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**BY FACSIMILE AND US MAIL**  
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June 22, 2010

Cynthia A. Sheehan, Executive Director  
Laurel Legal Services, Inc.  
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Greensburg, PA 15601-3066

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**Re: Follow-Up to CSR/CMS Visit, Recipient # 339026**

Dear Ms. Sheehan:

I would first like to thank you and the Laurel Legal Services, Inc. (LLS) staff for the courtesy and cooperation extended to the Legal Services Corporation's (LSC) Office of Compliance and Enforcement (OCE) Follow-Up team of April 12-16, 2010. Second, I write to inform you that based on the information provided by the Follow-Up team, OCE has determined that actions taken by LLS, taken in response to the Final Report issued on April 21, 2008 for the Quality Review of Casework and Systems for Laurel Legal Services, Inc. which took place on March 26-30, 2007, sufficiently address many of the concerns expressed therein. However, further improvement is needed in a few areas.

As you will recall, from March 26-30, 2007, the Office of Program Performance (OPP) and OCE conducted a joint visit, with OCE conducting an on-site Case Service Report/Case Management System (CSR/CMS) Review of LLS. During this 2007 visit, OCE identified several issues, which required corrective action and, on April 21, 2008, LSC issued a Quality Review Report requiring LLS to implement 11 corrective actions designed to assist LLS in complying with the LSC Act, regulations, and applicable instructions.

During the current on-site Follow-Up review (FUR), which took place on April 12-16, 2010, OCE reviewed 302 case files, reviewed policies, procedures and forms, and interviewed members of LLS staff and management as well as members of the Westmoreland Bar Foundation (WBF) staff. All of which evidenced that LLS substantially addressed the majority of the corrective action items contained in the April 21, 2008 Quality Review Report.<sup>1</sup>

OCE's findings from this review are discussed below.

<sup>1</sup> The cases cited in this letter are examples of errors found within the case sample and may not represent all of the case errors found.

**Required Corrective Action Items from April 2008 Quality Review Report:**

- 1. Ensure that the ACMS has the capacity to permit staff to record accurate and timely information regarding LLS cases.**

The Quality Review Report cited numerous instances in which the information contained in the files was different from that provided by the Automated Case Management System (ACMS).<sup>2</sup> Based upon the CSR/CMS review, LSC determined that the ACMS was insufficient to ensure that information necessary for the effective management of cases was timely and accurately recorded and required LLS to ensure that ACMS had the capacity to permit staff to record accurate and timely information regarding LLS cases.<sup>3</sup>

In its comments to the Draft Report (DR), LLS explained that while it did “experience some difficulties” with the ACMS the last time the system was upgraded; it was their belief that the system was now functioning properly and it had addressed the inconsistencies. LLS reported that case handlers match their actual open caseloads with ACMS information on a quarterly basis to ensure that CSR information is accurate and timely recorded into the file and ACMS.<sup>4</sup>

Many of the ACMS inconsistencies found during the 2007 review related to inconsistent open and closure date information. LLS explained that ACMS “re-opened” a number of closed cases. The 2010 OCE FUR demonstrated that while LLS addressed many of the issues concerning inconsistent open and closure date information, a few cases closed in the case file nevertheless remained open in ACMS. *See* Case Nos. 02-0900953 and 02-09923, files closed during 2009 but still open in the ACMS, and 04-1000042, a file marked “deselected” but open in ACMS.

Interviews revealed that LLS’ practice of having its case handlers match their actual open caseloads with ACMS information on a quarterly basis might assist with “open” case oversight; but it does not provide sufficient oversight for closed cases. In fact, the Follow-Up case review evidenced that, in several cases, the information yielded by the ACMS and the information contained in the “closed” case file was inconsistent. For example, Case Nos. 10-048, lacked problem code information, 030026 lacked closure date information in the file and 01-00491, 07-07000187, 09-0178, 02-0701039, 07-0800075, and 07-0400018 lacked consistent closing date or closing code information.

