



# OFFICE OF THE STATE AUDITOR



## FOR IMMEDIATE RELEASE

Contact: Stelios Pavlou (303) 869-2833  
stelios.pavlou@state.co.us

DIANNE E. RAY, CPA  
STATE AUDITOR

September 18, 2017

### LAX OVERSIGHT OF COLORADO'S PUBLIC ADMINISTRATORS IS CAUSE FOR CONCERN

DENVER—the Colorado Office of the State Auditor (OSA) has released its performance audit of Public Administrators and has found that the Judicial Branch, judicial districts, and the courts do not have rigorous oversight of Public Administrators and are therefore not in a position to ensure that they are meeting their fiduciary duty.

In 2016 Colorado had 29 Public Administrators and deputies, who are appointed by district courts to act as fiduciaries of last resort in instances where no one else is willing or able to settle the affairs of a deceased individual's estate or handle the finances for someone who is impaired. Caseloads vary widely among Public Administrators, ranging from 0 to 472 cases in 2016. Similarly, the monetary amount managed ranged from \$0 to about \$15 million. Public Administrators are not paid by the State but by the estate they are appointed to administer. They also maintain bonds, which act as insurance against any mishandling of a case. Any funds remaining in a deceased individual's estate after everything has been paid are transferred to the Department of the Treasury where they are held for 21 years to allow for legal claims to be made, before transferring these monies to the Public School Fund.

OFFICE OF THE STATE AUDITOR  
1525 SHERMAN STREET  
7TH FLOOR  
DENVER, 80203  
COLORADO

303.869.2800

Auditors found that Colorado's Public Administrators charged fee rates that ranged from \$50 to \$350 per hour in 2016, yet 23 of the 56 cases that auditors reviewed did not include a breakout of costs to justify the reasonableness of the amounts charged, or a detailed account of hours worked and services provided.

Auditors also found that neither the Judicial Branch nor the courts kept complete data on the caseloads, amount of assets overseen, length of time cases stay open, total number of hours worked, or total amount of assets overseen by the Public Administrators they appointed, rendering it impossible to assess their function and performance.

Separately, of the 29 Public Administrators and deputies in Colorado, 5 did not provide auditors with evidence of an active bond, and 23 had no record of an active bond on file with the Secretary of State at all. An active \$25,000 bond is specifically required by statute and must be filed with the Secretary of State.

Additionally, auditors found that the Department of the Treasury had misclassified some funds that it had received. \$110,000 was found to have been deposited into the Unclaimed Property Fund in error, thereby making the monies unavailable for the Public School Fund if they had not been claimed within 21 years.

The audit makes 5 recommendations.

The full report is available @ [www.colorado.gov/auditor](http://www.colorado.gov/auditor).

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The

OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.