



September 30, 2011

James H. Fry, Executive Director  
Legal Services Alabama, Inc.  
207 Montgomery St.  
Suite 200  
Montgomery, Alabama 36104-3537

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Gloria Valencia-Weber  
Albuquerque, NM

**Re: Follow-Up CSR/CMS Review, Program No. 601037**

I would first like to thank you and the Legal Services Alabama, Inc. ("LSA") staff for the courtesy and cooperation extended to the Legal Services Corporation's ("LSC") Office of Compliance and Enforcement ("OCE") Follow-Up Review ("FUR") team of April 4-8, 2011. Second, I write to inform you that based on the information provided by the FUR, OCE has determined that LSA's actions taken in response to LSC's Final Report ("FR"), issued on January 25, 2008, sufficiently address many of the concerns expressed therein. Overall, the FUR found that LSA developed many successful procedures, policies, and practices in response to the corrective actions, however, more intensive and targeted management, supervision, and training of compliance related activities and is warranted to fully comply with the LSC Act, regulations, and applicable instructions. During the course of the FUR, a few other compliance issues outside of the FR's corrective actions were identified which will require additional corrective actions to be taken by LSA.

As you will recall, OCE conducted an on-site Case Service Report/Case Management System ("CSR/CMS") Review of LSA from February 12 to February 16, 2007 and from April 30, 2007 to May 4, 2007. OCE identified several issues and required corrective actions designed to assist LSA in complying with the LSC Act, regulations, and applicable instructions. The January 25, 2008 FR, listed 14 items slated for corrective action. LSA has addressed most of these corrective action items. During the on-site FUR, OCE reviewed 871 case files. LSA failed to provide five (5) sampled cases, either because they could not be located or they were in transit between offices. These were open Case No. 10-0052941, closed 2011 Case No. 08-0027444, closed 2010 Case No. 07-0005538, and closed 2009 Case Nos. 09-0038130 and 09-0040157. These files could not be adequately reviewed from information obtained solely from LSA's computer database. As a result, it was determined that these cases should not be or should not have been reported to LSC in the CSR data submission unless the physical file can be located and be determined to contain sufficient documentation to support the inclusion of these cases in the LSC CSR data submission.

On July 7, 2011, OCE issued a Draft FUR Report Letter ("DR") detailing its findings, recommendations, and required corrective actions. LSA was asked to review the DR and provide written comments. On August 5, 2011, OCE received LSA's comments that were dated that same day. OCE carefully considered LSA's comments and has incorporated them into this Final Report as appropriate. LSA's comments are attached to this Report in their entirety.

Below are OCE's findings from the instant review.

### **Required Corrective Action Items**

- 1. Ensure that the automated case management system is sufficient to record accurate and timely information regarding the case files.**

Recipients are required to utilize an automated case management system ("ACMS") and procedures which will ensure that information necessary for the effective management of cases is accurately and timely recorded in a case management system. At a minimum, such systems and procedures must ensure that management has timely access to accurate information on cases and the capacity to meet funding source reporting requirements. *See* CSR Handbook (2008 Ed.), § 3.1.

The FR required LSA to take corrective action to ensure that its automated case management system be sufficient to record accurate and timely information regarding the case files. The FR identified numerous cases in which the information in the case files did not match the ACMS. Some of these issues were attributed to a conversion from Kemps to LegalFiles in 2007, just prior to the CSR/CMS review. LSA's comments to the Draft Report ("DR") from the 2007 on-site review stated that responsibility for ensuring that the ACMS reflects accurate information for the effective management of cases was assigned to the Director of Advocacy, who supervises the field office Supervising Attorneys who are each responsible for the data entry of their staffs. In addition, LSA stated that the Director for Advocacy would conduct regular system audits to identify and correct system deficiencies. Lastly, LSA stated in the DR that it was awarded a grant for \$50,000 to fund training and the training would result in staff being "certified" in the use of the ACMS' basics.

The FUR found that the offices' Supervising Attorneys are responsible for reviewing the accuracy of data on a local level; however, the Director of Advocacy holds ultimate responsibility for data integrity program-wide. An interview with the Director of Advocacy revealed that he is well trained on the ACMS and uses a variety of techniques to regularly review case information from his desk. Compliance documents and letters are scanned into the electronic files and e-mails regarding the case are attached and easily accessible, including several "To Do" ticklers for PAI cases. Staff confirmed such oversight as they recounted the receipt of inquiries from the Director of Advocacy asking them to review particular entries. However, not every case file is reviewed by management at intake and many Supervising Attorneys only conduct random reviews for compliance. Interviews revealed that in 2008 staff

received ACMS training. It was confirmed that, in late 2007, LSA received a grant from the Alabama Department of Economic and Community Affairs to conduct training. The Hotline Network Director, now the Director of Training, conducted staff training on LegalFiles and individualized testing to ascertain competence. Staff is now "certified" on the ACMS. During January 2010, the position of Director of Training was created and eventually filled by the former Hotline Network Director. Because a replacement for the Hotline Network Director needed to be hired and trained, the new Director of Training did not begin her duties full-time until approximately March 1, 2010.

During interviews, staff confirmed the LegalFiles training and certification process. Several staff displayed certificates at their work station. New staff reported that they were trained on the ACMS by the Director of Training. Both the Director of Training and Director of Advocacy hold System Administrator privileges and can make a number of changes to the database, as needed. All staff interviewed felt they received adequate ACMS training and that the Director of Training and Director of Advocacy are available to them and willing to address any issues as they arise.

Notwithstanding the action taken by LSA, a comparison of the information yielded by the ACMS to information contained in the case files sampled revealed numerous cases in which the information in the file differed from the ACMS. There were three (3) main patterns of error noted: inconsistent problem code information, inconsistent open or closing date information, and inconsistent closing code information. The errors found within the sample were either data entry errors or demonstrated a lack of CSR understanding and that could have been found and corrected during compliance reviews. For example, in open Case No. 10-0047322, the file was listed as open on the ACMS case list but the file reflected its closure on November 18, 2010. This could not be explained as the case lists were generated in 2011. It appears as though this case was closed and back dated after the case lists were generated and, if so, the case was not timely closed as it should have been reported in the 2010 CSRs. In another example, open Case No. 11-0060181, the problem code was "BP" when the CSR problem code should have been "79-Other Income." Programs may not report cases to LSC in the CSR data submission using problem codes unique to a program, as all cases opened after January 1, 2008 must follow the documentation requirements of the CSR Handbook and "BP" is not a CSR problem code category. *See* CSR Handbook (2008 Ed.), Chapter IX and preface letter of instruction from Helaine Barnett (August 3, 2007). Finally, in closed 2009 Case No. 09-0043370, the file reflected the program assigned the closing code "L," the ACMS reflected the closing code "F" was assigned, and the closing code most specifically describing the service performed by the program would be "A." Other examples found within the sampled cases, listed by year include: open Case Nos. 11-0060177 (inconsistent problem code information), 10-0046852 (inconsistent open date information), 10-0059159 (inconsistent open date information), 11-0061937 (inconsistent open date information), and 11-0060803 (inconsistent open date information). *See also* closed 2011 Case Nos. 09-0029283 (case closed on ACMS but remains open in file), 09-0040690 (inconsistent problem code information), and 11-0061826 (inconsistent closure date information). *See also* closed 2010 Case Nos. 10-0055123 (inconsistent problem code information), 10-0055734 (inconsistent open date information), 10-0050914 (inconsistent closing



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As you will recall, OCE conducted an on-site Case Service Report/Case Management System ("CSR/CMS") Review of LSA from February 12 to February 16, 2007 and from April 30, 2007 to May 4, 2007. OCE identified several issues and required corrective actions designed to assist LSA in complying with the LSC Act, regulations, and applicable instructions. The January 25, 2008 FR, listed 14 items slated for corrective action. LSA has addressed most of these corrective action items. During the on-site FUR, OCE reviewed 871 case files. LSA failed to provide five (5) sampled cases, either because they could not be located or they were in transit between offices. These were open Case No. 10-0052941, closed 2011 Case No. 08-0027444, closed 2010 Case No. 07-0005538, and closed 2009 Case Nos. 09-0038130 and 09-0040157. These files could not be adequately reviewed from information obtained solely from LSA's computer database. As a result, it was determined that these cases should not be or should not have been reported to LSC in the CSR data submission unless the physical file can be located and be determined to contain sufficient documentation to support the inclusion of these cases in the LSC CSR data submission.

code information), 10-0047173 (inconsistent closing date information), and 10-0059851 (inconsistent open date information). *See also* 2009 Case Nos. 08-0028271 (inconsistent problem code definition), 09-0043819 (inconsistent closing date information) 05E-20015686 (inconsistent closing date information), 08-0024887 (inconsistent closing date information), 03E-40009578 (inconsistent closing date information), 09-0031156 (inconsistent and incorrect closing code information), 09-0040201 (inconsistent closing code information), and 09-0037325 (inconsistent closing code information).

In accordance with Program Letter 02-06 and the CSR Handbook (2008 Ed.), § 3.6, LSA's ACMS system is free of defaults in critical compliance screening fields.<sup>1</sup> Further, LSA has established a method within its ACMS to deselect cases which were open as LSC-eligible but are not reportable to LSC as cases. Staff interviewed demonstrated a strong understanding of proper de-selection protocols. The ACMS has the ability to check conflicts program-wide and to identify whether an applicant has been a former client. LSA has also incorporated several "To Do" ticklers for PAI cases. These ticklers are automatically generated when a case is assigned to PAI. As will be discussed in corrective action item 2, these ticklers have been helpful to the program's dramatic improvements in PAI oversight. Compliance forms, letters and other case documents are scanned into client files, thereby facilitated electronic review by local supervisors or the Director of Advocacy based in Montgomery. Lastly, the ACMS has the ability to generate a variety of case and error reports which are used as management tools. Administrative assistants and supervisors throughout the program have been trained to generate a number of reports including open and closed case lists by advocate and office and reports to identify the last advocate time entry in cases to assess timeliness. To further improve case oversight, LSA has purchased Crystal Reports software. Once it is installed, it will allow LSA to design and share a wider range of reports. The Director of Training stated that she and the Director of Advocacy plan to automatically generate and transfer different types of management reports to offices on a monthly basis.