Effective and comprehensive management oversight review of cases at the time of case closing may be all that is necessary to identify the patterns of error or persons in need of targeted assistance. LLS should develop additional case closure procedures to ensure the consistent maintenance of information in both the ACMS and the case file, such as having their case handlers reconcile the information contained in the file with that yielded by the ACMS at closing.

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<sup>2</sup> *See* Quality Review Report at 7-8.

<sup>3</sup> *See* Quality Review Report at 32.

<sup>4</sup> *See* Quality Review Report at 8 and 32.

Although LLS has made significant improvement, it has not fully implemented Corrective Action 1 of the 2008 Quality Review Report regarding reconciliation of data gathered at intake through case closure.

- 2. Ensure that all cases that are referred to PAI attorneys include effective oversight and follow-up to ensure compliance with the requirements of 45 CFR § 1614.3(d)(3). Those PAI files which have been identified in this report as dormant and/or untimely closed should not be reported to LSC in the CSR data submission.**

LLS involves private attorneys in the delivery of legal assistance through staff PAI efforts and through a subgrant agreement with Westmoreland Bar Foundation (WBF). The Quality Review Report noted some issues with the PAI effort. There were numerous dormant or untimely closed PAI cases, cases lacking a description of the legal assistance provided and instances in which LLS compensated private attorneys even though they did not provide documentation of legal assistance.<sup>5</sup> Accordingly, in the Quality Review Report, LLS was required ensure that all cases that are referred to PAI attorneys include effective oversight and follow-up pursuant to 45 CFR § 1614.3(d)(3).<sup>6</sup> Additionally, the 2007 review of WBF's audit revealed that LLS was not properly monitoring the WBF subgrant. LSC approved LLS' subgrant with WBF contingent upon LLS providing monthly reports concerning its financial and case over sighting methods.<sup>7</sup>

LLS, in its comments to the DR, stated that it was receiving monthly reports of grant expenditures from the Westmoreland Pro Bono Program, and a monthly report of cases opened, closed, pending and conflicts, and was forwarding the reports to LSC. In addition, LLS was conducting quarterly file reviews at the offices of WBF and reporting those reviews to LSC.<sup>8</sup>

LLS has taken sufficient action to ensure that dormant and or untimely closed cases are not reported to LSC as part of the CSR submission as only one untimely closed PAI file, Case No. 06E-16000543, was found in the case sample reviewed.

LLS has made significant improvements upon the payment of private attorneys only when there is sufficient documentation to support the request for payment. The FUR demonstrated that 16 out of the 17 invoices reviewed from 2007-2010 contained documentation supporting the payment for services.

However, a pattern of non-compliance was noted, in that there were several cases handled by WBF containing status reports with little to no information on the status of cases or legal work performed,

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<sup>5</sup> See Quality Review Report at 22.

<sup>6</sup> See Quality Review Report at 32.

<sup>7</sup> See Correspondence to Cynthia Sheenan, Executive Director LLS from Danilo Cardona, Director OCE (November 15, 2007 and June 12, 2008).

<sup>8</sup> See Quality Review Report at 32.

which effectively caused these cases to not comply with 45 CFR Part 1614.<sup>9</sup> See open 2008 and closed 2010 Case Nos. 03-0026 and 10-021, where there was insufficient documentation of legal work contained in the file. Although significant improvement from the 2007 review is noted, the lack of a sufficient description of the legal assistance provided to the client pursuant to CSR Handbook (2008 Ed.), § 10.5, makes it difficult to discern when a case becomes dormant and increases the risk that the case may be untimely closed. For example, during the current review, there were cases open for years and the only notations in these files were that they were “open” or that the issue would be resolved. See 2009, 2008, and 2007 Case Nos. 09-148, 08-500, 07E-170160, and 09-415. In recent cases, Case Nos. 09-0344, 10-048 and 10-0011, the files contained no documentation because the private attorneys failed to respond to the quarterly notices sent by WBF, making it difficult to discern if legal work was being provided.

