



## AUDIT AT A GLANCE

# Management Practices of the Richmond County Public Administrator

### What questions did the audit look at?

- ▶ Did the Richmond County Public Administrator's Office (RCPA) adequately research, identify, and secure decedents' assets?

### Why does it matter for New Yorkers?

Every borough has a Public Administrator who is responsible for administering the estates of people who die intestate. In certain cases, when a person without a will dies, or if no heir is willing or able to administer the estate, the Public Administrator steps in. These officials have a fiduciary responsibility to estates that require them to conduct thorough investigations to identify, account for, and safeguard all assets (real and personal property), pay outstanding debts and taxes, maintain documentation, and distribute estate proceeds to heirs. RCPA serves this role in Richmond County (Staten Island).

The audit found multiple instances where RCPA may have put assets at risk by not properly administering estates or acting in decedents' best interests. For example, the audit found that RCPA did not thoroughly document searches of residences by photo or video, nor did it document efforts to identify additional assets and property. Regarding asset sales, RCPA did not adequately oversee its third-party vendor who managed these sales, with many contract elements not documented in writing. Finally, RCPA did not establish its own internal written procedures.

These deficiencies put the assets of decedents at risk of loss and theft. As of August 2023, these gross assets totaled approximately \$41 million. This is a sizable sum, and RCPA has a fiduciary duty to carefully manage the estates of decedents with care and attention.

### What changes did the agency commit to make following the audit?

- ▶ RCPA agreed to improve its documentation of estate searches and its research of decedents' finances.
- ▶ RCPA agreed to collateralize funds that exceed the FDIC limit.
- ▶ RCPA agreed to formalize its contract with its outside vendor.
- ▶ RCPA agreed to improve its accounting and administration of estates by updating estate records, checking that all assets are included in estate accounts, ensuring segregation of duties, and introducing a quality assurance process.

## AUDIT FINDINGS



RCPA generally conducted research to identify decedents' assets.



RCPA did not thoroughly document searches of residences or its efforts to research decedents' finances.



RCPA has not developed internal procedures as required by state law.



RCPA did not adequately protect bank accounts that exceeded the FDIC-insured limit.



RCPA did not properly oversee its third-party vendor.



Audit Recommendations		Agency Response
1	Maintain sufficient and complete records documenting each residence search to accurately identify decedents' assets.	<b>PARTIALLY AGREED<sup>1</sup></b>
2	Ensure letters are sent to local financial institutions to identify decedents' bank and investment accounts and that correspondence is maintained in case folders.	<b>PARTIALLY AGREED<sup>2</sup></b>
3	Ensure that estate funds held in FDIC-insured accounts do not exceed the FDIC limit or ensure that the accounts are properly collateralized with approved government securities.	<b>AGREED</b>
4	Select estate assets to be sold at estate sales and auctions rather than delegating to third-party vendors (in this case, Victorian Brothers).	<b>DISAGREED</b>
5	Require Victorian Brothers to improve its accountability of estate sales and auctioned items.	<b>DISAGREED</b>
6	Implement a solicitation process for selecting estate sales and auction vendor(s) to ensure vendor selection is transparent and enter into a formal written agreement with selected vendor(s) to clearly establish terms and conditions underpinning the scope of work.	<b>PARTIALLY AGREED<sup>3</sup></b>
7	Update the estate records in QuickBooks promptly.	<b>AGREED</b>
8	Ensure that all estate assets (including bank accounts and investment accounts) are included in the estate accounts.	<b>AGREED</b>
9	Develop a written plan to ensure segregation of duties.	<b>AGREED</b>
10	Introduce a quality assurance process to conduct sample-based reviews to ensure internal compliance with NYS PA Guidelines, internal written procedures, and internal controls.	<b>AGREED</b>

<sup>1</sup> RCPA stated that "that the office is now equipped with a camera tripod to capture uninterrupted video of the entire search and that photographs will be detailed enough to meet inventory requirements going forward. RCPA has also implemented a log to document subsequent visits of a decedent's residences." However, the agency said that "it is not feasible to handwrite every item found in the residence on the Initial Entry Report due to its staffing limitations. RCPA also contends that Victorian Brothers takes photographs of the items procured and sold."

<sup>2</sup> RCPA stated that "many of the estates involved limited administration appointments, citations, foreclosures, or situations where the family took over, making additional asset searches unnecessary. RCPA committed to including a standard memo in such estate files moving forward, explaining why further research is not required."

<sup>3</sup> RCPA stated that "NYS PA Guidelines allows payment to outside vendors based on invoices. RCPA notes past difficulties in finding qualified local auction vendors and emphasizes Victorian Brothers' expertise. To comply with the recommendation, RCPA is negotiating a contract with Victorian Brothers, which will serve as a template for future vendor agreements."