

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Financial and Operating Practices of the Queens County Public Administrator's Office

MD03-094A

May 9, 2003



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the Comptroller's responsibilities contained in Chapter 5, § 93, of the New York City Charter, my office has examined the operating practices of the Queens County Public Administrator's Office (PA). The Public Administrator is responsible for administering the estates of individuals who die intestate (without a will) and leave no heirs, or when heirs are not qualified or are unwilling to administer the estate.

The results of our audit, which are presented in this report, have been discussed with PA officials, and their comments have been considered in the preparation of this report.

Audits such as this provide a means of ensuring that estates are administered according to applicable guidelines and in the best interest of the decedents and their beneficiaries.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Thompson, Jr.".

William C. Thompson, Jr.

Report: MD03-094A
Filed: May 9, 2003

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*The City of New York
Office of the Comptroller
Bureau of Management Audit*

**Audit Report on the
Financial and Operating Practices of the
Queens County Public Administrator's Office**

MD03-094A

AUDIT REPORT IN BRIEF

This audit determined whether the Queens County Public Administrator's Office (PA) complied with Article 11 of the New York State Surrogate's Court Procedure Act (the Act), the *Report and Guidelines of the Administrative Board for the Offices of the Public Administrators* (Administrative Board Guidelines), and other applicable City and State laws and regulations.

Audit Findings and Conclusions

The PA generally adheres to procedures of the Act, Administrative Board Guidelines, and its own guidelines and procedures. Specifically, the PA:

- Maintains a central record of estates, as well as accurate records of estates' receipts and disbursements.
- Files estate tax returns for estates that meet the required criteria for gross income.
- Ensures the presence of at least two investigators during the search of decedents' residences.
- Ensures all estate assets held in the bank are adequately safeguarded for risks such as loss or forgery and are protected by FDIC insurance.
- Maintains estate assets in interest-bearing accounts and ensures that interest is posted monthly to estate ledgers.
- Correctly accounts for the legal fees, Finance Administrator's commissions, and PA expenses related to the administration of the estates.
- Has an audit performed annually by an independent CPA firm (certified public accountant).

- Correctly files the required monthly and annual reports with the Surrogate's Court, State Comptroller's Office, Mayor's Office, and City Comptroller's Office.

However, we identified problems related to certain practices. Specifically, the PA:

- Underreported \$31,547 of miscellaneous income to the IRS and did not include all required information on the 1099-MISC forms.
- Underestimated the values of the estates reported to the Surrogate's Court by \$7.5 million.
- Did not document in the computerized inventory all of the items brought from the decedents' residences. The items not recorded had appraised values totaling \$1,638.
- Did not comply with Administrative Board Guidelines during some residence searches.

Although the dollar amounts of the above-mentioned findings may not be material in relation to the total dollar value of PA assets, if the Office does not resolve problems with its procedures, it may have to deal with problems of a greater magnitude in the future.

Audit Recommendations

To address these issues, we make seven recommendations that include the following. The PA should ensure that:

- All required information, including the Tax Identification Number, is reported for each 1099-MISC form issued.
- It includes the correct values of all estates' properties in its semi-annual reports to the Surrogate's Court.
- All decedents' assets are recorded in its computerized inventory system.
- It complies with the Administrative Board Guidelines for searching decedents' residences.

Discussion of Audit Results

The matters covered in this report were discussed with officials from the Queens PA during and at the conclusion of this audit. A preliminary draft report was sent to PA officials and discussed at an exit conference held on April 7, 2003. On April 15, 2003, we submitted a draft report to PA officials with a request for comments. We received a written response from the Queens PA on April 29, 2003. PA officials generally agreed with the audit's findings and recommendations, stating:

“We thank the auditors for pointing out areas of improvement. All of the recommendations made to the Queens County Public Administrator have already been considered and implemented where possible.”

The full text of the PA's comments is included as an addendum to this report.