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<sup>1</sup> The review of the ACMS revealed that the name card screen defaults to United States Citizen. It is important to distinguish this field from the file screening fields. In LegalFiles, each client must have a name card which records name and contact information. As case files for the client are created, they are attached to the name card. The individual case files contain the operable citizenship field on the Eligibility Wizard Funding Source screen as a check-box "Is Reportable to LSC." This field is not a default. If the box is left blank because the case is not reportable, the screener must select a reason why the case is not reportable on the Eligibility Wizard Demographics screen. This is the field used in eligibility determination and this field does not default to citizenship. This was tested several different ways and it was determined that the name card field stands in isolation and does not relate or transfer to attached case files. It was also confirmed that the field on the Eligibility Wizard Demographics screen is the active field that prints on the Client Data Sheet that is maintained in hard files. This was confirmed on-site by review of the programming of the Client Data Sheet which demonstrates that the Citizenship field data is elicited from the Eligibility Wizard and not the name card. Because the field on the name card is not used to determine eligibility with 45 CFR Part 1626, nor is it recorded in the actual case file, it does not meet the definition of a default in Program Letter 02-06. Further, it is noted that the bottom portion of the asset screen lists zeroes. These zeroes appear when a new case is opened and are summation fields. Testing demonstrated that a user cannot proceed to the next screen and the file cannot be saved without completing information by selecting, from a pick-list, either an asset source with a corresponding amount or "none."

Case review and a detailed assessment of LSA's ACMS revealed issues with the pick lists for the income, over-income factors, and asset selections. Some of these items contained duplicative, confusing and, in some instances, non-compliant options. These were reviewed in detail with the Director of Advocacy and numerous changes were made on-site thereby resolving the FUR team's concerns about the sufficiency of the ACMS.<sup>2</sup> Changes made during the review remedied these concerns and consequently the ACMS was determined to be sufficient to record accurate and timely information regarding the case files. However, use of the multiple "drop down" boxes (Master pick lists) can be problematic during the intake process. This is because instead of there being standard questions to use, screeners open a drop-down box and have multiple options of items to ask about regarding income, factors affecting income, and assets. For example, OCE identified 57 income-related choices.<sup>3</sup> Clearly, no intake screener asks 57 separate questions regarding income, and the individual must therefore determine how to ask basic questions to obtain information regarding dozens of possible sources of income.<sup>4</sup> This leaves a lot of discretion to the intake screener and does not ensure a standard approach. LSA would benefit from a standardized script providing the minimal questions to ask regarding income and assets so as to ensure that all staff members using the ACMS are asking sufficient questions to obtain all relevant data. Further, some of the options, such as "unknown," "student," or "other or unknown" are of questionable value. Because of the multiple options, intake staffs in different offices use differing techniques as to how to address the basic questions of household income, with most people focusing or restricting questions to certain basic areas, such as employment and basic benefits programs. As a result, there is not a precise income screening process used.

The lack of standardized approach that occurs from using pick lists instead of standard questions should be reviewed by the program. LSA is required to ensure that all intake screening is being conducted similarly and that it will obtain all necessary income and assets information of all household members that must be considered for an eligibility determination.

The discrepancies identified during case review are not attributable to the sufficiency of the ACMS but to data entry errors which should have been identified by Supervising Attorneys during the intake or case closure processes.<sup>5</sup> Improvement has been made as the errors noted during the FUR fewer than those identified in the FR. While the significant improvements in training, data integrity and system design made by LSA are acknowledged, additional focus on oversight is required. LSA conducts compliance oversight with their advocate staff; however, LSA needs to conduct periodic formalized compliance reviews. Periodic effective and comprehensive management oversight review of cases at the time of case opening, throughout

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<sup>2</sup> It is noted that LSA is required to review its income and asset policy and revise its asset eligibility policy. Additional changes to the asset pick lists will be required once these policies are reviewed to ensure consistency between the policy and the ACMS. See corrective action item 9 and Finding 2.

<sup>3</sup> The availability of a very thorough list of possible income sources can be viewed as a system strength as it provides a potentially exhaustive list of options for use throughout the program. However, for such a list to be a staff strength it would need to be accompanied by a core set of minimum, standard income questions for all to follow.

<sup>4</sup> The same logic applies to ascertaining information about the factors affecting income and assets.

<sup>5</sup> Interviews revealed that supervisors review all cases closed by case handlers and the administrative assistants responsible for closing PAI cases.

the duration of the case, and at case closing may be all that is necessary to identify the patterns of error or persons in need of targeted assistance to limit errors arising from clerical mistakes or lack of knowledge. It is recommended that additional case closure procedures are developed which ensure the consistent maintenance of information in both ACMS and the case file, such as having their case handlers reconcile the information contained in the file with that yielded by ACMS throughout the duration of the case and at closing, specifically targeting areas of common errors, such as, problem codes, closing codes, and open and closure dates.

LSA has taken corrective action to ensure that its ACMS is generally sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded; however, additional oversight of compliance-related activities and standardization of eligibility questioning is required to ensure accurate data entry.

In its comments to the DR, LSA acknowledged the existence of cases in which there were inconsistencies between the information contained in the physical paper file and the ACMS. LSA advised that it implemented several corrective actions to eliminate these inconsistencies. First, LSA created and generated additional reports to locate inconsistencies. Second, it developed intake screening scripts and trained staff concerning their use. Third, it required case handlers and Supervising Attorneys to review compliance related information during case reviews and case closings. Fourth, staff was instructed that cases closed in a calendar year and reported in that year's CSRs may not be re-opened in the following calendar year. Fifth, staff was instructed to discontinue the practice of changing the open date of a file when the file is re-opened or other status changes are entered into ACMS. Sixth, the Director of Advocacy and Director of Training developed a report to capture cases in which the button open date differs from the open date in the ACMS status field (LSA generates this report on a monthly basis and Supervising Attorneys notify case closers of open date inconsistencies so they may be reviewed and corrected). Seventh, LSA eliminated the "BP" problem code and instructed staff to discontinue use of this non-LSC problem code. Eighth, LSA instructed its case closers to compare the closing date information in the physical paper file with the closing code information entered into ACMS during every case closure. Ninth, intake staff now gathers all income and asset information prior to selecting this information from the pick list menu drop down selections when determining eligibility. Finally, the Client Services and Compliance Manuals were amended to reflect these changes and staff notified of these new practices.

OCE notes that these remedial measures indicate that LSA has investigated and determined the source of many of its ACMS errors and developed procedures and practices designed to reduce, and hopefully eliminate, errors.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 1 from the 2007 CSR/CMS review.

**2. Ensure that all cases that are referred to *pro bono* attorneys and PAI attorneys include effective oversight and follow-up subsequent to referral in an effort to ensure compliance with the requirements of 45 CFR § 1614.3(d)(3).**

LSC regulations require LSC recipients to devote an amount of LSC and/or non-LSC funds equal to 12.5% of its LSC annualized basic field award for the involvement of private attorneys in the delivery of legal assistance to eligible clients. This requirement is referred to as the "PAI" or private attorney involvement requirement.

Activities undertaken by the recipient to involve private attorneys in the delivery of legal assistance to eligible clients must include the direct delivery of legal assistance to eligible clients. The regulation contemplates a range of activities, and recipients are encouraged to assure that the market value of PAI activities substantially exceed the direct and indirect costs allocated to the PAI requirement. The precise activities undertaken by the recipient to ensure private attorney involvement are, however, to be determined by the recipient, taking into account certain factors. *See* 45 CFR §§ 1614.3(a), (b), (c), and (e)(3). The regulations, at 45 CFR § 1614.3(e)(2), require that the support and expenses relating to the PAI effort must be reported separately in the recipient's year-end audit. The term "private attorney" is defined as an attorney who is not a staff attorney. *See* 45 CFR § 1614.1(d). Further, 45 CFR § 1614.3(d)(3) requires programs to implement case oversight and follow-up procedures to ensure the timely disposition of cases to achieve, if possible, the results desired by the client and the efficient and economical utilization of resources.

To satisfy the requirements of 45 CFR Part 1614, LSA's 2010 PAI Plan states that it operates two (2) components, a volunteer lawyer's program ("VLP") and a reduced-fee component.<sup>6</sup> *See* 2010 PAI Plan. LSA subgrants LSC funds to four (4) VLPs in the state to operate its PAI VLP program. The Alabama State Bar Volunteer Lawyer's Project ("ASBVLP") provides assistance to persons in 64 of the 67 counties in the state and portions of what is known as the "Bessemer Cutoff"; it does not serve Madison, Mobile and Jefferson Counties, nor does it serve the remaining portion of Bessemer County.<sup>7</sup> The Madison County Volunteer Lawyer's Program ("MCVLP") serves Madison County, the Mobile Bar Association Volunteer Lawyer's Program ("MBAVLP") serves Mobile County, and the Birmingham Volunteer Lawyer's Program ("BVLP") serves persons living in Jefferson County except for the Bessemer Cutoff. Each local LSA office operates its own reduced-fee program. They are responsible for maintaining a list of attorneys, referring cases to them, and following-up with them directly.

The FR noted the presence of numerous dormant PAI files throughout LSA's VLP and reduced-fee components. The FR required LSA to take corrective action to ensure that all cases referred

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<sup>6</sup> It is noted that though both the *pro bono* and reduced-fee cases are considered PAI cases for LSC purposes, staff have become accustomed to referring to the *pro bono* cases as VLP and the reduced-fee as PAI. Accordingly, manuals and other instructions to staff use this language.

<sup>7</sup> The City of Bessemer is located in Jefferson County, just outside Birmingham. The county operates two (2) (2) courthouses, the main courthouse in downtown Birmingham and a satellite courthouse in Bessemer. The configuration is based upon a designation of a special city government district known as the Bessemer Cutoff.

to *pro bono* attorneys and reduced-fee attorneys include effective oversight and follow-up subsequent to referral in an effort to ensure compliance with the requirements of 45 CFR § 1614.3(d)(3).

In comments to the DR, LSA recognized serious compliance issues in its PAI delivery system and committed to take the following actions to improve its performance: LSA conducted a *Pro Bono* peer review of LSA's four (4) PAI subgrantees in July 2007; it created a PAI Coordinator position in July 2007; it began conducting regular meetings with its four (4) subgrantee directors, the Director of Advocacy began conducting monthly audits of cases assigned to *pro bono* attorneys; and the Director of Advocacy began working with the subgrantees to increase the extent to which the subgrantees monitor cases and share information with LSA. Further, LSA noted they had increased the number of cases referred to *pro bono* attorneys and were working to improve oversight of cases referred to reduced-fee attorneys. Lastly, LSA noted that fee encumbrances for cases referred to reduced-fee attorneys were being monitored on a monthly basis and compared to payments.

The FUR confirmed that LSA created the position of PAI Coordinator, based in Montgomery, to assume responsibility for management of the PAI program and to ensure compliance with 45 CFR Part 1614. The first PAI Coordinator was hired in late 2007 and stayed less than a year. The position was vacant for six (6) months and the current PAI Coordinator was hired in November 2008. During the FUR interview, the PAI Coordinator stated that he was hired to revitalize LSA's PAI program. During his tenure, he has worked to rebuild relationships with the State Bar, working with the other VLPs to restructure the program, developing oversight mechanisms to monitor both the VLP and reduced-fee cases, and instituting methods to track encumbrances to reduced-fee attorneys. He cited many improvements. For example, LSA's relationship with the ASBVLP has improved, staff has changed in both the Birmingham and Madison County VLPs and the new Directors have held their jobs for approximately one (1) year, LSA has increased the number of cases referred to the VLP program by centralizing local office referrals and oversight "To Do" messages have been programmed into the ACMS and are automatically triggered when a case is opened. Lastly, he stated that measures have been implemented to monitor encumbrances for reduced-fee referrals.