WBF and LLS have consistent practices in place to provide oversight and follow-up, however, these practices do not always provide the information required for effective oversight. In general, every case reviewed contained an update request in some form but many private attorneys did not respond until they closed their cases or did not respond in sufficient detail. Response to update requests is an ongoing problem and WBF should use additional methods to oversee PAI cases, such as reviewing court dockets, contacting the client, when appropriate, and modifying the case closure sheet to better solicit the information needed for LSC compliance. LLS staff should review every file prior to closure, rather than a sampling of files, and should review the Case Status/Closure Forms as part of their quarterly oversight activities to ensure that files contain adequate documentation that legal assistance is being provided.

The FUR further demonstrated the need for continued improvement in oversight of WBF intake processes, as they were not compliant. One WBF staff member believed that applicants with incomes over 125% of the Federal Poverty Guidelines (FPG) were not eligible for services and two (2) intake forms in use by WBF were inconsistent with those in use by LLS offices (these were revised during the on-site visit). The review further found the case management system used by WBF (a different Kemps version) currently does not have the capacity to report closure codes IA, IB and IC. WBF enters these closures as I. Although LLS reports that it is working with Kemps to resolve the issue, presently, WBF’s database does not ensure that information necessary for the effective management of cases is timely and accurately recorded.

LLS has not taken sufficient action to implement Corrective Action 2. As corrective actions, LLS is required to ensure that WBF is able to report closed codes IA-C in its ACMS, as well as, to develop additional oversight procedures to ensure that cases lacking a description of the legal assistance provided are not reported to LSC in the CSR data submission. LLS should provide WBF staff with training so that WBF staff are familiar with 45 CFR § 1611.4, CSR Handbook (2008 Ed.), § 5.3, and applicable LSC instructions for clients whose income does not exceed 125% of the poverty guidelines.

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<sup>9</sup> These were all reduced fee or pro *bono* cases and thus not cases in which LLS would make payments to private attorneys.

**3. Ensure that the legal assistance provided is documented in the case file and that those case files identified in this report lacking documented legal assistance are not reported to LSC in the CSR data submission. As part of this corrective action, every file must be reviewed at the time of closing.**

The Quality Review Report cited numerous case files lacking a description of the legal assistance provided, including cases closed C (Referred After Legal Assistance) and case files that could not be located.<sup>10</sup> In its comments to the DR, LLS explained that, “all files are reviewed at time of closing either by a Managing Attorney or the Executive Director, or another designee. Those files lacking documented legal assistance were removed from the CSR prior to December 31, 2007.” LLS further explained in its comments to the DR, “that if others are discovered, they will be deselected.”<sup>11</sup>

The case sample review found no cases closed C (Referred after Legal Assistance) after 2007. One targeted file, Case No. 04-1000037, could not be located. With four (4) exceptions, the staff files reviewed during the FUR visit contained a description of the legal assistance provided to the client. These were all open cases. In each of these cases, Case Nos. 04-0700069, 04-1000002, 04-0800325, and 050900257, the intermediary could not ascertain from the file the work or advice provided to the client. As none of these cases have been reported to LSC and, consistent with CSR Handbook (2008 Ed.), § 3.5, LLS may exclude these files from its CSR data submission to LSC or provide sufficient evidence of the legal assistance provided before including these cases as part of any CSR submission. LLS has taken sufficient action with regard to staff cases to implement Corrective Action 3.<sup>12</sup>

**4. Ensure that staff is trained on the proper closing codes categories; to comply with CSR Handbook (2001 Ed.).**

The 2007 review demonstrated that LLS’ application of the CSR case closing categories was inconsistent with Section VIII, CSR Handbook (2001 Ed.). There were numerous instances of case closing code errors contained in the 2007 case sample.<sup>13</sup> In its comments to the DR, LLS indicated that management, most intake staff and case handlers all attended an LSC sponsored training on the new case closing categories in the CSR Handbook (2008 Ed.), as well as, another in-house “staff meeting” training.<sup>14</sup>

The FUR evidenced that LLS made efforts to improve the program’s closing code usage through training, policy communication, and management involvement. Further, review of the sample cases demonstrated that LLS improved in its use of CSR Handbook closing codes and mostly transitioned

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<sup>10</sup> See Quality Review Report at 30.