INTRODUCTION

Background

The Offices of the Public Administrator for the counties within New York City are governed by Article 11 of the New York State Surrogate's Court Procedures Act (the Act). The Public Administrator is responsible for administering the estates of individuals who die intestate (without a will) and leave no heirs, or when heirs are not qualified or are unwilling to administer the estate. The Queens County Public Administrator's Office (PA) handles the estates of such decedents in Queens; it makes funeral arrangements, collects debts, pays creditors, manages the decedents' assets, files appropriate tax returns, and searches for possible heirs. A Public Administrator is appointed by, and can be removed by, the county Surrogate's Court.

In September 1993 the Administrative Board for the Offices of the Public Administrators of the State of New York was created to oversee the PA offices. Section 1128 of the Act mandates that the Board consist of 13 members comprising Surrogate's Court judges and other members selected by the New York State Comptroller and Attorney General and the President of the New York Bar Association. In November 1995, pursuant to the authority granted it by §1128, the Board enacted the *Report and Guidelines of the Administrative Board for the Offices of the Public Administrators* (Administrative Board Guidelines). These guidelines include rules for: record keeping; cash, property, and other asset management; maintenance of "suspense" accounts; payment of fees; and the initial inspection of a decedent's premises.

The City of New York is the primary source of funds for the Queens PA's Office. To fund office expenses not covered by the City budget appropriation, the Administrative Board Guidelines authorize the PA to charge each estate an administrative fee of up to 1.25 percent and to maintain a "suspense" (imprest) account. These fees are deposited in a separate bank account and are used to supplement the PA budget.

According to the City's 2002 Executive Budget, the Queens PA's budget was \$343,727—\$333,014 for Personal Services and \$10,713 for Other Than Personal Services. As of the end of Fiscal Year 2002, the PA had eight City employees, including the Public Administrator and Deputy Public Administrator. The PA also employed six non-City employees and one part-time employee who were paid from its suspense account. As of July 1, 2002, the PA administered 943 estates valued at more than \$38.2 million.

Objective

The objective of our audit was to determine whether the Queens PA's Office complied with Article 11 of the New York State Surrogate's Court Procedure Act, the *Report and Guidelines of the Administrative Board for the Offices of the Public Administrators*, and other applicable City and State laws and regulations.

Scope and Methodology

The scope of our audit was Fiscal Year 2002. To obtain an understanding of the policies, procedures, and regulations governing the Queens PA's Office, we reviewed Article 11 of the Act, the Administrative Board Guidelines, the PA's internal guidelines and procedures, and other applicable City and State laws and regulations. In addition, we interviewed the PA staff as well as the counsel and the accountant to gain an understanding of office procedures regarding the handling of its estate and suspense accounts.

To assess PA internal controls as they relate to our audit objective, we evaluated information obtained through interviews and reviewed PA operating procedures. We also examined and conducted tests of the documentation related to PA cash management and record keeping practices to determine the reliability of the controls in these areas.

To assess the compliance of PA procedures with the Administrative Board Guidelines for handling estate accounts, we randomly selected a sample of 50 estates from the 786 closed estates. We determined whether each estate was accounted for separately, as required by the guidelines.

To determine whether the PA maintained adequate controls over estate receipts and disbursements, we reviewed the supporting documentation for each sampled estate. To ensure that all estate transactions were properly recorded, we traced the supporting documentation for each sampled estate to the Trust Balance Report, which details all transactions made for individual estates. To determine whether the PA searched for additional estate assets, we searched the State Comptroller's Web site for unclaimed funds and compared our results to PA results. In addition, we determined whether inquiry letters were sent to the PA's financial institutions by reviewing estate files for documentation. We also reviewed the bank statements to determine whether these funds were collected. We determined whether there was appropriate approval for all disbursements of estate funds and whether there was evidence in the estate files of proof of claims from creditors prior to the payment of the claims. We also determined whether the PA correctly charged the estates for legal fees, Finance Administrator's commissions, and PA expenses; filed the required tax returns for decedents' estates; and correctly transferred Medicaid funds for applicable nursing home estates to the Department of Social Services.