In addition, the PAI Coordinator developed a PAI Program manual, dated August 1, 2009, which contains an overview of the program and policies governing the opening, referral, tracking, oversight, and closing of VLP and reduced-fee cases. The manual provides step-by-step instructions and includes the ACMS protocols for opening a PAI case, some of which are also included in the 2010 PAI Plan. The manual also includes attachments with standardized forms to be used throughout the program.<sup>8</sup>

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<sup>8</sup> With respect to oversight, the manual provides that Supervising Attorneys are responsible for overseeing reduced-fee cases for as long as they are open. Within 90 days of a referral, Supervising Attorneys are instructed to check either Alacourt or Pacer, online fee-based services that provide access to court records. The majorities of the reduced-fee cases are divorces and bankruptcies and, accordingly, can be accessed through these services. If status cannot be determined or if nothing has been filed, Supervising Attorneys are instructed to contact the private attorney. The manual states that Supervising Attorneys are similarly responsible for oversight of cases referred to

Finally, the PAI Coordinator noted that LSA strengthened its PAI case oversight systems to ensure that cases received active follow-up, were timely closed, and were carefully reviewed at all offices. The OCE team reviewed the PAI activities, processes, and cases of the all offices visited and tested the timely closing of PAI cases, and the follow-up procedures in use. Interviews, review of sampled files and documents, and precise testing of a sample of PAI cases open for many years as well as those open for a short period of time confirmed and evidenced that LSA conducts strong periodic oversight and follow-up for PAI cases that complies with 45 CFR § 1614.3(d)(3). For example, open Case No. 07-0004012, demonstrates effective oversight. This case, one (1) of the oldest open PAI cases, was a probate case opened on January 4, 2007 and still open. This case reflects referral to ASBVLP on February 27, 2007, acceptance by an attorney on July 25, 2007, and 4-6 contacts between LSA and ASBVLP each subsequent year. Each request to ASBVLP received a response within a month. Overall, the offices were found to have periodic follow-up systems for open PAI cases that averaged three (3) or more follow-up related contacts per year, and included use of automated court listings of cases to determine the status of referred cases. However, improvement is still required as there were instances of dormant or untimely closed files as discussed *infra* in corrective action 5.

Similarly, review of reduced-fee cases also revealed effective follow-up and oversight, with sampled files containing detailed status information, on more than a quarterly basis. However, there were instances in which the private attorneys did not respond for long periods, such as several years with the result that the case was not able to be closed in a timely manner under CSR Handbook rules as discussed *infra* in corrective action 5. The untimely closed cases noted were caused by the attorneys *not billing timely for their earned reduced-fee payment*, and the case has remaining open, despite numerous LSA staff attempts to get the necessary case closing and billing information. An example is closed 2010 Case No. 06E-40012982 which was opened in 2006 and completed in 2007; however, the PAI attorney did not report the case status for 2007 through 2010 when the program mistakenly closed and reported the case. Another example, closed 2011 Case No. 08-0022264, was opened in August 2008, received a court order in 2009 and was closed during 2011. It should be deselected from 2011 reporting as it is too untimely for current reporting. LSA did mistakenly report some of these cases in the CSR, and needs to take corrective action to ensure that in the future untimely PAI cases are deselected from CSR reporting.

It is noted that LSA policy provides the option for program staff to close a PAI case if there is evidence of case completion – whether or not the attorney provides a final reporting and/or submits a final bill for a reduced fee case. The program has not been following this policy, and should in the future, as it the best method to maximize reporting of completed PAI cases. As an example, LSA failed to close closed 2008 Case No. 07-0009435, a bankruptcy case opened on 8/1/07 until 12/30/08 because it lacked a copy of the final order the private attorney obtained for

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VLP and similar procedures shall be employed. Interviews revealed that some oversight procedures have been further improved since the manual was drafted. For example, while local office staff is still responsible for PAI cases assigned to their offices, referrals to the VLPs and subsequent follow-up is now centralized. Also, ticklers to signal required case follow-up at pre-set time intervals have been built-into the ACMS and are automatically generated when a PAI case is opened.

the client. The file showed evidence that the reduced-fee attorney was paid but the file did not contain a copy of the bankruptcy order or closing documents. Because the case was a bankruptcy that can be viewed on Pacer, it is likely that appropriate oversight was conducted prior to LSA paying the private attorney.<sup>9</sup> At a minimum, when the Alacort or Pacer system is available, LSA should close a case in a timely fashion after it is evidenced as completed by the court's online system. A letter to the attorney should then be sent, as allowed by LSA policy, noting that the lack of timely billing is interpreted by the program as a donation, and acknowledging the donation. Staff stated that "donation" letters have been used on occasion in the past.

An area of oversight needing improvement is in the careful designation and reporting of a case as a staff or PAI case as several designation errors were present within the sampled cases reviewed. This occurred most frequently when there was not a successful connection of a private attorney to a client. Most frequently, a client was provided an attorney but never engaged them nor appeared for the initial appointment. In such circumstances, LSA staff has typically ensured the provision of counsel and advice by staff before case closing. These cases should then be properly closed in the CSR as a staff case, as a staff member provided the highest level of service that reached the client.<sup>10</sup> See CSR Handbook (2008 Ed.) Several files reviewed were non-compliant with the above standards, as the client never received service from a private attorney or the highest level of service was provided by an LSA staff attorney or the file was mistakenly reported as a PAI "A" level case. Examples include: open Case Nos. 11-0061937 and 09-0042281, closed 2010 Case Nos. 07-0005983, 08-0024591, and 08-0024934, and closed 2009 Case Nos. 08-0022863, 09-0043064, and 09-0033581. LSA should take corrective action to ensure that all staff understand and follow the above rule to avoid reporting such staff cases as PAI.

LSA's PAI and reduced-fee oversight systems appear to be effective and demonstrated a dramatic improvement since the CSR/CMS Review. Based upon the policies, procedures, and practices described by staff, as contained in documents reviewed, and as found within sampled cases, it is clear that LSA has taken sufficient and effective corrective action to ensure that all cases referred to *pro bono* attorneys and reduced-fee attorneys include effective oversight and follow-up consistent with the requirements of 45 CFR § 1614.3(d)(3), although some improvement may still be required as to the supervision of compliance related activities as discussed herein and in documenting legal assistance and timely closing of cases, as discussed in corrective actions 3 and 5.

In its comments to the DR, LSA noted that it took action to implement corrective action 2 of the 2007 Final Report and continued to further improve its oversight standards. LSA noted that

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<sup>9</sup> The Director of Advocacy stated that it is likely that the order and closing documents were sent to the Accounting Department in support of the payment because the Accounting Department should not pay a private attorney without a final order.

<sup>10</sup> As part of this rule, a program may still allocate any time on the case spent engaging or processing the PAI component as PAI time. However, at least one 15 minute time increment should be charged as staff time to cover the time spent by staff to provide counsel and advice. Stated differently, all cases closed as a staff case should have some time charged as staff time so as to justify the closing under staff cases.

subrecipients and PAI program staff are instructed to regularly review electronic court dockets and/or independently obtain information concerning the status of PAI cases and now may independently determine whether PAI cases are ready for closure. Additionally, LSA visited the offices of the BVLP to follow-up on delayed case closings. Further, LSA instructed staff on when cases should be designated PAI or staff and included this instruction in the Client Services and Compliance Manual.

OCE notes that these remedial measures indicate that LSA has developed procedures and practices designed to reduce, and hopefully eliminate, errors.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 2 from the 2007 CSR/CMS review.

**3. Ensure that PAI case files are not dormant by providing effective follow-up and oversight.**

To the extent practicable, programs shall report cases as having been closed in the year in which assistance ceased, depending on case type. Cases in which the only assistance provided is counsel and advice or limited action (CSR Categories A and B), should be reported as having been closed in the grant year in which the case was opened. *See* CSR Handbook (2008 Ed.), § 3.3(a).<sup>11</sup> There is, however, an exception for limited service cases opened after September 30, and those cases containing a determination to hold the file open because further assistance is likely. *See* CSR Handbook (2008 Ed.), § 3.3(a). All other cases (CSR Categories F through L, 2008 CSR Handbook) should be reported as having been closed in the grant year in which the recipient determines that further legal assistance is unnecessary, not possible or inadvisable, and a closing memorandum or other case-closing notation is prepared. *See* CSR Handbook (2008 Ed.), § 3.3(b). Additionally LSC regulations require that systems designed to provide direct services to eligible clients by private attorneys must include, among other things, case oversight to ensure timely disposition of the cases. *See* 45 CFR § 1614.3(d)(3).

As described in corrective action item 2, LSA has taken sufficient corrective action to address LSC's oversight concerns. An effective system to follow-up on cases referred to the VLP subrecipients or reduced-fee attorneys has been designed and implemented. However, there were a few sampled PAI cases, predominantly in the Huntsville and Birmingham offices, not timely closed or dormant. The following case files, and those similar to them, should not have been or should not be reported to LSC in LSA's CSR data submission and should be closed administratively. Examples include, open Case No. 10-0048613 (which opened on April 13,

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<sup>11</sup> The time limitation of the 2001 Handbook that a brief service case should be closed "as a result of an action taken at or within a few days or weeks of intake" has been eliminated. However, cases closed as limited action are subject to the time limitation on case closure found in CSR Handbook (2008 Ed.), § 3.3(a) this category is intended to be used for the preparation of relatively simple or routine documents and relatively brief interactions with other parties. More complex and/or extensive cases that would otherwise be closed in this category should be closed in the new CSR Closure Category L (Extensive Service).

