

**Client Trust Fund Inspection Report**  
**Grantee: Alaska Legal Services**  
**Recipient No. 902000**  
**Report No. OIG 00-012**

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FINAL REPORT

October 13, 2000

VIA E-mail  
Mr. Robert K. Hickerson  
Executive Director  
Alaska Legal Services  
1016 West Sixth Avenue, Suite 200  
Anchorage, Alaska 99501

Recipient No. 902000

Dear Mr. Hickerson:

This report (OIG 00-012) provides the results of our inspection of Alaska 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 August 28 - 31, 2000 at the main office in Anchorage, Alaska. The inspection determined that Alaska Legal Services was in general compliance with the LSC Accounting Guide. The inspection identified the following areas where internal controls should be improved:

1. The grantee needs to improve segregation of duties as outlined in the Accounting Guide pages 86-87. The responsibilities of the Assistant to the Controller should not include all of the following: receiving cash or checks, issuing receipts, preparing the bank deposit slips, and depositing money. The office should consider having another staff person share the duties involved with the receipt and deposit of client trust funds, instead of the Assistant to the Controller performing all of the duties. These changes would help to ensure an adequate separation of duties as outlined in the LSC Accounting Guide.
2. The main office did not receive the client trust bank statements for the branch offices. The statements are sent directly to the branch offices. In order to improve oversight of the branch office trust accounts we recommend all client trust bank statements be sent to the main office. As an additional control, we suggest the grantee require all branch offices to submit adequate documentation supporting each disbursement.

3. 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 Alaska Legal Services.

Sincerely,

(Signed)

E.R. Quatrevaux  
Inspector General