To determine whether the investigators followed the Administrative Board Guidelines when required¹ to conduct investigations of decedents' residences, we requested the Residence Investigation Reports prepared for each of the sampled estates. We reviewed the Residence Investigation Reports to determine whether two PA investigators searched the decedents' residences, whether an independent witness was present at the time of the search, and whether the investigators sealed all entrances after their search.

¹ Residence investigations are not required for nursing home, guardianship, wrongful death, and police property estates.

To assess the PA's control over decedents' properties, we reviewed its system for collecting, recording, and securing these properties. We determined whether the decedents' properties were correctly recorded in the PA computerized inventory system and were securely stored. If the properties were sold, we sought evidence that at least three bids were obtained, that the property was sold to the highest bidder, and that the proceeds were correctly recorded in the estate accounts.

To determine whether the PA maintained the necessary documents required by the Administrative Board Guidelines, we checked for the presence of a completed Report of Death for each of our sampled estates. In addition, we determined whether appropriate Letters of Administration were obtained from the Surrogate's Court.

To assess the safeguarding of PA assets on deposit in banks, we reviewed a written statement to the PA from the bank holding the PA's fiduciary checking account attesting to the adequate security of that account against risks, such as loss or forgery. The account contains the assets of all estates administered by the PA. We also determined whether all balances for assets, Certificate of Deposit (CD) and Treasury Bill (T-Bill) accounts were adequately protected by FDIC insurance. We reviewed the bank accounts to determine whether they were reconciled monthly and whether interest was posted to estate ledgers monthly.

We tested payments made from the PA suspense account during one month, January 2002. We determined whether the payments were for allowable expenses, the amounts paid were correct, the payments were properly authorized, and the payments had adequate supporting documentation. In addition, we determined whether the checks were issued in proper sequence and all voided checks were accounted for.

We determined whether independent audits of the PA were performed annually and that the PA reported the correct information for the 1099 earnings to the Internal Revenue Service (IRS). We also determined whether the PA filed the required monthly, semi-annual, and annual reports with the Surrogate's Court, State Comptroller's Office, Mayor's Office, and City Comptroller's Office.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

Discussion of Audit Results

The matters covered in this report were discussed with officials from the Queens PA during and at the conclusion of this audit. A preliminary draft report was sent to PA officials and discussed at an exit conference held on April 7, 2003. On April 15, 2003, we submitted a draft report to PA officials with a request for comments. We received a written response from the Queens PA on April 29, 2003. PA officials generally agreed with the audit's findings and recommendations, stating:

“We thank the auditors for pointing out areas of improvement. All of the recommendations made to the Queens County Public Administrator have already been considered and implemented where possible.”

The full text of the PA's comments is included as an addendum to this report.

**OFFICE OF THE COMPTROLLER
NEW YORK CITY**

DATE FILED: May 9, 2003

FINDINGS AND RECOMMENDATIONS

The Queens County Public Administrator's Office generally adheres to procedures of the Act, Administrative Board Guidelines, and its own guidelines and procedures. Specifically, we found that the PA:

- Maintains a central record of estates. In addition, each estate is accounted for separately, regardless of its value.
- Maintains accurate records of receipts and disbursements for estates. The estate files contain all supporting documentation for receipts and disbursements, including documentation of the PA's search for estate assets, appropriate approvals for all disbursements, evidence of bills from creditors, proof of claims before they are paid, and proof that the decedent's debts were satisfied.
- Files estate tax returns for estates that meet the required criteria for gross income. In addition, the PA files fiduciary tax returns for estates that have incomes of \$600 or more.
- Correctly transfers Medicaid funds for applicable nursing home estates to the Department of Social Services.
- Ensures the presence of at least two investigators during the search of decedents' residences.
- Ensures that at least three bids are obtained when decedents' properties are sold, that the properties are sold to the highest bidder, and that the proceeds from the properties that are sold are correctly recorded in the estate accounts.
- Maintains all required documentation in the estate files, such as Letters of Administration from the Surrogate's Court for those estates valued above \$20,000, and inquiry letters to the decedents' financial institution(s) to collect the decedents' assets. The PA also maintains records regarding Residence Investigation Reports, appraisals of decedents' assets, sale prices of decedents' properties and bids solicited for the sale of decedents' properties.
- Ensures all estate assets held in the bank are adequately safeguarded for risks such as loss or forgery and are protected by FDIC insurance.
- Maintains estate assets in interest-bearing accounts and ensures that interest is posted monthly to estate ledgers. In addition, the PA bank accounts are reconciled monthly through the PA computer system.
- Correctly accounts for the legal fees, Finance Administrator's commissions, and PA expenses related to the administration of the estates.

