

**PUBLIC GUARDIAN ESTATE MANAGEMENT
AUDIT REPORT ON FEES PAID TO THE
EXTERNAL FINANCIAL MANAGER
FOR THE PERIOD FROM JULY 1, 2008 TO JUNE 30, 2009**

INTRODUCTION

As authorized under California Probate Code, sections 2570 through 2590, the County of San Mateo Public Guardian Estate Management (Estate Management) acting as the guardian of a conservatee may invest funds of the estate as provided in a court order. Estate Management has contracted with the Brauner Company (Financial Manager) to provide investment options, reports and consultation on Estate Plans for the term July 1, 2007 to June 30, 2010. As approved by the court, the Financial Manager is paid a monthly fee based on an annual percentage rate of 1% of the value of the assets under management, which is deducted directly from the conservatees' account. The fee is calculated based on the average daily balance, average annualized fee and the number of billing days within a month, and is deducted in the month following the calculation. For the period July 1, 2008 to June 30, 2009 the maximum fee is \$250,000, with actual fees paid of \$135,161.

PURPOSE AND SCOPE

The primary objective of this audit was to determine the propriety of the fees paid to the Financial Manager and the related changes in the value of conservatee investment portfolios. Our examination was made in accordance with the *International Standards for the Professional Practice of Internal Auditing* established by the Institute of Internal Auditors and, accordingly, included such tests of the accounting records and such other auditing procedures we considered necessary to achieve these objectives.

Our audit would not necessarily disclose all weaknesses in the system of internal controls, nor all errors or irregularities that might have occurred during the audit period because it was based on selective tests of accounting records and related data.

Based on our audit, we conclude that the fees paid to the Financial Manager and the related changes in the value of conservatee investment portfolios during the period July 1, 2008 to June 30, 2009 were in accordance with the terms of the contract with the Financial Manager.

There were no reportable conditions from this audit.

We wish to express our appreciation for the courtesy and cooperation extended to us during the course of the audit.

County of San Mateo Controller

Redwood City, California
February 5, 2010