<sup>11</sup> See Quality Review Report at 30-31.

<sup>12</sup> However, sampled PAI cases reviewed evidence several cases lacking a description of the legal assistance provided by the private attorney. These cases are discussed in Finding 2.

<sup>13</sup> See Quality Review Report at 30.

<sup>14</sup> Quality Review Report at pp. 31.

successfully to the revised CSR Handbook codes.<sup>15</sup> However, OCE identified some patterns of error, indicating the need for further improvement.

First, it appears that LLS at some point misunderstood category L (Extensive Service) with the result that several reviewed closed cases contained incorrect closing codes. For example, in Case No. 09-0394, LLS closed the matter with an I, when the more appropriate closing code would have been L, because the client failed to appear and the court matter dismissed. In another example, Case No. 04-0700168, LLS closed the case as B, when evidence of extensive two-year legal assistance supported the use of the L closing code. In a third example, Case No. 05-0700135, LLS closed the case as L, when evidence of legal assistance, e.g., contested court decision, supported use of the Ib closing code.

The apparent misunderstanding of the use of the L closure code may have led LLS to use the K (Other) closing code in error. For example, in Case Nos. 06-0700195 and 07-0900007, both cases were closed as K and should have been closed with code L because LLS provided extensive legal services to the clients. These cases indicate that LLS should question its use of the K closing categories, as LSC did not anticipate that this closing category would be used frequently, as most common services provided to clients should fit more accurately within another closing code.

Lastly, there was closing code errors connected with the use of the H (Administrative Agency decision) closing code. For example, Case No. 07-0700088, was closed H yet should have been closed Ib, and, Case Nos. 05-0800410 and 04-0900519, both were closed as A and should have been closed H.

Because of the items discussed above, OCE cannot consider Corrective Action 4 fully resolved at this time. Further actions by LLS to address these targeted issues are necessary. As a corrective action, LLS should provide additional targeted closure code training for staff.

**5. Ensure that duplicate files are not reported to LSC in the CSRs and develop a methodology for identifying them.**

The 2008 Quality Review Report, noted that “LLS was in general compliance with the requirements of CSR Handbook (2001 Ed.), ¶ 3.2 regarding duplicate cases. There were three sets of duplicate case files noted.”<sup>16</sup> LLS explained in its comments to the DR, that “all staff are trained on the proper procedure for opening a file for a client who already, has had a case open in the same year, so that duplicate files are opened to a non-LSC funding source. Also, the Intake Manager regularly reviews file openings and deselects any duplicate files that were not spotted by intake staff.”<sup>17</sup>

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<sup>15</sup> There appeared to be one transitional case closure error. *See* Case No. 05-0500061 (case closed during 2008 using the 2001 CSR Handbook superseded closure code of E).

<sup>16</sup> *See* Quality Review Report at 28.

<sup>17</sup> *See* Quality Review Report at 28.

There were no duplicate cases noted in the FUR sample. Interviews with management demonstrated that the Intake Manager regularly reviews file openings and on a quarterly basis, runs case management duplicate queries to locate and deselect duplicate cases.

LLS has taken sufficient action to implement Corrective Action 5.

**6. Ensure that case files are closed in a timely manner. Those case files identified in this report as untimely closed should be closed in the ACMS and designated so they are not reported to LSC in the CSR data submission.**

The Quality Review Report noted that LLS was not in compliance regarding the requirements of the CSR Handbook (2001 Ed.), ¶ 3.3, as numerous case files throughout LLS were dormant or untimely closed. Most significantly, the Kittanning office had as many as 150 cases closed in the file but not in the ACMS, and one advocate had more than 150 open cases to close.<sup>18</sup> Comments to the DR stated, “all files identified in the report as untimely closed were removed from the LSC CSR prior to December 31, 2007. If others are discovered, they will be deselected.”<sup>19</sup>