2010 and remains open. There has been no activity in this case file and no documented activity in the file regarding future legal assistance pending or needed), closed 2010 Case Nos. 09-0038322 (which was opened on July 29, 2009 and closed on April 8, 2010, with a closing code of "A-Counsel and Advice." All activity ceased in this case file on July 31, 2009, with no recent legal activity prior to closing and no documented activity in the file regarding future legal assistance pending or needed between last advice/service provided and closing) and 08-0023770 (which was opened on August 8, 2008 and closed on June 22, 2010, with a closing code of "A-Counsel and Advice." All activity ceased in this case file in the year 2009, with no recent legal activity and no documented activity in the file regarding future legal assistance pending or needed), closed 2009 Case Nos. 06-19720 (which was opened on August 10, 2006 and closed on September 4, 2009, with a closing code of "IA-Uncontested Court Decision." All activity ceased in this case file in October 2007 with no recent legal activity prior to closing and no documented activity in the file regarding future legal assistance pending or needed between last advice/service provided and closing), 07-0006683 (which was opened on March 20, 2007 and closed on December 31, 2009, with a closing code of "B-Brief Services/Limited Action." All activity ceased in this case file in the year 2008, with no recent legal activity prior to closing and no documented activity in the file regarding future legal assistance pending or needed between last advice/service provided and closing), and 04-1019158 (which opened on November 2, 2004 and closed on November 4, 2009, with a closing code of "L-Extensive Services." All activity ceased in this case file in the year 2008, with no recent legal activity prior to closing and no documented activity in the file regarding future legal assistance pending or needed between last advice/service provided and closing). LSA must take corrective action and review all open PAI cases to identify those that cannot be timely closed. Those cases identified as dormant should be closed in such a manner that they are not reported to LSC in a current or future CSR submission.

Accordingly, as only a few sampled files were untimely closed and LSA has in place effective procedures for follow-up and oversight, LSA has taken sufficient corrective action to ensure that PAI case files are not dormant or untimely closed.

In its comments to the DR, LSA noted that it took action to implement corrective action 3 of the 2007 Final Report and continued to improve its oversight standards. In accordance with the DR recommendation, LSA now reviews all open PAI cases and identifies those that are dormant or cannot be timely closed so that such cases are not reported to LSC in the current or future CSRs.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 3 from the 2007 CSR/CMS review.

**4. Ensure that all PAI case files contain citizenship attestations pursuant to 45 CFR Part 1626 where appropriate.**

The level of documentation necessary to evidence citizenship or alien eligibility depends on the nature of the services provided. With the exception of brief advice or consultation by telephone, which does not involve continuous representation, LSC regulations require that all applicants for

legal assistance who claim to be citizens execute a written attestation. *See* 45 CFR § 1626.6. Aliens seeking representation are required to submit documentation verifying their eligibility. *See* 45 CFR § 1626.7. In those instances involving brief advice and consultation by telephone, which does not involve continuous representation, LSC has instructed recipients that the documentation of citizenship/alien eligibility must include a written notation or computer entry that reflects the applicant's oral response to the recipient's inquiry regarding citizenship/alien eligibility. *See* CSR Handbook (2008 Ed.), § 5.5; *See also*, LSC Program Letter 99-3 (July 14, 1999). In the absence of the foregoing documentation, assistance rendered may not be reported to LSC. *See* CSR Handbook (2008 Ed.), § 5.5.

Prior to 2006, recipients were permitted to provide non-LSC funded legal assistance to an alien who had been battered or subjected to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse's or parent's family residing in the same household, or an alien whose child had been battered or subjected to such cruelty.<sup>12</sup> Although non-LSC funded legal assistance was permitted, such cases could not be included in the recipient's CSR data submission. In January 2006, the Kennedy Amendment was expanded and LSC issued Program Letter 06-2, "Violence Against Women Act 2006 Amendment" (February 21, 2006), which instructs recipients that they may use LSC funds to provide legal assistance to ineligible aliens, or their children, who have been battered, subjected to extreme cruelty, is the victims of sexual assault or trafficking, or who qualify for a "U" visa. LSC recipients are now allowed to include these cases in their CSRs.

The FR required LSA to take corrective action to ensure that all PAI case files contain citizenship attestations as required by 45 CFR Part 1626. In comments to the DR to the FR, LSA stated that it revised its referral procedures to eliminate problems and that it stressed to staff the importance of ensuring that all files have the necessary citizenship documentation.

LSA collects citizenship attestations on the bottom portion of the Statement of Facts and Authorization to Release Information form. The attestation requires a signature tied only to the citizenship statement and the language complies with the CSR Handbook (2008 Ed.), § 5.5. If an applicant is a non-citizen, case handlers are required to review documentation and complete an Alien Eligibility Form, revised 2/25/04, in which the eligibility status, form of documentation, and date of review must be indicated. The Birmingham office also provides the citizenship attestation in Spanish. However, the Spanish citizenship attestation form does not conform to the requirements of the CSR Handbook (2008 Ed.), § 5.5, which requires that the citizenship attestation be a separate document or it may be contained within another document provided there is a separate signature line. For example: "I am a citizen of the United States: Signature of applicant \_\_\_\_\_ Date: \_\_\_\_\_." In the citizenship attestation form used by the Birmingham office, the applicant may select either or both of the following options:

Certifico que soy ciudadano(a) de los Estados Unidos. (I certify that I am a citizen of the United States.)

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<sup>12</sup> *See* Kennedy Amendment at 45 CFR § 1626.4.

Certifico que soy victimia de violencia domestica y que necesito ayuda de un abogado. (I certify that I am a victim of domestic violence and need help from a lawyer.)

Firma: (Signature:) \_\_\_\_\_ Fecha: (Date:) \_\_\_\_\_

This current format violates CSR Handbook (2008 Ed.), § 5.5 because the signature line is not tied only to the citizenship attestation.

LSA has taken substantial corrective action. Procedures require that all compliance elements be met prior to referral and this includes obtaining citizenship attestations or reviewing eligible alien documentation. It is also noted that cases were reviewed in which the program obtained new attestations to be compliant with the requirements set forth in the CSR Handbook (2008 Ed.), § 5.5. However, some improvement is required as closed 2011 Case No. 09-0035174 and open Case Nos. 04E-10009669 and 04E-10009458 lacked citizenship attestations. The Director of Advocacy advised that if attestations could not be obtained for these three (3) files, he would ensure that these cases are deselected. To close this corrective action item, LSA was advised that it must revise its Spanish citizenship attestation form to ensure it complies with CSR Handbook (2008 Ed.), § 5.5. Senior management should also again stress with supervisors the need to review cases for citizenship attestation during the closing process, particularly when the case was opened many years ago.

At the time of the FUR, LSA had taken partial corrective action to ensure that all PAI case files contain citizenship attestations pursuant to 45 CFR Part 1626 where appropriate; however, additional action was required, particularly with respect to revising the Spanish language citizenship attestation.

In its comments to the DR, LSA noted that its Spanish citizenship attestation form was revised so that there is a separate signature line tied only to the attestation. Most importantly, LSA noted that staff is not permitted to use forms other than those approved by the Executive office.

OCE notes that the remedial actions taken by LSA should limit the creation of any new non-compliant attestation forms which led to many errors which are the subject of this Finding.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 4 from the 2007 CSR/CMS review.

- 5. 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, a review of all files at the time of closing is necessary.**

LSC regulations specifically define “case” as a form of program service in which the recipient provides legal assistance. *See* 45 CFR § 1620.2(a) and 1635.2(a). Consequently, whether the assistance that a recipient provides to an applicant is a “case”, reportable in the CSR data,

depends, to some extent on whether the case is within the recipient's priorities and whether the recipient has provided some level of legal assistance, limited or otherwise.

If the applicant's legal problem is outside the recipient's priorities, or if the recipient has not provided any type of legal assistance, it should not report the activity in its CSR. For example, recipients may not report the mere referral of an eligible client as a case when the referral is the only form of assistance that the applicant receives from the recipient. *See* CSR Handbook (2008 Ed.), § 7.2.

Recipients are instructed to record client *and* case information, either through notations on an intake sheet or other hard-copy document in a case file, or through electronic entries in an ACMS database, or through other appropriate means. For each case reported to LSC such information shall, at a minimum, describe, *inter alia*, the level of service provided. *See* CSR Handbook (2008 Ed.), § 5.6.

The FR indicated that a number of staff cases reviewed lacked documentation of legal assistance. The FR required LSA to ensure that legal assistance provided is documented in the case file and that those files identified in the report lacking documented legal assistance are not reported to LSC in its CSR submission. Further, LSA was required to review all files at the time of closing. In response to the DR, LSA concurred with the finding and stated that it would work to more closely monitor files to ensure that they contain a description of legal assistance. LSA also stated that the Director of Advocacy would be responsible for correcting this deficiency.

LSA has taken corrective action to ensure that staff and PAI case files are in substantial compliance with CSR Handbook (2008 Ed.), § 5.6. However, improvement is required as there were several staff and PAI cases reviewed lacking documentation of the legal services provided. A review of these files indicates that many of these clients failed to contact the attorney, so there was no notation in the file as to any conducted legal activity. Examples include, open Case No. 10-0059608, closed 2011 Case Nos. 10-0055651 and 08-0027941, closed 2010 Case No. 09-0043650, closed 2009 Case Nos. 08-0023555, 08-0022852, 08-0023348, 08-0023302, 08-0024281, 08-001900 and 09-0037352, and closed 2008 Case Nos. 08-0028438, 05-102088, 07-0012439, 08-0023713, 03-1017064, and 07-0012643. These files and others like them should not have been or should not be reported in the CSR data submission.

A second area requiring improvement concerns the sufficiency of the documentation of legal advice in PAI cases. Most PAI cases reviewed generally had adequate documentation of the legal advice provided, however, a few PAI cases closed "A-Counsel and Advice," contained weak documentation of the legal services provided. In these cases, the private attorney indicated that "brief services" provided or "case went to trial." The file contained documentation that work had been performed by the private attorney for the client, but the file did not contain documentation of the specific legal work that was provided to the client to support the level of the assistance selected by the program to close the file. This may be a result of the form LSA provides to private attorneys to document the legal services. This form instructs private attorneys to check a box describing the legal services provided. For example, the LSA Case

in a lawsuit filed in federal court. It is recommended that LSA institute periodic reviews of its retainer agreements as part of its ongoing compliance efforts.

OCE notes that the remedial measures described above, indicate that LSA has developed additional procedures and practices designed to reduce, and hopefully eliminate, errors.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 6 from the 2007 CSR/CMS review.

**7. Ensure that staff is trained on the proper closing codes categories to comply with CSR Handbook (2001 Ed.), ¶ 6.1.**

The CSR Handbook defines the categories of case service and provides guidance to recipients on the use of the closing codes in particular situations. Recipients are instructed to report each case according to the type of case service that best reflects the level of legal assistance provided. *See* CSR Handbook (2008 Ed.), § 6.1.

The FR found numerous instances of case closure code errors, both with respect to the selection of an inaccurate codes and the application of LSC's "K" or "Other" closure code for cases in which legal assistance was not provided to an eligible client. At the time there was no better choice in the ACMS. In response to the DR, LSA stated that in Fall 2007 staff from nine (9) of its 10 offices, along with the Director of Advocacy, attended training conducted by OCE staff on the CSR Handbook (2008 Ed.), and that those staff, in turn, trained the staff who did not attend. LSA also stated that new closing codes had been integrated into LSA's ACMS which now allows non-reportable cases to be closed without use of "K."

