

**LEGAL SERVICES CORPORATION**

**OFFICE OF INSPECTOR GENERAL**

**COMPLIANCE WITH SELECTED REGULATIONS  
PERFORMANCE AUDIT**

**Grantee: Rhode Island Legal Services, Inc.  
Recipient No. 140000**

**Final Audit Report No. AU96-063F**

**September 1997**

**LEGAL SERVICES CORPORATION  
OFFICE OF INSPECTOR GENERAL  
COMPLIANCE WITH SELECTED REGULATIONS  
PERFORMANCE AUDIT  
PROJECT NO. 96-063**

GRANTEE: Rhode Island Legal Services, Inc. (140000)  
Providence, Rhode Island

## **INTRODUCTION**

In Public Law 104-134<sup>1</sup>, the 1996 appropriation for the Legal Services Corporation (LSC), Congress imposed restrictions and prohibitions on the types of services LSC grantees may provide to clients and on the methods they may employ in providing those services. The law, enacted on April 26, 1996, required the grantees to discontinue servicing certain types of cases immediately. It also required grantees to divest of three other types of cases (class actions, prisoner litigation, and alien representation) no later than July 31, 1996. Congress required LSC to report whether grantees had divested of these cases within the time allotted.

In order to provide the LSC Board of Directors, management, and Congress with an independent assessment of the grantees' compliance with the new law, the LSC Office of Inspector General (OIG) initiated two types of limited scope audits covering 12 grantees. A performance audit tested: (1) whether grantees had divested of the prohibited cases and were providing only those legal services permitted in restricted cases; and (2) whether the selected grantees had implemented the policies and procedures to ensure that case-related activities were within the new law. A financial related audit was designed to determine whether selected grantees were supporting prohibited or restricted activities through the grantee or alternative organizations. This report presents the results of the performance audit of Rhode Island Legal Services, Inc. (RILS).

## **BACKGROUND**

RILS received \$702,907 in Fiscal Year 1996. RILS' main office is located in Providence, Rhode Island, and there are two branch office locations. As of the date of this audit, RILS employed, in addition to the Executive Director, approximately 13 attorneys, 9 paralegals, and 11 other staff. In June 1996, RILS reported 2 class action suits, 27 prisoner litigation suits, and no alien representation cases, a total of 29 cases to be divested by July 31, 1996.

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<sup>1</sup> 110 Stat. 1321 (1996)

## OBJECTIVES

The specific objectives of the performance audit were to determine whether RILS had:

- divested of class action, prisoner litigation, and restricted alien cases by the July 31, 1996, deadline as required by section 508(b)(2) of Public Law 104-134;
- continued representation after April 26, 1996 with respect to the prohibited and/or restricted case services in violation of the law; and
- adopted new policies and procedures to conform with the new law, and communicated those policies and procedures to its staff.

## SCOPE

The audit was conducted at the main office in Providence, Rhode Island from December 16- 17, 1996, and did not include any branch offices. Audit procedures were limited to the following six regulations and the applicable interim rules in effect for 1996:

Part 1617	Class Actions
Part 1626	Alien Representation
Part 1633	Drug-related Evictions
Part 1637	Prisoner Litigation
Part 1639	Welfare Reform
Part 1636	Plaintiff Statements of Fact/Client Identity

Relevant to the stated objectives, we reviewed cases and other matters existing prior and subsequent to April 26, 1996 through November 10, 1996. We did not review cases or other matters subsequent to the last date of fieldwork, except as they pertained to our follow-up of issues addressed in this report.

