

Client Trust Fund Inspection Report
Grantee: Ocean-Monmouth Legal Services
Recipient No. 331100
Report No. 99-006

FINAL

March 26, 1999

VIA E-mail
Mr. Harold Creacy
Executive Director
Ocean-Monmouth Legal Services

Dear Mr. Creacy:

This report (OIG 99-006) provides the results of our inspection of Ocean-Monmouth 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 March 2-5, 1999, at the main office in Toms River and at the branch office in Freehold, New Jersey. The inspection determined that Ocean-Monmouth Legal Services was in general compliance with the LSC Accounting Guide.

The inspection identified the following areas where internal controls should be improved:

1. State regulations regarding unclaimed client trust funds are not being followed. Regulations state that when, for a period in excess of two years, a trust account contains trust funds which are either unidentifiable, unclaimed, or which are held for missing owners a reasonable search must be made to determine the owner. If attempts are unsuccessful the money should be escheated to the Clerk of the Superior Court for deposit with the Superior Court Trust Fund. OMLS policy is to make only one attempt to locate the client, and, at the time of the inspection, had trust funds dating back to 1991.

We recommend that additional attempts be made to locate owners of unclaimed funds. Directory assistance should be consulted, and an Internet search should be made, e.g. through (www.whowhere.lycos.com). In addition, you should consider contacting the State for additional guidance on locating clients and escheating the unclaimed funds.

2. Cash received is kept in an unlocked desk drawer in the bookkeepers and assistant bookkeepers office. Cash accepted should always be

stored in a secured location. We recommend strongly that OMLS purchase a locking cash box for both offices where money can be kept until it is deposited.

3. Bank statements are currently opened by the receptionist and delivered to the bookkeeper. We suggest that bank statements be delivered unopened to the Executive Director for initial review in accordance with the Accounting Guide.
4. Currently only one signature is required on client trust fund disbursement checks. OMLS should consider establishing a policy requiring dual signatures on client trust disbursements.
5. The bookkeeper and assistant bookkeeper do not have adequate segregation of duties as outlined in the Accounting Guide pages 86-87. The responsibilities of the bookkeeper and assistant bookkeeper should not include all of the following: receiving cash or checks, issuing a receipt, preparing the bank deposit slip, depositing the money and preparing the bank reconciliation. You should consider having the secretary or receptionist receive the cash or checks, prepare the client receipt and prepare the bank deposit slip.
6. The current Financial Policies and Procedures Manual did not reflect all current procedures in place and should be updated. We suggest a section be added concerning state escheat guidelines and a section regarding client trust procedures at the branch office.

Please provide a copy of this report to each member of the board of directors of Ocean-Monmouth Legal Services.

Sincerely,

(Signed)

E.R. Quatrevaux
Inspector General

cc: Karen Sarjeant, Vice President for Programs
Danilo Cardona, Director of Office of Compliance and Enforcement