Interviews reveal that the ACMS allows users to close non-reportable cases without using LSC closure codes. Further, all staff interviewed recalled receiving both formal training on LSC closing codes and informal feedback from either their direct supervisor or the Director of Advocacy regarding selection of codes. Many staff stated that the Director of Advocacy spot checks closed case information on a daily basis, from his desk, and that he sends e-mails to staff regarding inaccurate code selection or requesting information justifying the use of a code. Staff also stated that annual program-wide meetings include components on compliance in general and closing codes in particular. There were no cases sampled employing LSC's "K-Other" closure code category.

There were two (2) patterns or error noted within the sample. In one office, a pattern was found in which closing code "L" was selected for case closing. This question was reviewed back at LSC, with the conclusion that these cases should be reported as "IA" or "IB." The facts involved a court representation in which the program did obtain a court action/dismissal but the case was not fully litigated due to the effective shorter action taken by program advocates. LSA had been closing these as "L" with the conclusion that the cases did not arise to the full level of an "IA" or "IB." *See* closed 2009 Case Nos. 08-0022645 and 07-0012081 and closed 2010 Case No. 08-

0023002 which could have been closed as "IB." *See also* closed 2011 Case No. 10-0054203, closed as an "L," but which should be changed to "IA" or "IB" as it has not been yet included in a final CSR report. Also, other similarly situated cases should be changed from "L" to a court decision code. Other examples include open Case Nos. 10-0055501 (with a closing code of "L-Extensive Services." The more appropriate closing code would have been "IA-Uncontested Court Decision" because the file reflected the program obtained a bankruptcy discharge on the client's behalf), 10-0055064 (with a closing code of "L-Extensive Services." The more appropriate closing code would have been "G-Negotiated Settlement with Litigation" because the file reflected the program obtained a negotiated child support order on the client's behalf), and 10-0059194 (with a closing code of "L-Extensive Services." The more appropriate closing code would have been "IB-Contested Court Decision" because the file reflected the program obtained a contested child support order during a pending contempt proceeding). When a substantive order is in the file, even if such order is a dismissal for cause, LSC finds that the better closing codes would be "IA" or "IB" depending on whether the matter is contested or not. *See* CSR Handbook (2008 Ed.), *Frequently Asked Questions*, §§ 8.2 and 8.3 (September 2010).

Secondly, a few files closed "A-Counsel and Advice," open Case Nos. 11-0061295, 11-0062150, 11-0061452, 11-0061675, 11-0061615, and 11-0061765, contained letters in which the client was provided with advice and denied other legal services. A program may not provide or report the same level of assistance as a case for an eligible client and as a denial of services. This is because a program must accept a case before giving legal advice. If a program cannot accept a case, then the program must not provide legal advice or other legal services. *See* CSR Handbook (2008 Ed.), § 2.1(c) and CSR Frequently Asked Questions, Chapter II-Key Definitions, § 2.1(c). However, a program may accept a client for limited purposes, such as for counsel and advice, and inform the client that it cannot provide more extensive services, so long as this communication is clearly set forth in the communication to the client. LSA should review each of its form letters to ensure that those letters providing legal advice do not reject the client from LSA services.

Several other closure category errors were present in the sample and include: closed 2010 Case Nos. 10-0050635 and 10-0045651, closed 2009 Case Nos. 09-0029216, 08-0021560, 06-002384, 08-0021871, 09-0030133, and 08-0023139, and closed 2008 Case No. 08-0025817.

The use of CSR Handbook closing codes in sampled cases was adequate overall. LSA has taken sufficient corrective action to train staff on proper closing codes to comply with Chapters VIII and IX, CSR Handbook (2008 Ed.). However, sampled cases indicate there may be a misunderstanding as to the proper closure codes for extended services cases. As a result, continuing review and training on closing codes is recommended as a best practice.

In its comments to the DR, LSA noted that it took action to implement corrective action item 7 of the 2007 Final Report and continues to improve its compliance standards by revising its standard form letters so that no single letter tries to serve as both a denial letter and a counsel and advice letter. In an effort to further improve its CSR compliance, LSA sought guidance from the LSC CSR Questions Committee concerning the assignment of closing codes in specific

situations. After LSA obtains clarification of the proper closing code assignments, LSA will provide this information to staff and conduct a targeted CSR training to enhance its CSR closing code compliance.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 7 from the 2007 CSR/CMS review.

**8. Ensure that duplicate files are not reported to LSC in the CSRs and provide a methodology to eliminate duplicate files.**

Through the use of automated case management systems and procedures, recipients are required to ensure that cases involving the same client and specific legal problem are not recorded and reported to LSC more than once. *See* CSR Handbook (2008 Ed.), § 3.2.

When a recipient provides more than one (1) type of assistance to the same client during the same reporting period, in an effort to resolve essentially the same legal problem, as demonstrated by the factual circumstances giving rise to the problem, the recipient may report only the highest level of legal assistance provided. *See* CSR Handbook (2008 Ed.), § 6.2.

When a recipient provides assistance more than once within the same reporting period to the same client who has returned with essentially the same legal problem, as demonstrated by the factual circumstances giving rise to the problem, the recipient is instructed to report the repeated instances of assistance as a single case. *See* CSR Handbook (2008 Ed.), § 6.3. Recipients are further instructed that related legal problems presented by the same client are to be reported as a single case. *See* CSR Handbook (2008 Ed.), § 6.4.

The FR identified numerous duplicate case files and required LSA to take corrective action to ensure duplicates are not reported to LSC. LSA was also required to develop a methodology to eliminate duplicate case files. In response to the DR, LSA disagreed that a few of the cases identified as duplicates, were really duplicates, but stated that supervisors would continue to monitor files for duplication. LSA also stated that the Director of Advocacy developed a report to assist in identifying potential duplicate files.

Interviews conducted during the FUR revealed that LSA has procedures in place to identify potential duplicate cases. During a multiple-level, program-wide conflict check, the first step of intake, staff determines whether an applicant is a current or former program client. This is apparent if the applicant has a name card established in the ACMS. If so, intake staff has been adequately trained to either create a new case or reopen a case regarding the same legal problem during the same calendar year. If a duplicate name card exists, staff has been instructed to send the information to the Director of Training for resolution. Intake staff questions are brought to the attention of a supervisor and/or flagged for the attorney. In addition, at least quarterly, the Director of Advocacy generates reports by querying files that have the same client last name and problem code. He then reviews each file electronically to determine if they are duplicates and

resolves issues with the supervisors. Although LSA has in place procedures and practices to prevent duplicate reporting at intake, improvement is required, as not all duplicates can be identified by a name and problem code-based data search and duplicates may arise after the intake process. For example, closed 2010 Case Nos. 09-0041458, 09-0040933, 09-0040060, 09-0041961, 09-0041849, 09-00414800040933, and 09-0040134 were all duplicate cases of 09-0041545, because LSA filed one (1) civil suit on behalf of eight (8) individuals challenging their terminations from a federally funded housing program. Another example closed 2010 Case No. 10-0053884 is a duplicate of 10-0051908, because the client's protection from abuse and dissolution actions were consolidated and given one (1) Civil Action Number by the court. These files are duplicates as LSC has adopted a general rule of one (1) Civil Action Number, one (1) case. *See* CSR Handbook (2008 Ed.), § 6.4(b). Similarly, closed 2010 Case No. 09-0044240 is a duplicate of 10-0049551 because the program provided repeated assistance to the client more than once within the same calendar year. As the sampled contained only a few duplicate cases, LSA has taken sufficient corrective action to avoid duplicate reporting, but should expand its duplicate case identification monitoring beyond name and problem code-based searches.

In its comments to the DR, LSA agreed with the DR finding that it dramatically improved its detection and de-selection of duplicate files for the same client. However, there is one (1) outstanding question before the LSC CSR Questions Committee concerning whether a duplicate file is created if there are several clients represented within a single court case. LSA is waiting resolution of this issue by LSC.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 8 from the 2007 CSR/CMS review.

**9. Ensure that offices apply the over-income exception policy in a similar manner. As part of this, training should be provided to staff as to when and how to apply expenses and factors to applicants whose income falls between 125% and 200% of the FPG.**

Recipients may provide legal assistance supported with LSC funds only to individuals whom the recipient has determined to be financially eligible for such assistance. *See* 45 CFR § 1611.4(a). Specifically, recipients must establish financial eligibility policies, including annual income ceilings for individuals and households, and record the number of members in the applicant's household and the total income before taxes received by all members of such household in order to determine an applicant's eligibility to receive legal assistance.<sup>15</sup> *See* 45 CFR § 1611.3(c)(1) and CSR Handbook (2008 Ed.), § 5.3. For each case reported to LSC, recipients shall document that a determination of client eligibility was made in accordance with LSC requirements. *See* CSR Handbook (2008 Ed.), § 5.2.

In those instances in which the applicant's household income before taxes is in excess of 125% but no more than 200% of the applicable Federal Poverty Guidelines ("FPG") and the recipient

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<sup>15</sup> A numerical amount must be recorded, even if it is zero. *See* CSR Handbook (2008 Ed.), ¶ 5.3.

provides legal assistance based on exceptions authorized under 45 CFR § 1611.5(a)(3) and 45 CFR § 1611.5(a)(4), the recipient shall keep such records as may be necessary to inform LSC of the specific facts and factors relied on to make such a determination. *See* 45 CFR § 1611.5(b) and CSR Handbook (2008 Ed.), § 5.3.

For CSR purposes, individuals financially ineligible for assistance under the LSC Act may not be regarded as recipient "clients" and any assistance provided should not be reported to LSC. In addition, recipients should not report cases lacking documentation of an income eligibility determination to LSC. However, recipients should report all cases in which there has been an income eligibility determination showing that the client meets LSC eligibility requirements, regardless of the source(s) of funding supporting the cases, if otherwise eligible and properly documented. *See* CSR Handbook (2008 Ed.), § 4.3.

The CSR/CMS review found that sampled case files for applicants who income exceeded 125% of the FPG evidenced that the applicant had authorized exceptions pursuant to LSA's over-income authorized exceptions and that the exceptions were identified in LegalFiles. The review also found, however, that though the LSA policy does not require the deduction of expenses from income to below 125% to qualify for LSC-funded legal assistance, some staff believed that the deductions were necessary, in large part because the ACMS performs such deductions. LSA was required to take corrective action to ensure that all offices apply the over-income exception policy in a similar manner and to provide staff training on when and how to apply the over-income factors.

