

**Client Trust Fund Inspection Report**  
**Grantee: Legal Aid Society of Greater Cincinnati**  
**Recipient No. 436040**  
**Report No. INP 01-008**

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November 9, 2001

Ms. Mary Asbury  
Executive Director  
Legal Aid Society of Greater Cincinnati  
215 East Ninth Street  
Suite 200  
Cincinnati, Ohio 45202

Recipient No. 436040

Dear Ms. Asbury:

This report (INP-01-008) provides the results of our inspection of the Legal Aid Society of Greater Cincinnati's client trust fund account at the main office and at the Hamilton 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 on September 17 through September 20, 2001. The inspection determined that Legal Aid Society of Greater Cincinnati generally complied with the LSC Accounting Guide. However, internal controls should be improved in the following areas:

1. **Outstanding Checks.** Four checks issued by the main office totaling \$108 remained outstanding for over two years. LSC recommends that checks outstanding over 60 days be cancelled. The grantee does not have procedures to follow up when checks remain outstanding for long periods of time. We suggest that the grantee adopt a policy requiring a monthly review of outstanding checks. A letter should be sent to clients that do not cash checks within two months. If the clients cannot be located the checks should be voided.
2. **General Ledger.** The grantee did not post client trust fund transactions to the General Ledger on a monthly basis as required by the Accounting Guide (pages 36, 75). The client trust fund account is posted at year end to the general ledger. We suggest these transactions be posted on a monthly basis.
3. **Oversight.** The main office staff did not maintain adequate oversight of the Hamilton branch office's client trust fund account. The main office receives and reviews the Hamilton office's bank statement and does the check reconciliation. However, the Hamilton office does not provide documentation to support the receipts and disbursements. The main office staff told us that the Hamilton office's client trust fund was reviewed twice a year. The reviews were not documented. To improve

oversight of the account, we suggest that each month the Hamilton branch office provide the main office backup documentation for all receipts and disbursements. The documentation should be compared to the transactions reflected in the monthly bank statement.

4. **Escheat Policy.** The grantee had not escheated \$337 to the state of Ohio as required by state regulations. This amount constitutes the money in seven client accounts dating from 1993 to 1995. State law requires unclaimed funds to be escheated within five years. The grantee has not established policies and procedures for escheating funds. We suggest that the grantee establish a process to track unclaimed funds and submit them to the state in accordance with state escheat regulations.
5. **Financial Manual.** The grantee is using an outdated financial policy manual. We suggest the manual be updated to reflect current policies.

The grantee's comments on the draft report indicated agreement with the inspection's findings and suggestions with the exception of issuing separate receipt books. The grantee stated that it would be too costly to implement our suggestion. After considering the grantee's comments, we deleted the suggestion. The comments indicated that the other suggestions had been or would be implemented.

Please provide a copy of this report to each member of the Board of Directors of the Legal Aid Society of Greater Cincinnati.

Sincerely,

Leonard J. Koczur  
Acting Inspector General