

Client Trust Fund Inspection Report
Grantee: The Legal Aid Society of Columbus
Recipient No. 436060

September 10, 2002

Marcia L. Brehmer
Executive Director
The Legal Aid Society of Columbus
40 West Gay Street
Columbus, Ohio 43215-2896

Recipient No. 436060

Dear Ms. Brehmer:

This final report (INP-02-005) provides the results of our inspection of the client trust fund accounts for the Legal Aid Society of Columbus. 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 August 8 and August 9, 2002 at the main office. The inspection determined that Legal Aid Society of Columbus does not fully comply with the LSC Accounting Guide. Internal controls should be improved in the following areas.

1. **Outstanding checks/Check cancellation policy.** Forty-nine checks totaling \$5,782 remained outstanding dating back to 1993. LSC recommends that checks outstanding over 60 days be cancelled. The grantee does not have a policy for reviewing outstanding checks and canceling those that are not cashed for a long period of time. We suggest that the grantee adopt a policy requiring a monthly review of outstanding checks. Letters should be sent to clients who have checks that are not cashed within two months of their issue date. If the clients do not respond, checks outstanding over 60 days should be promptly cancelled.
2. **Receipt book.** The grantee did not keep a centralized receipt book for all transactions to record incoming client funds. The grantee kept numerous receipts that were loosely assembled and secured by rubber bands. Without a centralized receipt book, it is challenging to account for concurrent client transactions. We suggest that the grantee maintain a centralized receipt book for all incoming client funds.
3. **Escheating.** The grantee did not provide evidence of escheating client trust funds from twenty-three checks totaling \$592 dating back to 1993. State law requires unclaimed funds to be escheated within three years. The grantee has not established policies and procedures for escheating funds and the grantee's records did not indicate that the money had been escheated. We suggest that the grantee establish a

process to track unclaimed funds and submit them to the state in accordance with state escheat laws.

4. **Improper CTF use.** The grantee used the CTF account for a separate project entitled Project Help. Using the CTF for purposes other than client funds violates the Accounting Guide for LSC Recipients. We suggest that the grantee open a separate account for the Project Help endeavor.
5. **Documentation of CTF Accounts.** Client checks that were addressed to the payee rather than to the Legal Aid Society of Columbus were not recorded in the client ledger cards. It is difficult to monitor client transactions without proper documentation using client ledger cards. We suggest that the grantee use the client ledger card system to document all client activity along with a separate receipt book itemizing non-circulating client trust funds.

The grantee's Executive Director's agreed with all but one of the inspection's findings. His comments on the draft report stated that discrepancies between the bank reconciliation statement and the cash receipts and disbursement book occurred because the bank incorrectly issued duplicate check numbers. We deleted the finding based on the information in the comments. The comments stated that our suggestions were being implemented.

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

Sincerely,

Leonard J. Koczur
Acting Inspector General