The LSA Client Services and Compliance Manual, dated July 27, 2010, states that individuals or family units whose income is between 125%-200% of the FPG may be provided LSC-funded legal assistance if one or more factors, which match the regulatory factors at 45 CFR § 1611.5(a)(4) is present in the client's situation. It also states that, "consideration does not involve subtracting any expense from income, but rather considering factors that could prevent an applicant from obtaining private legal assistance." *See* LSA Client Services and Compliance Manual, 7/27/10, pp. 7-8. It is noted that the policy in the manual cannot be compared to the board adopted financial eligibility policy as it had not been provided to OCE either in response to the document request sent before the visit or during the visit. OCE requested LSA to provide these documents by letter dated January 28, 2011, by email on March 2, 2011, in-person on April 6, 2011, and again by email on April 12 and June 6, 2011. The board adopted policy is the program's authority to implement eligibility procedures. Before this issue can be closed, LSA must submit to LSC its board adopted eligibility policy for review to determine if the manual reflects board intent.

Interviews and file review revealed that LSA staff has been trained on screening applicants with income between 125%-200% FPG. Intake staff in the Mobile, Dothan, Selma, Tuscaloosa, Montgomery, Opelika, and Call Center offices uniformly stated that they screen all applicants regardless of income for the over-income factors, the ACMS subtracts the expenses resulting in gross and net income data, and that net income does not need to be below 125% of the FPG to

qualify for LSC-funded assistance.<sup>16</sup> The staff in the Huntsville, Birmingham, and Anniston offices ascertains if the applicant has any of the listed factors present in order to deduct the numerical value of the factor(s) from the applicant's income. Staff indicated that the system records the applicant's initial poverty level, the adjusted poverty level, the initial income and the adjusted income. The adjusted amount represents the applicant's income and poverty level after the deducted factors are taken into account. The Director of Advocacy advised that LSA chose to keep the subtraction feature on the ACMS because he wants staff to try to bring income below 125%. He stated this is not used as a determinative element of the eligibility assessment, but provides other information which is useful in assessing eligibility and providing legal assistance if the application is accepted. However, there may be some members of the LSA staff who do not understand that it is not a determinative element of the eligibility assessment and further training may be required.

All cases between 125%-200% of the FPG evidenced factors. However, ACMS pick lists for income, over-income factors, and assets contained duplicative, confusing and, in some instances, non-compliant options, which did not match the policy as set-forth in the Client Services and Compliance Manual. A print-out of each of the lists was requested and reviewed with the Director of Advocacy. He explained that the duplicative selections were created because the system has two (2) separate pick list levels within the database, an enterprise level which is hardwired into the system, and the office level which contains a separate list of factors. The pick list which is accessible on the interface includes pick items from both the enterprise and office level lists and all staff views the same combined list. Over time, factors were added and/or changed as different individuals added or modified the factors in the office level. Five (5) individuals have privileges to modify the pick list at the office level. The enterprise level is much more restrictive and has only two (2) system administrators, the Director of Training and the Director of Advocacy. An example of the duplicative items on the income list was Army Reserve and Reserve Pay. During the discussion, the Director of Advocacy used his system privileges and deleted duplicate items. Another example of confusing items is Annuity Department, Annuity from Father, and Enuity from Father. During the discussion, the Director of Advocacy deleted the two (2) annuities from father and changed Annuity Department to Annuity Payment. Other confusing entries on the income list were GI Bill and reverse mortgage, both of which were removed. Additionally, based on discussions held during the FUR, noncompliant pick list items were deactivated. For example, the payment of fixed debt on credit card expenses. Credit card debt is not an authorized expense pursuant to 45 CFR § 1611.5(a)(3) because it is not fixed as to duration or amount. *See* preamble to 45 CFR Part 1611, 70 Fed. Reg. 45545 to 45562 (August 8, 2005). Sampled cases reflected this non-compliant pick list item being used by staff, as closed 2011 Case Nos. 10-0046108 and 10-0054858 reflected that credit

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<sup>16</sup> LSA receives non-LSC funding which either do not have financial eligibility requirements or permit assistance in excess of LSC requirements, for example the HUD Counseling Grant and grants targeted for senior citizens. Depending upon the requirements of the funds, staff may or may not record all income information. LSA reports non-LSC funded, LSC-eligible cases to LSC in its CSR submittal but non-LSC funded, non-LSC eligible cases are deselected from CSRs by leaving blank the "Is Reportable to LSC" check-box on the LegalFiles Eligibility Wizard Demographics screen.

card debt was considered as an authorized exception to clients' household income before taxes was in excess of 125% but no more than 200%, of the FPG.<sup>17</sup>

Further, the income list included N/A Benefit Eligible as a pick item. This was noncompliant; while senior management stated that the program's former financial eligibility policy included a government benefit's exemption, the current policy as described in the Client Services and Compliance Manual, July 27, 2010, does not include the exemption.<sup>18</sup> The Director of Advocacy stated that he intended to research with staff several other questionable items to determine the intended meaning. The items of immediate concern were sufficiently addressed during the FUR, as confirmed during a subsequent review of the ACMS. It is noted that, as discussed in Finding 2, LSA must revisit the asset exemptions in its policy; subsequently, the program must review the asset pick list items to ensure consistency between the ACMS selections and the board approved policy.

At the time of the FUR, corrective action 9 had not been fully implemented. To close this corrective action item, LSA was required to submit to LSC its board adopted eligibility policy for review to determine if the manual reflects board intent and provide training to staff in the Birmingham, Huntsville, and Anniston offices that the subtraction feature on the ACMS is not to be used to bring income below 125% and is not a determinative element of the eligibility assessment. Rather, the subtraction feature can be used to provide other information which is useful in assessing eligibility and providing legal assistance if accepted.

In its comments to the DR, LSA noted that its Board of Directors adopted a new eligibility policy, its staff was provided guidance on the proper application of factors to be considered when making eligibility determinations, and that targeted staff were trained on the proper application of expenses and factors when determining eligibility. Furthermore, LSA noted that its asset pick lists were revised and now there is consistency between the ACMS selections and the board approved policy. Additionally, LSA is providing training to its management staff concerning these asset categories.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 9 from the 2007 CSR/CMS review.

#### **10. Ensure that advocates screen for income prospects pursuant to 45 CFR § 1611.7(a)(1).**

In making financial eligibility determinations regarding individual applicants, recipients are required to make reasonable inquiry regarding sources of the applicant's income, income prospects, and assets. *See* 45 CFR § 1611.7(a)(1). In External Opinion AO-2009-1006, dated August 3, 2009, the LSC Office of Legal Affairs confirmed this requirement.

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<sup>17</sup> However, the files reflected the consideration of other allowable expenses, so this error does not affect determination of eligibility for these two (2) clients.

<sup>18</sup> LSA did not provide OCE a copy of its board adopted financial eligibility policy and accordingly the deletion of this provision could not be confirmed.

Based upon findings during the CSR/CMS Review, the FR required LSA to take corrective action to ensure that staff screen for income prospects.

The Client Services and Compliance Manual states that all intake workers and case handlers must ensure that potential clients are screened for income prospects in addition to income and that it must be documented in the ACMS Eligibility Wizard's Household screen, in the Household Note section. It goes on to explain that if an applicant does not expect new income, the staff member should write, "no additional income expected." If the applicant expects prospective income but when added to current income the applicant's annual gross income would remain under 125%, the rationale should be documented. If the prospective income would place the applicant's income between 125%-200% of the FPG then the staff member should screen for over-income factors. If the prospective income would raise the applicant's income over 200% or otherwise enable the applicant to afford a private attorney, staff are instructed that they may provide counsel and advice but they are prohibited from providing extended representation unless the legal issue must be resolved prior to when the money is expected.

Interviews revealed that intake workers are familiar with these procedures. Intake interviews, case review, and observation of Montgomery Call Center intake confirmed that staff is inquiring of the income prospects during eligibility screening. It is unclear when this practice was initiated though file review indicates that it was before mid-2009. Accordingly, LSA has taken sufficient corrective action to ensure that staff screen for income prospects pursuant to 45 CFR § 1611.7(a)(1).

In its comments to the DR, LSA noted that no further corrective action was identified in the DR. Thus, LSA made no comments to this corrective action item.

Accordingly, as no further corrective action was identified in the DR, LSA has taken sufficient action designed to implement corrective action item 10 from the 2007 CSR/CMS review.

**11. Ensure that 45 CFR Part 1614 is complied with, in that at least 12.5% of the basic field award should be dedicated to the PAI involvement.**

Comments to the DR stated that LSA's 2008 PAI plan was presented to LSA's Board of Directors for their review and information and that work would be continuing on converting the VLP subrecipients' ACMS to the same system as used by LSA to enhance data collection and file reviews. Work also continued on increasing LSA's direct oversight of reduced fee attorneys and the extent to which the VLP subrecipients monitor cases they refer to *pro bono* attorneys, and the way they share with LSA the results of their monitoring, according to comments to the DR. Additional comments to the DR stated that during 2007, a closer working relationship was established between LSA's call center and the four (4) VLP subrecipients thereby increasing the number of cases referred to *pro bono* attorneys. Monthly reviews are conducted by the Executive Director of all subcontractor expenditures and a monthly report is generated using the LSA

ACMS to identify all reduced fee encumbrances, according to comments to the DR. Comments to the DR stated that by comparing the two (2) reports (payments and encumbrances) on a monthly basis, LSA will more effectively use its 12.5% PAI allocation.

Review of LSA's fiscal records disclosed that the program has complied with the corrective action in that each year from 2008 through 2010 at least 12.5% of the basic field grant was spent on PAI involvement. In its 2009 Audited Financial Statements ("AFS"), LSA reported PAI expenditures of \$1,266,843 which represents 18.49% of its LSC basic field award (PAI ratio). In its 2008 AFS, LSA reported PAI expenditures of \$874,377 which represents a 14.05% PAI ratio. Review of its unaudited financial statements for 2010 indicates that the program achieved a 13.9% PAI ratio for 2010.

In its comments to the DR, LSA noted that no further corrective action was identified in the DR. Thus, LSA made no comments to this corrective action item.

Accordingly, as no further corrective action was identified in the DR, LSA has taken sufficient action designed to implement corrective action item 11 from the 2007 CSR/CMS review.

**12. Ensure that rejected cases are identified and not reported to LSC in CSRs and to comply with the CSR handbook (2001 Ed.), ¶ 3.1.**

The FR found numerous instances of case closure errors, including coding errors that resulted in the inclusion of rejected cases in LSA's CSR submittal. Primarily these were cases in which the "K-Other," code was used to close rejected cases. At the time, there were no better options in LegalFiles. In response to the DR, LSA stated that in fall 2007 staff from nine (9) of its 10 offices, along with the Director of Advocacy, attended training conducted by OCE staff on the CSR Handbook (2008 Ed.) and that those staff trained the staff who did not attend. LSA also stated that new closing codes had been integrated into LSA's ACMS to allow cases to be closed without use of K.

A review of the ACMS and interviews revealed that additional coding has been added to LegalFiles to provide appropriate mechanisms to close rejected cases, and staff has been trained. Supervising Attorneys are responsible on a local office level for ensuring rejected cases are not reported to LSC and the Director of Advocacy is similarly responsible on a program-wide level. As discussed above, the Director of Advocacy conducts regular electronic spot checks of closed cases. Accordingly, LSA has taken sufficient corrective action to ensure that rejected cases are identified and not reported to LSC in CSRs.

