS and probate conservatorship functions, similar to the structure utilized in San Mateo County, which is considered a "best practice" model.

The full findings and recommendations of this evaluation of the PG and PC programs will be completed by March 21, 2003. I will use this evaluation as the basis upon which to consider a restructuring of the PG and PC programs so that they will perform more effectively and respond in a more timely manner to the varied needs for conservatorship services.

As part of this restructuring, I will consider broadening the scope of weekly meetings that now occur between the PG, PC and APS staff to address the need for the PG and PC to have complete and detailed investigations from the referring APS unit. Given that these three programs are integrated in DAAS, there is no longer a need for two separate investigations to be conducted regarding a potential conservatee.

The investigation and work product of the APS staff should be complete and in a form that the APS referral can be reviewed by the PG or PC staff to determine if the referral meets the criteria for the filing of a petition for probate or LPS conservatorship.

As a result of the DAAS training program described earlier, APS staff will be educated and informed in regard to the criteria set forth in the probate code, and the Welfare and Institutions Code, so that their expanded APS referrals, if accepted by the PG or PC, will serve as the needed affidavit for probate conservatorship cases, and as evidence in LPS conservatorship cases. This will reduce the duplication of investigations of potential conservatorship cases. This will also relieve the deputy public guardians and public conservators to perform their duties rather than undertake further investigations.

Assignment of an On-Site Accounting Supervisor.

On February 28, 2003, Ms. Gloria Carniglia, DAAS Management Assistant, was moved from 25 Van Ness Avenue and assigned to be the On-Site Accounting Supervisor at the accounting offices at 77 Otis Street.



In summary, the following issues have been or will be addressed by the dates specified:

<u>Action Plan</u>	<u>Time Line</u>
1) Assign a DAAS Management Assistant to be the On-Site Accounting Supervisor at the DAAS Accounting Section at 77 Otis Street.	Completed (February 28, 2003)
2) Establish a dedicated telephone line and message center for hospital referrals to the PG.	Completed (February 28, 2003)
3) Create a DAAS property room log requiring sign-in and sign-out with signatures, dates and times.	Completed (March 4, 2003)
4) Change the locks to the DAAS property room.	Completed (March 4, 2003)
5) Designate the Senior Account Clerk as the person assigned a key and authorized to provide access to the DAAS property room.	Completed (March 4, 2003)
6) Order a video camera so that the PA can videotape personal property of clients in order to ensure a better check on the auction house.	Completed (March 4, 2003)
7) Limit the activities of PA student interns to non-fiduciary and clerical duties.	Completed (March 4, 2003)
8) Receipt of consultant's evaluation of PG and PC division, which will include recommendations about how performance can be improved.	March 21, 2003
9) Designate a DAAS Training Specialist to design and implement ongoing training programs for all DAAS staff.	March 28, 2003
10) Hire the 0952 Deputy Director of Programs (Public Administrator).	March 28, 2003
11) Initiate quarterly in-service training for hospitals to explain the duties and responsibilities of the PG.	April 30, 2003
12) Review and update PC policies and procedures manual.	May 16, 2003
13) Revise policies so that all DAAS employees will always undertake dual searches of residences.	May 16, 2003
14) Hire the 1131 Assistant Public Administrator/Public Guardian.	May 31, 2003
15) Develop PG and PA policies and procedures manuals.	May 31, 2003
16) Complete performance evaluations for all DAAS staff.	July 31, 2003

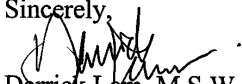
I am pleased that the majority of the allegations concerning the PG and PA were untrue or could not be substantiated. However, I am concerned about the general language used in the report, the lack of specific examples, and inferences that some of the staff members may be abusive or engaging in wrong doings. In regard to morale issues, as a relatively new department integrating services for seniors and persons with disabilities, it is not unexpected to uncover issues related to low morale among staff members who came from different disciplines, working environments, and expectations of management. Repeated allegations may reflect deep distrust among employees of different divisions. But such allegations about other employees will need to be substantiated with facts before any conclusions should be drawn.

Issues of low morale exist, in part, as a result of moving different county agencies and programs under DAAS in July 2000 without adequate financial resources. It would be prudent for the City to provide adequate financial resources to strengthen DAAS in carrying its mission of serving older adults and persons with disabilities.

In March 2001, Charlene Silva, Director of Aging and Adult Services for San Mateo County, spoke to the Mayor's Implementation Working Group, which provided policy guidance for the initial formation of DAAS. At that time, Ms. Silva stated that San Mateo had been working to integrate county services for older adults and persons with disabilities since 1982. Her advice to San Francisco was to be patient, and to understand that the integration of county services is a difficult, challenging, and long-term process.

With this in mind, DAAS will continue to focus its efforts on successfully integrating county services for older adults and persons with disabilities in San Francisco, and improving how the DAAS divisions collaborate to effectively perform their duties and responsibilities.

Sincerely,



Darriek Lam, M.S.W.  
Executive Director



cc: Mayor's Office: Office of Finance and Legislative Affairs, Office of the Press  
Board of Supervisors: Clerk of the Board, Budget Analyst  
Civil Grand Jury  
Commission on Aging and Adult Services  
City Attorney  
Public Library  
KPMG LLP