- Maintains accurate records of receipts and disbursements from the suspense account. There is proper authorization and adequate documentation supporting disbursements from the suspense account. Checks are issued sequentially and all voided checks are accounted for. The PA also ensures that expenses funded by the suspense account are necessary for the functioning of the office's operations and for the administration of the estates.
- Has an audit performed annually by an independent CPA firm.
- Correctly files the required monthly and annual reports with the Surrogate's Court, State Comptroller's Office, Mayor's Office, and City Comptroller's Office.

However, we identified problems related to certain practices. Specifically, the PA:

- Underreported \$31,547 of miscellaneous income to the IRS and did not include all required information on the 1099-MISC forms.
- Underestimated the values of the estates reported to the Surrogate's Court by \$7.5 million.
- Did not document in the computerized inventory all of the items brought from the decedents' residences. The items not recorded had appraised values totaling \$1,638.
- Did not comply with Administrative Board Guidelines during some residence searches.

Although the dollar amounts of the above-mentioned findings may not be material in relation to the total dollar value of PA assets, if the Office does not resolve problems with its procedures, it may have to deal with problems of a greater magnitude in the future. The problems cited above are discussed in greater detail in subsequent sections of this report.

1099-MISC Payments Not Correctly Identified or Reported to the IRS

During calendar year 2001, the PA did not issue 1099-MISC forms for 13 individuals for a total of \$28,897 and underreported payments on the 1099-MISC forms for two individuals for a total of \$2,650. In addition, the Tax Identification Numbers (TIN) were not included on the 1099-MISC for eight individuals. The errors could enable those individuals, (i.e., consultants, attorneys, and vendors) to underreport their income to the government and avoid paying taxes on the excluded amounts. The errors could also subject the PA to financial penalties by the IRS.

City Comptroller's Memorandum #95-10, which summarizes the IRS guidelines for identifying Form 1099-MISC reportable payments, defines 1099-reportable payments as "payments for non-employee professional services, including payments for the services of

physicians, accountants, management consultants, architects, engineers, court reporters, and attorneys.”

IRS regulations dictate that 1099-MISC forms be issued to individuals with 1099-reportable income of \$600 or more. Individuals use Form 1099-MISC as the basis for reporting income to the government for tax purposes. According to IRS regulations for 1099-MISC forms, “if you fail to file a correct information return by the due date . . . you may be subject to a penalty.”

The PA accounts payable clerk is responsible for making payments to consultants, attorneys, and vendors. These payments are entered in the PA computer system (CompuTrust) using various transaction codes. However, the accounts payable clerk does not maintain a list of vendors that should receive 1099-reportable payments. At the end of the year, she attempts to determine which individuals should receive a 1099-MISC form based on data maintained in the computer. Since an ongoing list of vendors that should receive 1099-reportable payments is not maintained, the information given to the accountant who prepares the forms is not complete.

To ensure that all 1099-reportable payments made during calendar year 2001 were properly reported to the IRS, we compared the 1099-MISC forms to the list of individuals who were paid throughout the year. Based on transaction code listings, we identified \$31,547 in payments underreported on the 1099-MISC forms affecting 15 individuals, as follows:

- 1099-MISC forms were not issued for 13 individuals because information was not provided to the accountant, resulting in a total of \$28,897 not reported.
- A total of \$2,650 was underreported on the 1099-MISC forms for two individuals. Although the accountant correctly included the vendor payment amounts that appeared on CompuTrust, he neglected to include payments made to vendors from the imprest fund. The accountant explained that vendor payments are usually made from the estate accounts; however, because both of these estates lacked the funding needed, partial payments to the vendors had to be made from the imprest fund. At the end of the year, he neglected to include in the 1099-MISC forms the \$2,650 paid from the imprest fund.