In its comments to the DR, LSA noted that no further corrective action was identified in the DR. Thus, LSA made no comments to this corrective action item.

Accordingly, as no further corrective action was identified in the DR, LSA has taken sufficient action designed to implement corrective action item 12 from the 2007 CSR/CMS review.

**13. Ensure compliance with 45 CFR § 1627.2(b)(1) and add the language to PAI contracts as suggested in Finding 9 of the Draft Report.**

LSC has developed rules governing the transfer of LSC funds by recipients to other organizations. *See* 45 CFR § 1627.1. These rules govern subgrants, which are defined as any transfer of LSC funds from a recipient to an entity under a grant, contract, or agreement to conduct certain activities specified by or supported by the recipient related to the recipient's programmatic activities.<sup>19</sup> Except that the definition does not include transfers related to contracts for services rendered directly to the recipient, *e.g.*, accounting services, general counsel, management consultants, computer services, etc., or contracts with private attorneys and law firms involving \$25,000 or less for the direct provision of legal assistance to eligible clients. *See* 45 CFR §§ 1627.2(b)(1) and (b)(2); *see also*, 48 Federal Register 28485 (June 2, 1983) and 48 Federal Register 54207 (November 30, 1983).

Comments to the DR stated that the problem had been corrected, and was the subject of a corrective action plan previously submitted to OCE in May 2007, for which a six-month status report was also submitted to OCE in November 2007. LSA was confident that payments and encumbrances to reduced fee attorneys are now tracked in such a way as to avoid this deficiency in the future, according to comments to the DR. Finding 9 of the FR included suggested certification language as follows: "*This contract is on the condition that if payments exceed \$25,000 in a year, attorneys or law firms shall execute a subgrant agreement which will require LSC's approval. See 45 CFR § 1627.2(b)(1).*"

During FUR interviews, the PAI Coordinator stated that when he was hired, the program had too much encumbered and there was no oversight of the status of the encumbrances. He implemented several measures. Supervising Attorneys are responsible to ensure that no single attorney bills LSA more than \$25,000 in a calendar year. Following the 2007 CSR/CMS Review, to minimize the chance that any single attorney would exceed the amount that would qualify the attorney as a subrecipient pursuant to 45 CFR Part 1627, LSA established a policy, contained in its Employee Handbook, which establishes an annual limit of \$15,000 payments to a private attorney. Further, monthly and quarterly reports are generated to oversight the status of budgeted encumbrances, make projections, and monitor the cap for individual attorneys. These reports are reviewed by the PAI Coordinator and the Director of Advocacy.

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<sup>19</sup> Programmatic activities includes those that might otherwise be expected to be conducted directly by the recipient, such as representation of eligible clients, or which provides direct support to a recipient's legal assistance activities or such activities as client involvement, training or state support activities. Such activities would not normally include those that are covered by a fee-for-service arrangement, such as those provided by a private law firm or attorney representing a recipient's clients on a contract or judicare basis, except that any such arrangement involving more than \$25,000.00 is included.

LSA has taken sufficient corrective action to ensure compliance with 45 CFR § 1627.2(b)(1) as all payments to private attorneys made each year during the review period that were reviewed did not exceed the \$25,000 annual payment limit set forth in 45 CFR § 1627.2(b)(1).

LSA did not add the language to PAI contracts as required in corrective action 13 because it mistakenly believed the corrective action item was merely a recommendation. However, at this time it is no longer deemed necessary for the previously recommended language to be carried forward as a corrective action as the procedures that LSA has implemented have proved effective in ensuring LSA's compliance with the requirements of 45 CFR § 1627.2(b)(1) which requires LSC approval of payments made to private attorneys in excess of \$25,000.

In its comments to the DR, LSA noted that no further corrective action was identified in the DR. Thus, LSA made no comments to this corrective action item.

Accordingly, as no further corrective action was identified in the DR, LSA has taken sufficient action designed to implement corrective action item 13 from the 2007 CSR/CMS review.

**14. Ensure that the language in the Authorization and Release found in the Selma office be modified and removed.**

Comments to the 2007 DR indicated that LSA complied with this corrective action item.

As some authorization forms were found to be problematic in the prior review, numerous forms were collected throughout the offices visited.<sup>20</sup> In particular, the Selma office required targeted review regarding its waiver forms. The majority of the Selma release forms involves specialty projects and was not unique to the Selma office. Further, these forms do not restrict LSC access to required information. However, the general release form, which was provided in other offices, and appears to be an LSA program-wide form and not unique to Selma, does have problematic language. The "LSA Authorization & Release" Form (undated) is in non-compliance with 509(h) P.L. 104-134, 110 Stat. 1321 (1996) in that it states: "*I do not authorize LSA to reveal any confidential material obtained by it to anyone else without my prior permission.*" LSA has not taken sufficient correction action with regard to corrective action 14 and is required to remove this language as it is inconsistent with Section 509(h) P.L. 104-134, 110 Stat. 1321 (1996). As the FUR revealed that staff members frequently use outdated form, LSA is required to ensure that this outdated form is no longer used by its staff members after issuance of the new

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<sup>20</sup> For example, one (1) disclosure form collected during the FUR, involved various partners of LSA and specialized services, and specifically addressed several housing/rental/homebuyer/mortgage resources. A related form collected during the FUR, allows for a counseling plan to be developed between the client and an agency regarding multiple housing issues. Also collected during the FUR were waivers and consent forms relating to the specific housing grant from HUD through West Tennessee Legal Services ("WTLS"). Finally, a Statement of Facts form collected during the FUR also has an authorization to release information component and explanation of use, which is appropriate to this form.

LSA disclosure form. In contrast to this, however, the Client Retainer Agreement contains the following language “*LSA may also have to give Legal Services Corporation some information about me and my case.*” This language would be consistent with the need to provide certain eligibility and case information consistent with Section 509(h) P.L. 104-134, 110 Stat. 1321 (1996). Another example, the Selma Office Referral Authorization form states: “*I authorize LSA to give Legal Services Corporation my name and any other information required by federal law*” would be consistent with LSC requirements.

At the time of the FUR, LSA had not ensured that the language in the Authorization and Release found in the Selma office be modified and removed. The current DR required LSA to take corrective action to ensure that no waiver or authorization form in use restricts its ability to comply with the required LSC access rights under Section 509(h) P.L. 104-134, 110 Stat. 1321 (1996).

In its comments to the DR, LSA noted that the identified authorization and release forms in use by several LSA offices have been revised and that staff has been educated on the reasons why such forms were non-compliant with LSC authorities. Staff has been instructed only to use approved forms stored in LegalFiles and to destroy copies of all other forms.

Accordingly, LSA has taken sufficient action designed to implement corrective action item 14 from the 2007 CSR/CMS review.

### **New Items**

During the course of the FUR review, a few other compliance issues outside of the corrective action items were identified and are discussed below:

#### **Finding 1: The 2011 subgrants may not fully describe the services rendered by ASBVLP and BVLP and the website does not identify ASBVLP as a subgrantee of LSA nor does it include LSC and LSA logos as required by the 2011 Subgrant Agreement.**

LSC has developed rules governing the transfer of LSC funds by recipients to other organizations. *See* 45 CFR § 1627.1. These rules govern subgrants, which are defined as any transfer of LSC funds from a recipient to an entity under a grant, contract, or agreement to conduct certain activities specified by or supported by the recipient related to the recipient’s programmatic activities.<sup>21</sup> Except that the definition does not include transfers related to contracts for services rendered directly to the recipient, *e.g.*, accounting services, general

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<sup>21</sup> Programmatic activities includes those that might otherwise be expected to be conducted directly by the recipient, such as representation of eligible clients, or which provides direct support to a recipient’s legal assistance activities or such activities as client involvement, training or state support activities. Such activities would not normally include those that are covered by a fee-for-service arrangement, such as those provided by a private law firm or attorney representing a recipient’s clients on a contract or *judicare* basis, except that any such arrangement involving more than \$25,000.00 is included.

counsel, management consultants, computer services, etc., or contracts with private attorneys and law firms involving \$25,000 or less for the direct provision of legal assistance to eligible clients. See 45 CFR § 1627.2(b)(1) and (b)(2); see also, 48 Federal Register 28485 (June 2, 1983) and 48 Federal Register 54207 (November 30, 1983). Substantial change in the work program of a subgrant or an increase or decrease in funding of more than 10% shall require Corporation approval pursuant to the provisions of section 1627.3(a). Minor changes of work program or changes in funding of less than 10% shall not require prior Corporation approval, but the Corporation shall be informed in writing thereof. See 45 CFR § 1627.2(b)(3)

#### Possible Subgrant Work Program Changes

The FUR sampled two (2) subgrants, ASBVLP and BVLP, to review whether LSA has increased the number of cases referred to VLP. It was noted that BVLP had retained a new Executive Director who was implementing strategies to increase the numbers of cases referred. ASBVLP reported increasing the number of cases but this information is not clear. The 2011 subgrant agreement approval request reported that in the preceding four (4) quarters, ASBVLP closed 515 LSC-funded and 588 non-LSC funded cases, and in the four (4) quarters preceding those 230 LSC-funded and 481 non-LSC funded cases were reported as closed. While on-site, some confusion arose as to whether the cases intaked by ASBVLP were reported to LSC. This confusion stemmed because quarterly case reports from ASBVLP to LSA and case lists provided to LSC included all cases closed by ASBVLP, not just those originating from LSA. The Director of Advocacy definitively stated that LSA only reports to LSC in its CSR submittal cases which originate from LSA and that each of those cases are screened through LSA's normal intake, referred to a subrecipient for placement, and monitored by LSA staff.

A variety of statistical reports were requested from the Director of Advocacy and an analysis of such reports, ASBVLP quarterly reports, and the information in the subgrant appears to confirm that only cases originating from LSA are reported to LSC, but the same reports indicate what appears to be a significant drop in ASBVLP LSC-funded cases in 2010. As stated above, the 2011 subgrant agreement approval request reports that from 10/1/09-9/30/10 ASBVLP closed 515 LSC-funded cases. A list produced on-site shows that, in 2010, 220 ASBVLP cases were reported to LSC. While this confirms that only a subset of ASBVLP's total case population is reported to LSC, it reflects a discrepancy of 295 cases. If the list produced on-site is accurate, this would reduce ASBVLP case numbers to 2009 numbers, as the 2011 subgrant agreement request stated that from 10/1/08-9/30/09 ASBVLP closed 230 LSC-funded cases.

