



Probate Court

Internal Audit

September 2018

# Bernalillo County Internal Audit Probate Court

## Executive Summary

### SUMMARY OF PROCEDURES

REDW performed internal audit procedures over the probate process at the Probate Court. Our internal audit focused on evaluating the controls and processes related to probating the estates of deceased, appointing of special administrators, fee collections, daily reconciliations of monies, and customer response times.

We performed the following procedures:

- Obtained an understanding of the Probate Court’s procedures for processing applications related to probating estates, including the appointing of a special administrator and the type of documentation necessary to complete the process.
- Obtained an understanding of the types of fees charged and the process for collecting, recording, and depositing of fees charged to customers.
- Obtained an understanding of the types of communication lines available for customers to contact Probate Court.
- Tested a selection of new cases to ensure the required forms were completed, adequate support was obtained and correct fees collected. Additionally, we tested to ensure applicable New Mexico State Statutes and Bernalillo County requirements were met prior to processing.
- Tested a sample of new cases to determine if time from submission to decisive action and notification to the customer appeared reasonable.
- Tested a selection of dates to determine if the collection of monies, handling procedures, and internal controls complied with Bernalillo County’s Administrative Instructions for Collection of Monies and Handling Requirements.
- Tested a selection of dates from the Call Center to determine if customers requiring assistance other than informational were contacted by a Probate Court employee in a timely manner.

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

During the course of the audit we identified areas which processes and related controls appeared to be functioning properly, most noticeably were the areas related to processing times and organization of packet information. Our testing identified all necessary information was obtained prior to processing of case and processing times were within the suggested time period.

As a result of our testing, the following moderate risk observation was identified:

***Noncompliance with Cash Handling AI:*** There were 15 instances identified where the reconciliation and deposit ticket were not initialed, indicating a final review was not performed. Additionally, there were three instances identified where the customer's signature was not obtained for credit card payments. The Probate Court should ensure two employees are reviewing and initialing both the daily cash reconciliation and deposit ticket.

\* \* \* \* \*

Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

We received excellent cooperation and assistance from the Probate Court Office during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
October 19, 2018

# **Bernalillo County Internal Audit Probate Court**

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# **Bernalillo County Internal Audit Probate Court Report**

## **INTRODUCTION**

We performed the internal audit services described below solely to assist the Probate Court at Bernalillo County in evaluating the processes related to the processing of applications, collection of supporting documents, customer service response times and compliance with the Bernalillo County Administrative Instructions regarding collection of monies and handling requirements. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

An entrance conference was held on September 13, 2018, and fieldwork began September 17, 2018. An exit conference was held on October 16, 2018.

## **PURPOSE AND OBJECTIVES**

The Probate Court's primary services include informal probates and providing general information about the probate process, access to, and information about probate files. Our internal audit evaluated the probate process from application to decisive action. We assessed whether all necessary forms were completed and all required information was obtained, whether fees were charged in accordance with approved rates, and whether the collection of monies was performed in accordance with County's policies and applicable State Statutes. Additionally, we evaluated the process for tracking and returning customer calls received by the Call Center and forwarded to the Probate Court.

## **SCOPE AND PROCEDURES PERFORMED**

**In order to gain an understanding of the processes and laws/regulations, we interviewed the following personnel:**

- Willow Misty Parks, Probate Judge
- Veronica Ortega, Court Supervisor
- Lori Frank, Court Administrator

**In order to gain an understanding of the processes we read relevant portions of:**

- Bernalillo County Administrative Instructions: Collection of Monies and Handling Requirements dated April 16, 2018
- Court of Wills, Estate & Procedures: Cash Handling Policies and Procedures dated July 26, 2018
- Testate Packets dated July 1, 2016
- New Mexico Statutes-Chapter 45-Article 3-Part 3: Informal Probate or Appointment Proceedings

**We performed the following testwork:**

***Case Processing and Timeliness:*** Obtained a listing of all cases added to the ICON system between July 1, 2017 and June 30, 2018, and ensured the listing included the case number, type, filing date, and date of last update. We selected a total of 90 cases, 30 from 2017 and 60 from 2018, (from a total population of 1,161 cases) and tested to determine if:

- A docketing checklist was complete;
- All required forms were on file and complete including the application, order, acceptance of appointment, and letters of testamentary/ administration;
- All required supporting documentation, such as death certificates and wills, were obtained;
- The time for filling and appointing a special administrator occurred within the established New Mexico State Statute timeline;
- The verification occurred regarding place of death or ownership of land within the County;
- The correct fees were charged and collected;
- For cases having a closed status, the Statements of Personal Representative was completed, signed by respective parties, notarized, and approved; and,
- The time between filing and customer notification occurred within five to ten business days.