In addition, the Tax Identification Numbers were not included on the 1099-MISC forms for eight individuals. According to IRS guidelines, “if you fail to file a correct information return . . . you may be subject to a penalty. The penalty also applies if . . . you report an incorrect TIN or fail to report a TIN.” According to PA officials, though they are aware that a TIN is required, they are not always able to obtain it prior to preparing the 1099-MISC.

By failing to issue 1099-MISC forms for all required individuals, underreporting 1099-MISC payments, and issuing 1099 MISC forms without Tax Identification Numbers, the PA may be allowing individuals to understate their income to avoid paying taxes. In addition, the PA may be subject to a maximum penalty of \$100,000.

At the exit conference, PA officials informed us that they have implemented new procedures to ensure that all required information will be included in future 1099-MISC forms. However, PA officials also stated that they will not issue 1099-MISC forms for the 13 individuals cited in the report as not having received them. This is in violation of the regulations of the IRS, which state:

“If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$100 per payee statement with no maximum penalty.”

To avoid penalties, the PA should issue 1099-MISC forms for the 13 individuals cited in this report.

Recommendations

The PA should:

1. Develop procedures for identifying, tracking, and reporting 1099-reportable payments.
2. Ensure that 1099-MISC forms contain correct payment amounts.
3. Ensure that all required information, including the TIN, is reported for each 1099-MISC issued.
4. Review the 1099-reportable payments cited in this report and issue 1099-MISC forms for the 13 individuals who did not receive them.

PA Response: “New procedures have already been instituted to ensure that all 1099 reportable payments are tracked, and that all 1099-MISC forms issued by this office contain the required information and correct payment amounts.”

Auditor Comment: Although PA officials have agreed to implement new procedures to ensure that all required information will be included in future 1099-MISC forms, they have not addressed the fourth recommendation, to issue 1099-MISC forms for the 13 individuals cited in the report as not having received them. Intentional disregard of the IRS regulations to furnish a correct payee statement can result in penalties of at least \$100 per payee statement with no maximum penalty. To avoid penalties, the PA should issue 1099-MISC forms for the 13 individuals cited in this report

Incorrect Estate Values Reported to the Surrogate's Court

The PA did not report to the Surrogate's Court the correct estate values in its January 2003 semi-annual report of estates that were open for more than two years and had not been fully distributed. The PA undervalued 22 (21%) of its 107 reported estates by \$7.5 million; a total of \$13.6 million should have been reported. The 107 reported estates consisted of 70 estates with Letters of Administration and 37 wrongful death action estates.

According to §1109 of the Surrogate's Court Procedure Act:

“Each public administrator shall file every six months with the surrogate of the county where appointed a report of every estate administered by the public administrator which has not been fully distributed within two years from the date when the first permanent letters of administration or letters were issued. Such report shall include the name of the decedent, file number, date of issuance of first permanent letters . . . approximate amount of gross estate, approximate amount that has been distributed to beneficiaries, approximate amount remaining in fiduciaries hands, reason that estate has not been fully distributed”

The PA must apply to the Surrogate's Court for a Permanent Letter of Administration for all estates that have a monetary value of more than \$20,000. Letters of Administration empower the PA to act as estate administrator. The estimated gross values of these estates should be included in the semi-annual reports to the Surrogate's Court. An estate's gross value consists of: the fiduciary funds held by the PA for the estate, the value of the estate's unsold inventory, and the value of the estate's T-Bills and CDs.

When the Public Administrator compiled the report for the Surrogate's Court, she used only the estates' fiduciary funds and the value of unsold inventory. She did not include the value of the estates' T-Bills and CDs. As a result, 16 of the 70 estates with Letters of Administration that had T-Bills and CDs were undervalued in the report to the Surrogate's Court by \$7.4 million.

In addition, the Public Administrator listed in the Surrogate's Court report 37 wrongful death action estates. Thirty-one of these estates were listed as not having gross values. However, the PA computer database included values for six of the 37 estates totaling \$67,000. The Public Administrator did not consider these values when compiling the report.

