

Client Trust Fund Inspection Report
Grantee: Central California Legal Services
Recipient No. 805060
Report No. IN99-015

FINAL REPORT

September 17, 1999

VIA E-mail

Mr. Chris A. Schneider

Executive Director

Central California Legal Services - Recipient NO. 805060

Dear Mr. Schneider:

This report (OIG 99-015) provides the results of our inspection of Central California Legal Services (grantee) compliance with the LSC Accounting Guide For LSC Recipients (Accounting Guide) with respect to client trust funds. The inspection focused on compliance with record keeping requirements as established in the Accounting Guide.

The on-site inspection was conducted July 19-22, 1999, at the main office in Fresno and the branch office located in Visalia, California. The inspection determined that Central California Legal Services (CCLS) 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 adequate segregation of duties as outlined in the Accounting Guide pages 86-87. The responsibilities of the Visalia Office Manager, who is also the grantee's main office Fiscal Officer, should not include all of the following: receiving cash or checks, issuing receipts, preparing the bank deposit slips, depositing money and preparing the Visalia branch office bank reconciliation. The Visalia Office Manager also has check signing authority. The Director of Finance should prepare the Visalia bank reconciliation. In addition, the Visalia branch office should consider having the secretary or receptionist share the duties involved with the receipt and deposit of client trust funds, instead of the Office Manager performing all of the duties. These changes would help to ensure an adequate separation of duties as outlined in the LSC Accounting Guide.

The grantee stated during the closeout conference they intended to institute these changes.

2. The grantee has a Client Trust Disbursement Request form but the reason for the disbursement as well as the approving signature is not

always included as required by the Accounting Guide. We suggest that staff attorneys be reminded to always include the reason for the disbursement and that an approving official be required to sign the disbursement request. The grantee agreed to make these changes.

3. Client trust fund checks remain outstanding for more than six months. After a check is outstanding for approximately one year, a letter is sent to the client's last known address informing the client that a check was sent and has not been cashed. We suggest that the grantee revise current policy to initiate a letter to the client after a check has been outstanding for two months. In addition, directory assistance should be consulted and an Internet search should be made, e.g. through (www.whothere.lycos.com). If the client cannot be located a system is currently in place to track the unclaimed funds and report them to the state in accordance with state escheat laws.

Please provide a copy of this report to each member of the board of directors of the Central California Legal Services.

Sincerely,

(Signed)

E.R. Quatrevaux
Inspector General

cc: Danilo Cardona, Acting Vice President for Programs