***Cash Receipts :*** Selected 15 days between July 1, 2017 and June 30, 2018, and tested to determine if County policy was followed including:

- The receipt payment report agreed to the reconciliation;
- The reconciliation was performed by two individuals;
- The deposit slip agreed to the daily reconciliation;

- The credit card payment slips were retained and signed; and,
- The deposit was completed within 24-hours.

**Customer Service:** Selected six days (a total of 40 calls) between January 1, 2018 and June 30, 2018, and tested to determine if call notifications sent to the Probate Court by the Call Center were responded to in a timely manner.

## **OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

During the course of the audit we identified areas which processes and related controls appeared to be functioning properly, most noticeably were the areas related to processing times and organization of packet information. Our testing identified all necessary information was obtained prior to processing of case and processing times were within the suggested time period.

As a result of our testing, REDW identified the following observations:

### ***1) Noncompliance with Cash Handling AI***

The County's AI No. AD 02 – Collection of Monies and Handling Requirements requires separation of duties regarding the receipt, recording, and reconciliation of monies including two separate individuals signing off on the daily cash reconciliation. The policy also requires customers to sign all credit card slips and for those slips to be retained with the daily cash receipting documentation. Our testing of 15 days identified that:

- All 15 days did not have initials indicating a final review was performed on the reconciliation or the deposit ticket.
- Three of the days had credit card slips that were missing the customer signature, which totaled \$50.

**Potential Risk: Moderate** – If adequate segregation of duties and reconciliations over cash collections are not in place, there is a risk of theft or fraudulent activity. As the documentation was in place and was just missing the approval signature the risk is not significant.

**Recommendation:** The Probate Court should ensure two employees are reviewing and initialing both the daily cash reconciliation and deposit ticket. Additionally, all employees processing credit card payments should ensure the customer signs the credit card slip before leaving the site. If payment is processed over the phone, the credit card slip should note such information.

**Management's Response:** As of July 25, 2018, two employees verify all monies collected. At the end of each day all employees are cashed out by running a report specific to the receipts created by that employee. Money collected is matched to the report and signed by the employee turning in the money and the supervisor collecting it. Once the cash desk has been completed the following morning, a separate employee then verifies. Both employees sign off on the report along with the deposit slip.

County Policies allow for taking payments over the phone. The policy to take payment over the phone has been added to our employee-training manual that all receipts must be signed by the customer or "phone payment" and date, and name of employee who took it, must be written on

the receipt. This has also been verbally reiterated to all employees. A court supervisor, or other qualified employee, will confirm all receipts are fully complete each time the cash desk is completed and reconciled.

The Bernalillo County Finance department is also aware of our issue in separating duties due to the court being such a small department and not always being fully staffed. They have since allowed a temp employee access to SAP so all transactions can be dual verified. The court staff will continue to work with other departments, such as the Clerk's office and County manager, to identify solutions and options to be implemented and to be sure to always be in compliance in the event of both foreseeable and unforeseen circumstances as they arise.

**2) Checklists not Included in Case Files**

As part of the probate process, employees utilize a docketing checklist to help ensure all necessary information was obtained from customers, communication logged and potential issues recorded. Our testing identified three of the 90 cases tested that did not have record of a checklist being utilized; however, all other required documentation was included in the file.

**Potential Risk: Low** – If a checklist is not used, there is a possibility that not all necessary support is obtained. This risk was determined to be low as all required documentation was included in the file.

**Recommendation:** As reviewers, the Probate Court Administrator and Supervisor should ensure all cases have a docketing checklist. This will help confirm all necessary documentation was obtained and communication with customers recorded.

**Management's Response:** All court employees will continue to be trained on and made aware that a docketing checklist must be used for any case, customer contacts, or paperwork received by the court. All activity on the case will be noted on the docketing checklist. Once each case is completed, the checklist will be filed in the docket sheet binder by case number. This is also part of the employee-training manual. The checklist is for court staff only and should never be given out. These are used for court reference. The court is looking into options and ideas for the future in eventually having these kept electronically for easier access, updating and better record keeping.

\* \* \* \* \*

This report is intended for the information and use of the Bernalillo County Probate Court, the audit committee, members of Bernalillo County Commission and others within the organization.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from the Probate Court during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
October 19, 2018