## METHODOLOGY

The OIG conducted the performance audit of RILS in accordance with generally accepted government auditing standards. Audit procedures were limited to the following:

- conducting interviews with the Executive Director, managing attorneys and other case handlers to obtain an understanding of the policies, procedures and processes established to implement the regulatory requirements;
- examining documentation supporting management's assertion on its involvement in cases and other matters related to class actions, certain categories of aliens, and certain types of representation involving incarcerated persons;

- conducting a search for restricted cases that were not reported and not divested by July 31, 1996;
- examining a sample of case files opened prior to and after April 26, 1996 to ascertain whether there was continued involvement in restricted cases;
- determining whether the recipient established policies and procedures as required by the respective regulations and communicated those policies and procedures to its staff.

## **FINDINGS AND RECOMMENDATIONS**

With regard to the above-stated objectives, we provide the following findings and conclusions.

- We found no evidence that RILS did not divest of class action and restricted alien cases by the July 31, 1996, deadline as required by section 508(b)(2) of Public Law 104-134. Because the case file for one of the prisoner litigation cases we selected for review was not available, we were not able to conclude whether prisoner litigation cases had been fully divested.
- We found no evidence that RILS continued representation after April 26, 1996 with respect to prohibited or restricted services in violation of the law.
- Except as noted below, RILS established policies and procedures as required by the respective regulations and communicated those policies and procedures to its staff.

### **FINDING 1 — Citizenship attestations or verifications were not obtained in some cases.**

We reviewed 77 cases for citizenship attestation. In 14 of the 77 cases, client attestations of U.S. citizenship were not obtained as required by regulation. In 2 additional cases, verifications of alien eligibility were not on file. The Executive Director stated that he was aware of the deficiency as a result of a pre-audit file examination conducted by the staff of RILS, and that subsequent procedures had been initiated to correct the deficiency.

### **RECOMMENDATION**

RILS management should verify that established procedures are being followed and are effective to ensure that required citizenship attestations or verifications are obtained.

## **GRANTEE MANAGEMENT RESPONSE TO DRAFT AUDIT REPORTS**

The complete texts of RILS' responses to the draft audit reports are included in Appendix I and Appendix II.

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March 19, 1997

Alfred Puglia  
Acting Assistant Inspector General  
for Program Integrity  
Legal Services Corporation  
750 1st Street, NE, 11th Floor  
Washington, DC 20002-4520

RE: Audit Project 96-063, Performance Audit of  
Rhode Island Legal Services, Inc. 140000

Dear Mr. Puglia:

Rhode Island Legal Services, Inc. has reviewed the draft audit report covering the Performance Audit conducted of Rhode Island Legal Services, Inc. The findings regarding Rhode Island Legal Services compliance with applicable regulations appears to be accurate. The finding that client attestations were not obtained in some cases also appears to be accurate. Rhode Island Legal Services believes it has taken the appropriate steps necessary to correct the failure to obtain client attestations of citizenship in some cases.

If you have any questions regarding this response, please do not hesitate to contact me at the above number.

Sincerely,



Robert M. Bargo  
Executive Director

RMB/mab

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August 26, 1997

VIA FACSIMILE AND FIRST CLASS MAIL

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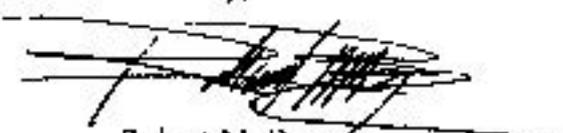
RE: Audit Project 96-063, Performance Audit of  
Rhode Island Legal Services, Inc. 140000

Dear Ms. Stowe:

Rhode Island Legal Services, Inc. has reviewed the second draft audit report covering the Performance Audit conducted of Rhode Island Legal Services, Inc. The findings regarding Rhode Island Legal Services compliance with applicable regulations appears to be accurate. The finding that client attestations were not obtained in some cases also appears to be accurate. Rhode Island Legal Services believes it has taken the appropriate steps necessary to correct the failure to obtain client attestations of citizenship in some cases. Rhode Island Legal Services, Inc. will verify staff compliance.

If you have any questions regarding this response, please do not hesitate to contact me at the above number.

Sincerely,



Robert M. Barge  
Executive Director

RMB/mab