The FUR demonstrated that, overall, LLS has taken effective corrective action to ensure the closing of cases in a timely manner and made significant improvement eliminating dormant and untimely closed cases from its CSR submissions.<sup>20</sup> However, the case samples of a few offices, predominantly the Kittanning and Indiana offices, contained open cases whose files indicated dormancy or cases untimely closed (and incorrectly not deselected from CSR reporting).<sup>21</sup> For example, Case No. 04-0800325, remained open at the time of the FUR with no legal work documented after 2008. Another example, Case No. 02-0901391, remained open at the time of the FUR when the last activity in the file was on December 2, 2009 and there is no other action required but to close the file. Additionally, in three (3) limited assistance cases, Case Nos. 05-0600261, 05-0700023, and 040700616, the files were dormant for over one-year before LLS closed them. LLS appears to have missed these files during its 2008 and 2009 case review efforts. Interviews conducted during the FUR reflect that LLS relies on individual offices or individual staff members to resolve dormancy or timeliness issues. This approach may have its limitations. OCE therefore recommends that LLS determine whether offices may benefit from additional targeted assistance, such as, training or greater oversight and follow-up through ongoing reminder notices.

LLS has taken sufficient action to implement Corrective Action 6.

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<sup>18</sup> Quality Review Report at pp. 28-29.

<sup>19</sup> Quality Review Report at pp. 29.

<sup>20</sup> LLS reports that it runs lists of cases open for the longest period and in which no time charges have been made for a six-month period. This type of list should identify those files that are no longer active and ready for closure.

<sup>21</sup> When such dormant cases are ultimately closed, absent recent legal activity on the case, the case must be deselected from reporting in the current year CSR.

7. **Ensure that all offices apply the over-income exception policy in a similar manner. Compliance with this corrective action requires LLS to provide training to staff as to when and how to apply expenses and factors to applicants whose household income exceeds 125% of the FPG.**

The Quality Review Report noted that “some staff were unaware of the factors and procedures to qualify individuals with gross incomes between 125% and 200% of FPG.”<sup>22</sup> There was inconsistent application of this policy. Comments to the DR stated “that the policy regarding application of the over-income exception policy is being revised by the Board of Directors and all staff will receive training and written directives for following it.”<sup>23</sup>

Interviews with LLS staff, review of related program documentation, including intake protocols, assessment of the current intake system, and review of sampled cases all evidenced that all LLS staff applies the over-income exception policy in a similar manner. Staff refers applicants with gross incomes over 125% of FPG to management and they apply the over-income expenses and factors and make the determination whether the applicant is eligible for LSC funded services. A few staff could not demonstrate knowledge of the over-income exceptions and factors. Management, however, could demonstrate knowledge of the exceptions and sampled cases reviewed evidenced that the applicants were screened for income eligibility in compliance with 45 CFR § 1611.4, CSR Handbook (2001 Ed.), ¶ 5.3, CSR Handbook (2008 Ed.), § 5.3, and applicable LSC instructions for clients whose income does not exceed 125% of the poverty guidelines. LLS provided documentation of providing, and staff could recollect having attended, training.<sup>24</sup>

LLS has taken sufficient action to implement Corrective Action 7.

8. **Ensure compliance with 45 CFR Part 1611, which requires LLS to establish reasonable asset ceilings for all applicants.**

The Quality Review Report noted that LLS’ policies eliminated the asset ceilings for disabled or institutionalized applicants and/or their families and that this policy did not comply with LSC regulation 45 CFR Part 1611, which requires recipients to establish reasonable asset ceilings to determine eligibility of applicants for legal assistance.<sup>25</sup> LLS noted in its comments to the DR, that it had revised its Asset Guidelines during a meeting of the Board of Directors on March 31, 2008, and corrected the deficiency of no reasonable asset ceiling established.<sup>26</sup>

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<sup>22</sup> See Quality Review Report at 13.

<sup>23</sup> See Quality Review Report at 13.

<sup>24</sup> LLS provided a copy of its December 11, 2008 Training Agenda.

<sup>25</sup> See Quality Review Report at 14.

<sup>26</sup> See Quality Review Report at 16.

