

Client Trust Fund Inspection Report
Grantee: Legal Services of the Virgin Islands
Recipient No. 254000
Report No. INP 01-003

FINAL REPORT

May 8, 2001

Mr. Richard Austin
Executive Director
Legal Services of the Virgin Islands
No. 3017 Estate Orange Grove
Christiansted, St. Croix,
United States Virgin Islands 00820

Recipient No. 254000

Dear Mr. Austin:

This report (INP 01-003) provides the results of our inspection of Legal Services of the Virgin Islands client trust fund accounts at the main office and the Charlotte Amalie, St. Thomas branch office. The inspection focused on compliance with record keeping requirements established in the LSC Accounting Guide For LSC Recipients (Accounting Guide).

The on-site inspection was conducted March 26-30, 2001. The inspection determined that Legal Services of the Virgin Islands generally complied with the LSC Accounting Guide. However, internal controls should be improved in the following areas:

1. Some trust fund checks issued to clients remained outstanding for more than six months. We suggest that the grantee revise its current policy to require that a letter be sent to the client after a check has been outstanding for over two months. If the client's address is unknown, local telephone directory assistance should be consulted, and an Internet search should be made, e.g. through (<http://www.whowhere.lycos.com>).
2. The grantee had not escheated all unclaimed client trust funds to the territory of the U.S. Virgin Islands as required by territory law. We suggest that the grantee establish a process to track unclaimed funds and report them to the territory in accordance with escheat regulations.
3. The main office and the St. Thomas branch office did not document the reason for disbursements until just prior to the inspection. The Accounting Guide as well as grantee policy requires that requests for disbursements be documented and approved. The grantee has agreed to require such documentation for all disbursements in the future.

Please provide a copy of this report to each member of the Board of Directors of the Legal Services of the Virgin Islands.

Sincerely,

(Signed)

Leonard J. Koczur
Acting Inspector General