We were unable to determine whether the PA reported the correct amounts in its June 2002 report because the PA computer program does not have the capability to print estate balances from previous years. However, we verified that the PA did send a report to the Surrogate's Court during that time.

PA officials amended the semi-annual report cited in this audit and provided us with a copy of the amended report at the exit conference.

Recommendation

5. The PA should ensure that it includes the correct values of all estates' properties in its semi-annual reports to the Surrogate's Court.

PA Response: "The semi-annual report discussed in the Audit did not include . . . higher yielding accounts due to computer programming error. The report has been corrected. An amendment of the report for the period ending December 31, 2002, has been forwarded to the required parties."

Inadequate Documentation of Inventory

The PA does not document in its computerized inventory system all items brought by investigators for safekeeping by the PA after a decedent's residence is searched. Of the 208 estates with items stored in the PA safe, 16 estates had jewelry that was not listed on the PA computerized Open Jewelry List.

According to the Administrative Board Guidelines:

"Each PA must maintain a central record for each estate under his or her administration. . . . This master record shall enumerate all property for each estate maintained by the PA in safes, warehouses, banks and other locations."

PA investigators are required to search a decedent's residence and prepare a detailed inventory of its contents. They are also required to remove easily transportable valuables, such as documents, money, and jewelry, and bring it to the PA's Office, where an estate file is then created by a caseworker. All documents brought by the investigators are placed in a folder, and cash is placed in a safe. Jewelry is inventoried and placed in a bag with the contents described on the outside of the bag. Each bag is assigned a specific number and is recorded in a log book. The jewelry is secured in the safe by the investigator under the observation of either the PA or the Deputy PA. It is kept there until it is sold and the proceeds are credited to the estate's account. The investigators' detailed inventory is recorded in the PA CompuTrust inventory file, from which the Open Jewelry List is generated.

We found items not recorded on the Open Jewelry List with appraised values totaling \$1,638 for 16 of the 208 open estates with assets stored in the PA safe. According to PA officials, there are instances in which the PA does not assign an estate to a caseworker until the PA can determine the value of the estate or the investigators give estate jewelry to the appraiser without notifying the caseworker assigned to the estate. In these situations, jewelry that is stored in the safe is not recorded in the Open Jewelry List and is not credited to that particular estate until the jewelry is sold.

All items should be recorded in the computerized inventory system at the time that they are received by the PA's Office. Accurate inventory records are necessary to maintain sufficient controls over decedents' assets and to protect them against the possibility of theft. In addition,

since the jewelry is not credited to the decedent's estate as inventory until it is sold, the PA underreports the estate values in its reports to the Surrogate's Court and the State Comptroller.

PA officials informed us at the exit conference that a PA employee has been designated to enter the value of the jewelry into the computer system immediately after it is appraised to ensure that jewelry is properly recorded.

Recommendation

6. The PA should ensure that all decedents' assets are recorded in its computerized inventory system.

PA Response: "New Procedures have been implemented to assure that all of the decedent's jewelry are recorded in our computerized inventory system."

Non Compliance with Guidelines During Some Residence Searches

The PA did not always comply with the Administrative Board Guidelines procedures for searches of decedents' residences.

According to the Administrative Board Guidelines:

"During all searches for personal property at the residence of a decedent. . . . the investigators shall endeavor to secure an independent witness' presence, such as a landlord or building superintendent, at the search. . . . The investigators will thoroughly search each residence and . . . make a complete and detailed inventory of its contents, which inventory shall be signed by both investigators and, if an independent witness has been present at the search, by the independent witness."

The Administrative Board Guidelines also state that:

"After the PA's investigators have searched a decedent's residence, the residence's entrances and windows shall be sealed with seals unless the premises are released to the landlord. If the premises are released to the landlord or the landlord's agent, the investigators shall secure a signed receipt or release from the landlord or its agent."

Twenty-one of our sampled estates' residences needed to be searched by the PA. We found the following problems in the searches of these estates:

- In eight instances, witnesses were not present during the investigation. In another two instances, although there were notations in the Residence Investigation Report that witnesses were present, they did not sign the report, as required.

