

Grantee: Southern New Mexico Legal Services
Recipient No. 732026 - Main Office
Report No. OIG 00-008

FINAL REPORT

June 8, 2000

VIA E-mail
Mr. Arturo G. Bastidos
Executive Director
Southern New Mexico Legal Services
300 North Downtown Mall
Las Cruces, New Mexico 88001

Recipient No. 732026

Dear Mr. Bastidos:

This report (OIG 00-008) provides the results of our inspection of Southern New Mexico Legal Services' compliance with the LSC Accounting Guide For LSC Recipients (Accounting Guide) with respect to client trust funds. The inspection focused on recipient compliance with record keeping requirements as established in the Accounting Guide.

The on-site inspection was conducted May 2-8, 2000 at the main office in Las Cruces and at the branch offices in [Las Cruces](#) and [Roswell](#), New Mexico. Separate reports will be issued for each office inspected. The inspection determined that Southern New Mexico Legal Services was in general compliance with the LSC Accounting Guide. The inspection identified the following areas where internal controls should be improved:

1. Some client trust fund checks have remained outstanding for more than a year. We recommend that the grantee revise current policy to initiate a letter to the client after a check has been outstanding for over two months. In addition, directory assistance should be consulted, and an Internet search should be made, e.g. through (www.whowhere.lycos.com).
2. The grantee had not escheated all unclaimed client trust funds to the state of New Mexico as required by state law. We suggest that if the client cannot be located, a system should be in place to track the unclaimed funds and report them to the state in accordance with state escheat regulations.
3. The general ledger was not always posted on a monthly basis as required by the Accounting Guide and grantee policy. At the conclusion of this inspection the grantee agreed to begin posting on a monthly basis.
4. The grantee used prenumbered four-part receipts. The receipts are issued by the main office to the branch offices in blocks of consecutive numbers as needed. As a result, there are gaps in the sequential order

of receipt numbers in each branch. To improve internal control over receipts we recommend the grantee purchase separate receipt books for each branch office.

5. The grantee did not receive adequate documentation from one branch office inspected to adequately review the transactions for adherence to policies and procedures. We suggest the grantee require all branch offices to submit adequate documentation in order to review for accuracy and adherence to policies and procedures.
6. The current Financial Manual did not reflect all current procedures in place regarding client trust funds and should be updated. After updating the manual, we suggest it be distributed to all branch offices.

Please provide a copy of this report to each member of the board of directors of Southern New Mexico Legal Services.

Sincerely,

(Signed)

E.R. Quatrevaux
Inspector General