Interviews with LLS staff, review of related program documentation including intake protocols, assessment of the current intake system, and review of sampled cases all evidenced that the program has adopted a reasonable assets screening policy and process.<sup>27</sup>

LLS has taken sufficient action to implement Corrective Action 8.

**9. Ensure that intake workers screen applicants for assets and inquire as to income prospects as required by 45 CFR § 1611.7.**

The Quality Review Report noted there was confusion among staff concerning the asset policies in use by LLS resulting in inconsistent application of these policies by the eligibility screeners.<sup>28</sup> Moreover, some asset determinations erroneously noted that the assets ceiling had been “met” rather than recording a specific asset amount.<sup>29</sup> LLS noted in its comments to the DR that all applicants were screened for assets and that LSC funds were not used to serve applicants over LSC asset guidelines.<sup>30</sup>

Interviews and case review conducted during the FUR demonstrate that LLS staff now consistently applies asset policies and procedures. For example, all files opened since the 2007 review contained specific asset information and asset determinations are made by the recordation of exempt and non-exempt assets in the eligibility field, although, exempt assets are not considered for eligibility purposes.<sup>31</sup> Interviews and case file review demonstrate that staff calculates assets consistently, however, the practice of including exempt assets during the non-exempt asset calculation is confusing, as many applicants initially appear to exceed asset limits. Although this does not raise a compliance issue, LLS may want to record non-exempt assets in the eligibility fields and record exempt assets in the “Notes” section of Kemps. This will allow LLS to record exempt assets for advocacy purposes while maintaining clarity during eligibility determinations. However, this is mentioned as a recommendation solely and no action is required.

Additionally, the Quality Review Report noted that LLS must screen for an applicant’s income prospects and assets as required by 45 CFR § 1611.7.<sup>32</sup> In its comments to the DR, LLS committed to pre-screen applicants for “income prospects” in the future, with the use of a new pre-screening

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<sup>27</sup> The Liquid Asset ceiling adopted by LLS is \$2300 per family unit except when the family unit has an elderly person, defined as 60 years of age or older, or a disabled individual in which case the liquid asset ceiling shall be \$3000. The Non-Liquid asset ceiling shall be \$7500 for a single individual and \$15,000 for a family. The Non-Liquid Asset limit for a family unit with one or more individuals 60 years of age or older or disabled shall be twice the limit set forth above making it \$15,000 for a single individual and \$30,000 for a family unit of more than one. (Laurel Legal Services Income and Asset Guidelines, Effective July 1, 2009- June 30, 2010 and Laurel Legal Services Income Asset Guidelines, Effective July 1, 2009).

<sup>28</sup> See Quality Review Report at 15.

<sup>29</sup> See Quality Review Report at 15.

<sup>30</sup> See Quality Review Report at 15.

<sup>31</sup> See Case Nos. 04-0800223, 02-0800709, 04-700295, 02-0500908, 05-0800214, 05-0600480, 05-0700474, and 040400484.

<sup>32</sup> See Quality Review Report at 13.

questionnaire.<sup>33</sup> Interviews with staff, review of the pre-screening questionnaire in use by LLS, and the revised pre-screening questionnaire now in use by WBF demonstrate that LLS now manually pre-screens all applicants for income prospects.<sup>34</sup>

LLS has taken sufficient action to implement Corrective Action 9.

**10. Ensure compliance with the subgrant reporting requirements of 45 CFR § 1627.3.**

The Quality Review Report noted that LLS did not disclose its subgrant relationship with WBF in its 2005 audited financial statements, nor did WBF disclose that it was a subgrantee of LLS in its financial statements. Both LLS and WBF were required to add a footnote to their financial statements describing the relationship.<sup>35</sup>

The FUR found LLS to be properly disclosing the relationship with their subgrantee, WBF, pursuant to the requirements of the Accounting Guide for LSC Recipients. For the years 2008 and 2009, LLS' audited financial statements contained a footnote detailing and explaining the relationship with their subgrantee. In regards to the disclosure of the subgrantee relationship with WBF in the audited financial statements, the program is now compliant.