- In eight instances, there is no indication on the Residence Investigation Report that the investigators sealed the entrance to the premises after the search was completed.

The PA should comply with the Administrative Board Guidelines procedures regarding searching decedents' residences to ensure that decedents' properties are accounted for and secured.

At the exit conference, PA officials stated that it is not always possible to obtain witnesses. In addition, when witnesses are obtained, they are not always willing to sign the Residence Investigation Report. Accordingly, the PA counsel has suggested that the investigators should indicate in their report all instances of attempts to secure a witness or to obtain a witness's signature and to include reasons they were unable to do so.

In addition, PA officials stated they have instructed the investigators to indicate in the report why a residence is not sealed after the search is completed.

Recommendation

7. The PA should ensure that it complies with the Administrative Board Guidelines for searching decedents' residences.

PA Response: "With regard to residence investigations, we have designed a new Residence Investigation form to specifically state whether or not a witness was available, and if available whether the witness refused to sign the form.

"With regard to the last issue of certain instances where there was no notation on the report that entrances have been sealed after search has been completed, the investigators were reminded of the proper procedures and steps have been implemented to verify that the procedures are followed."



**Queens County
Office of the Public Administrator**

ADDENDUM
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Lois M. Rosenblatt, Esq.
Public Administrator

Susan B. Brown
Deputy Public Administrator

Gerard J. Sweeney
Counsel

April 22, 2003

The City of New York
Office of the Comptroller
Executive Offices
1 Centre Street
New York, New York 10007-2341
Attention: Greg Brooks,
Deputy Comptroller

Re: Audit Number MD03-094A

Dear Mr. Brooks:

I have read the Draft Report of the Audit Report on the Financial and Operating Practices of the Queens County Public Administrator's Office conducted by the Office of the Comptroller of the City of New York.

This office strives for 100% compliance with all the statutes, rules and regulations which govern the Public Administrator's Office. We thank the auditors for pointing out areas of improvement. All of the recommendations made to the Queens County Public Administrator have already been considered and implemented where possible.

1. New procedures have already been instituted to ensure that all 1099 reportable payments are tracked, and that all 1099-MISC forms issued by this office contain the required information and correct payment amounts.
2. The Public Administrator has always properly reported to the Surrogate the correct values of all estates, including the higher yielding accounts, in each and every "Monthly report of Account Balances of all Funds held by the Public Administrator". However, the semi-annual report discussed in the Audit did not include these higher yielding accounts due to a computer programming error. The report has been corrected. An amendment of the report for the period ending December 31, 2002 has been forwarded to the required parties.



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Queens County Office of the Public Administrator

Lois M. Rosenblatt, Esq.
Public Administrator

Susan B. Brown
Deputy Public Administrator

Gerard J. Sweeney
Counsel

3. New procedures have been implemented to assure that all of the decedent's jewelry are recorded in our computerized inventory system.
4. With regard to residence investigations, we have designed a new Residence Investigations Form to specifically state whether or not a witness was available, and if available whether the witness refused to sign the form.

We respectfully disagree with the finding that our investigators did not comply with the rules regarding the issues of Witnesses not present during residence searches and that the witnesses did not sign the report.

The rules regarding property management state "the investigators shall endeavor to secure an independent witness' presence". The rules do not make the witness mandatory as the Commission realized that it was not always possible to obtain a witness, and not always possible to have the witness sign the report. However, the investigators of this office always attempt to secure a witness, and will continue to do so.

With regard to the last issue of certain instances where there was no notation on the report that entrances have been sealed after search has been completed, the investigators were reminded of the proper procedures and steps have been implemented to verify that the procedures are followed.

Based on the foregoing, I believe that the Public Administrator's Office is in full compliance with Article 11 of the New York State Surrogate's Court Procedure Act, the Report and Guidelines of the Administrative Board for the Offices of the Public Administrators, and any other applicable City and State Laws and Regulations.

Very truly yours,

LOIS M. ROSENBLATT
Public Administrator