

Public Trustee: Administration of the Financial Affairs of Vulnerable People

Report 14 – September 2013

Background and Objective

The Public Trustee (PT) manages the financial affairs of some of the most vulnerable people in our state either by acting as trustee, manager, donee, substitute trustee or administrator. It manages around 5 000 clients with gross assets valued at approximately \$1.5 billion. The size of these individual trusts or estates varies from a few dollars to millions of dollars.

The PT's roles and responsibilities across the different capacities in which it acts are significant and often complex. The area that performs this role within the PT is called the trust management section and its staff are referred to as trust managers.

Over half the clients managed by the PT result from an administration order made by the State Administrative Tribunal (SAT). SAT may declare a person unable to manage their own financial affairs due to them having a mental disability which causes them to be unable to make reasonable judgements in respect of matters relating to all or any part of their estate. The PT defines these clients as represented persons.

We examined the PT's administration of represented persons' accounts. We looked to see whether the PT is appropriately establishing clients' circumstances and needs, managing client funds, procuring and managing contracts for services on behalf of clients, and that PT staff are suitably trained to administer and protect the interests of their clients.

Conclusion

Overall we found the PT was meeting its responsibilities in managing an increasing number of clients with complex needs. There were some areas of governance that could be strengthened. These included the need for greater rigour in checking payments for client carer services, improved controls over systems used to manage client information and payments, and better identification and management of potential conflicts of interest.

Key Findings

The number of clients referred each year to the PT by SAT has increased 42 per cent from 400 to 568 in the last four years. Trust staff advised that community trends such as the prevalence of mental illness, drug abuse, and breakdown of family ties are reflected in the client population and their needs.

After its appointment as administrator the PT consistently established their clients' circumstances and needs. They generally managed the financial affairs of their clients well though often did not develop budgets for client accounts or document the assessment of some large non-routine payments from clients' accounts as required.

Staff were generally consistent in their checking of invoices and ensuring that payments were accurate and appropriate. However, we found a few instances where invoices from contractors that provided regular services to clients were not checked in detail to ensure that the services provided to clients were accurate and that fees charged were correct.

The PT did not identify and manage a conflict of interest risk among two companies providing services to its clients and receiving payments from their accounts.

The decision to not tender for carer provider services was not documented. Although, the contracts to provide services to clients are generally managed well, improvement of the oversight and management of carer services procurement is needed.

A number of weaknesses in implementing the MATE system controls were found. Specifically the process for providing or changing financial delegations in the MATE system is not well controlled. Further, PT cannot use the system to track changes in the delegated authority of PT staff to client files. However, we found no evidence of unauthorised access being used to make improper payments from clients' accounts.

Fees and charges for administration of client



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accounts held in investment funds were being accurately calculated and applied to clients accounts. However the Prudential Guidelines that set out the structure of the investment fund and limit specific types of investment have not been updated to reflect current investment practice. Changes to the guidelines require Ministerial approval.

The PT has a strong induction and training program for all new staff. However, the PT does not regularly provide formal training to refresh established staff skills or to up-skill staff when they take on the higher responsibilities involved in dealing with larger accounts and more complex clients. All new staff are required to have a criminal records check though we noted some established staff have never been screened and the PT does not require periodic re-screening of staff.

Recommendations

The Public Trustee should by 31 December 2013:

- implement a consistent approach to budgeting for clients, where the value of the trust or estate and expenditure warrant it, and improve planning and documentation before larger non-routine expenditures from clients' accounts are approved

- ensure invoices for carer services are easy to understand and that trust staff carefully review them to see that clients are accurately charged for services they receive
- consistently apply controls in the MATE system and address all security weaknesses. Also, develop a formal policy to guide the provision of user privileges or changes to these privileges in the system
- amend and seek required Ministerial approval for the Prudential Guidelines to accurately reflect the most current Public Trustee Investment Fund structure
- improve business processes to ensure policies and procedures to guide the administration of trust accounts are up-to-date and align with current practice
- better document the identification and management of conflicts of interest
- review the need for a carer contract and document the review and any outcomes for further reference
- adopt any changes coming from the Department of the Attorney General's current review of the relevant staff screening policy.



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