Additionally, the Quality Review Report noted that LLS did not comply with 45 CFR § 1610.5 (Donor Notification), because it did not notify its non-LSC funders and donors of the application of LSC restrictions and conditions to the non-LSC funds. LLS corrected this issue on-site during the 2007 visit. During the FUR, 12 individual donations of \$250 or greater were selected and tested for compliance with 45 CFR § 1610.5, with the result that 11 of the 12 letters notified donors and non-LSC funders of LSC restrictions and conditions.

LLS has taken sufficient action to implement Corrective Action 10.

**11. Ensure that applicants are screened for citizenship or eligible alien status during the pre-screening process.**

During the 2007 review, one (1) case lacked the necessary 45 Part 1626 documentation.<sup>36</sup> As part of the corrective action, LLS was to ensure the citizenship screening of all applicants during the pre-screening process. Comments to the DR stated that LLS would develop a pre-screening

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<sup>33</sup> See Quality Review Report at 15.

<sup>34</sup> On the Laurel Legal Services Questionnaire, LLS requests applicants to answer the question "[d]o you or anyone in your household anticipate any changes in income the near future, including seasonal employment, cancellation of benefits, etc.?"

<sup>35</sup> See Quality Review Report at 19-20.

<sup>36</sup> See Quality Review Report at 16.

questionnaire that would include questions about citizenship and eligible alien status and all staff would be instructed to ask these questions during this pre-screening process.<sup>37</sup>

Interviews with LLS staff, review of related program documentation, including intake protocols, assessments of the current intake system, and review of sampled cases all evidenced that the program consistently pre-screens for citizenship or eligible alien status by use of its manual intake form, ACMS intake, and during intake interviews.<sup>38</sup> Sampled case review demonstrates that LLS also makes use of the emergency procedures pursuant to 45 CFR § 1626.8. *See* Case No.01-1000068.

However, intake interviews during the current review demonstrated that a few staff did not understand the applicability of 45 CFR § 1626.4. One screener stated that a Visa or a passport demonstrated eligible alien status. In this instance, the eligibility screener noted that she had never accepted a Visa or passport as documentation of eligible alien status, just that she believed it be sufficient. There were no such cases found in the review sample. Additionally, one eligibility screener was unfamiliar with Program Letter 06-02, Violence Against Women Act 2006.

LLS has taken sufficient action to implement Corrective Action 11. However, all staff should be familiar with the provisions of 45 Part 1626. Therefore, as a corrective action, LLS is required to provide additional training to its staff concerning the requirements of 45 Part 1626.

#### **New Finding:**

##### **The PAI allocation in the audited financial statements for 2009 is not in compliance with OMB Circular A-122 Cost Principles for Non-Profit Organizations.**

The FUR included a review of the PAI allocation from the audited financial statements as of June 30, 2009, including the underlying worksheet. LLS employs a consultant to perform the PAI allocation. It was the belief of LLS that the consultant allocated staff attorney and paralegal salaries to PAI based upon actual hours worked and recorded such into the Kemps time system divided by annual salaries. If this the methodology employed, it does not comply with OMB Circular A-122 Cost Principles for Non-Profit Organizations, which requires that the salary of every regular full time employee be based on 100% of hours.

As a corrective action, LLS is required to calculate the hourly rate used to allocate attorney and paralegal salaries to PAI reporting in the audited financial statements in accordance with the OMB Circular A-122 Cost Principles for Non-Profit Organizations.

In summary, LLS has substantially addressed many of the problems found during the 2007 review. Nevertheless, LLS is directed to provide a response addressing the corrective actions outlined above

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<sup>37</sup> See Quality Review Report at 16.

<sup>38</sup> See Laurel Legal Services Questionnaire.

Cynthia Sheehan, Executive Director  
Laurel Legal Services, Inc.  
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within 30 days of receipt of this letter. Please do not hesitate to contact myself at (202) 295-1520 or Lisa Moore Melton at (202) 295-1531 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. A. Cardona', with a large, stylized flourish at the end.

Danilo A. Cardona, Director  
Office of Compliance and Enforcement