Further questions remain as to whether LSC subgrant funds support subrecipient intake, For example, if a portion of the ASBVLP does support intake, LSC-eligible cases intaked by ASBVLP should be reported to LSC in its CSR submittal. See CSR Handbook (2008 Ed.) § 4.4. The 2011 LSC subgrant agreement approval request reflects that \$122,000 of the \$132,000 funds to be subgranted will be spent by ASBVLP on personnel: \$50,225 in the "Lawyers" category presumably toward the Director's salary, \$23,146 in the "Paralegals" category, \$16,551 in the "Other Staff" (Administrative Assistant) and \$32,078 in employee benefits. The ASVLP 2011 subgrant agreement approval request states that the program's two (2) Intake Specialists are

paralegals; accordingly, \$23,146 of the subgrant supports the Intake Specialists' salaries. Based upon the 2011 subgrant agreement approval request's budget information, it appears that this amount accounts for 35% of the budgeted amount for the Intake Specialists' salaries. Position descriptions for the Intake Specialists were included in ASBVLP's 2011 request to LSC and it appears as if the bulk of the Intake Specialists' duties relate to performing high volume intake by telephone. Similarly, interviews with the staff of BVLP indicate the staff of BVLP believes they conduct intake for LSA. During FUR interviews, the Executive Director of BVLP reported that all applicants are screened for eligibility and receive individual advice in the clinics and if the cases are LSC eligible, they are reported to LSA, who will include them in the CSRs submission. According to BVLP, 98% of their cases are LSC eligible and LSA refers 60% of the BVLP's PAI cases. Although BVLP has not had any formal training on the intake process, their intake process and procedures attempt to mirror the intake process and procedures of LSA, and uses Legalfiles as its ACMS; however, the systems are not linked. If the applicant is a walk-in, BVLP will provide them with an "Application for Potential Client" form, which includes financial eligibility information, case type information (LSA's priorities), conflicts check, statement of facts and citizenship attestation. The applicant is also required to complete a "Referral Authorization and Information Release" form. The same procedures are used if the applicant is a call-in. Once the cases are completed, BVLP will review and close the cases using the LSC closing codes and then provide LSA with the appropriate documentation. Again, although BVLP has not had any formal training on LSC closing codes, they seek and receive guidance from LSA.

LSA must take corrective action to clarify whether any portion of any of its subgranted funds support independent intake by its subrecipients, and if so, LSA should explain why LSC-eligible cases intaked by its subrecipients are not reported to LSC in the CSR data submission. If subrecipients are conducting independent intake, it is recommended that LSA provide training pertaining to the intake process, LSC regulations, and LSC closing codes. Additionally, LSA must review its subgrant agreements the number of subgrant cases closed in 2009 and 2010 and reported in CSRs, and explain any difference between those and the case numbers provided in the subgrant agreement approval requests.

In its comments to the DR, LSA noted that it sought clarification from LSC concerning the circumstances under which LSC-eligible subrecipient cases should be reported in the CSRs. In its response to LSA, LSC noted that the decision on whether PAI cases were reportable did not hinge on whether the cases were maintained in the program's database or elsewhere. LSC explained that its instruction concerning the reporting of subrecipient cases was contained in Section 4.4 of the 2008 CSR Handbook, which provides as follows:

**"Section 4.4 Inclusion of Certain Subrecipient Cases**

Recipients shall report only cases closed by subrecipients as defined by 45 CFR §1627.2 that are supported in whole or in part with LSC funds. Organizations receiving transfers of only non-LSC funds from a recipient are not subrecipients under 45 CFR Part 1627 and none of their cases may be reported to LSC.

However, recipients using non-LSC funds to meet the LSC PAI requirement through arrangements with another organization may report the non-LSC funded PAI cases closed by that organization if such cases meet the definitions and requirements of this Handbook.”

*See* CSR Questions Committee Response to Larry Gardella, August 16, 2011.

In response to LSC’s clarification, LSA noted that it would meet with its subrecipients to determine its reporting duties pursuant to LSC’s August 16, 2011 instruction.

Accordingly, LSA must continue to take corrective action to ensure that all subrecipient cases are reported to LSC in the CSRs consistent with 45 CFR Part 1627, the CSR Handbook (2008 Ed.), § 4.4, and the CSR Questions Committee Response to Larry Gardella, dated August 16, 2011. LSA is to advise LSC within 30 days of the date of this Report as to its determination of its reporting duties pursuant to LSC’s August 16, 2011 instruction.

#### Website Identification

The ASBVLP 2011 subgrant agreement contains language stating that, "As a subgrantee of Legal Services Alabama it is a requirement for each subgrantee to include the following statement: *“(Name of subgrantee) is funded by Legal Services Alabama on all external publications and recruitment materials- i.e., brochures, newsletters, flyers, and websites.”* See Section T of the Terms and Conditions. Further, the agreement states, "Subrecipient will maintain a public website describing the services available and the way to access the service. The web site will include LSC and LSA logos." See Section U of the Terms and Conditions. No such language or logos were readily apparent on the ASBVLP website; although it names a different funder, "The VLP is funded by the Alabama Law Foundation through an IOLTA grant to provide pro bono legal services....." was included on the website.

LSA must take corrective action to ensure that all subgrantees are in compliance with the subgrant provisions requiring subgrantees to identify themselves as a subgrantee of LSA and include LSC and LSA logos on their web sites.

In its comments to the DR, LSA noted that it advised its subrecipients of LSC’s requirements and that LSA subrecipients are identified as subrecipients of LSA and the LSC and LSA logos are displayed on the web sites.

Accordingly, LSA has taken sufficient action designed to implement this corrective action item.

**Finding 2: Review of the recipient's policies revealed that LSA is in non-compliance with the requirements of 45 CFR Part 1604 (Outside practice of law). Improvement is required as LSA lacks effective oversight and follow-up of its outside practice cases.**

This part is intended to provide guidance to recipients in adopting written policies relating to the outside practice of law by recipient's full-time attorneys. Under the standards set forth in this part, recipients are authorized, but not required, to permit attorneys, to the extent that such activities do not hinder fulfillment of their overriding responsibility to serve those eligible for assistance under the Act, to engage in *pro bono* legal assistance and comply with the reasonable demands made upon them as members of the Bar and as officers of the Court.

*See* 45 CFR § 1604.4. Permissible outside practice.

A recipient's written policies may permit a full-time attorney to engage in a specific case or matter that constitutes the outside practice of law if:

- (a) The director of the recipient or the director's designee determines that representation in such case or matter is consistent with the attorney's responsibilities to the recipient's clients;
- (b) Except as provided in § 1604.7, the attorney does not intentionally identify the case or matter with the Corporation or the recipient; and
- (c) The attorney is---
  - (1) Newly employed and has a professional responsibility to close cases from a previous law practice, and does so on the attorney's own time as expeditiously as possible; or
  - (2) Acting on behalf of him or herself, a close friend, family member or another member of the recipient's staff; or
  - (3) Acting on behalf of a religious, community, or charitable group; or
  - (4) Participating in a voluntary *pro bono* or legal referral program affiliated with or sponsored by bar association, other legal organization or religious, community or charitable group.

Additionally, the timekeeping requirement, 45 CFR Part 1635, is intended to improve accountability for the use of all funds of a recipient by assuring that allocations of expenditures of LSC funds are supported by accurate and contemporaneous records of the cases, matters, and supporting activities for which the funds have been expended; enhancing the ability of the recipient to determine the cost of specific functions; and increasing the information available to LSC for assuring recipient compliance with Federal law and LSC rules and regulations. *See* 45 CFR § 1635.1.

Specifically, 45 CFR § 1635.3(a) requires that all expenditures of funds for recipient actions are, by definition, for cases, matters, or supporting activities. The allocation of all expenditures must satisfy the requirements of 45 CFR Part 1630. Time spent by attorneys and paralegals must be documented by time records which record the amount of time spent on each case, matter, or supporting activity. Time records must be created contemporaneously and account for time by

date and in increments not greater than one-quarter of an hour which comprise all of the efforts of the attorneys and paralegals for which compensation is paid by the recipient. Each record of time spent must contain: for a case, a unique client name or case number; for matters or supporting activities, an identification of the category of action on which the time was spent. The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type.

The FUR team reviewed LSA's 45 CFR Part 1604 policies, conducted interviews with attorneys and members of management, and reviewed copies of the authorizations permitting each attorney to engage in the outside practice of law.

LSA's policies are in compliance with 45 CFR Part 1604. However, it is recommended that LSA amend its policies to provide for the acceptance of outside practice cases if the attorney is "newly employed and has a professional responsibility to close cases from a previous law practice, and does so on the attorney's own time as expeditiously as possible." See 45 CFR § 1604.4(c)(1). This may assist the recruitment of experienced attorneys who frequently have obligations to existing clients from their prior practice. Additionally, LSA may consider expanding the acceptance of outside practice cases to include representation of members of LSA's staff, religious, community, or charitable groups and the participation of attorneys in voluntary *pro bono* or legal referral programs affiliated with or sponsored by bar associations, other legal organizations or religious, community or charitable groups consistent with 45 CFR § 1604.4.

The Director of Advocacy noted during interviews, that LSA does not engage in further follow-up with the attorney after determining that representation in such case or matter is consistent with the attorney's responsibilities. LSA does not review time records or other pleadings or memoranda to ensure that no LSA resources are being used in the outside practice of law and that the attorney does not intentionally identify the case or matter with the Corporation or the recipient.

Materials provided to the FUR team, in advance of the follow-up review, disclosed that several attorneys had engaged in outside practice. Additionally, the FUR identified two (2) additional instances of outside practice that had not been reported on the program's advance list of Part 1604 activities. One of these activities had been approved by the Executive Director; however, the program seems to have simply not listed the activity on the advance list provided. In the second case, the Supervising Attorney, approved the action, and therefore it is likely that the central office was not aware of this particular incidence. The Supervisory Attorney approved the staff attorney conducting two-hours of *pro se* assistance for his aunt in filing an answer to a consumer case. The attorney did not appear of record and only assisted in the document drafting. The Supervising Attorney's approval was dated April 23, 2010. The FUR revealed that this action was clearly within the scope of the regulation, was very minor and short, was done on personal evening time, and does not raise a serious compliance concern. However, LSA should remind all staff that outside practice approval should go through the central office.

The FUR team was not able to interview all attorneys engaging in outside practice either because they were on extended leave or, as explained by the Director of Operations, the employee had been terminated—on grounds other than outside practice. The materials provided and interviews confirmed that some LSA attorneys engaged in unauthorized outside practice. For example, one (1) attorney continued representation of two (2) clients after commencing employment with LSA without proper notice and advance approval. This attorney was out on extended leave during the FUR and could not be interviewed. However, the Supervising Attorney of the office was familiar with the two (2) cases and explained that they involved bankruptcies that were waiting final outcome. Further, she was certain that the activities were all conducted in the evenings or while the employee took annual leave. These two (2) cases appear to have been fully acceptable, notwithstanding the attorney's failure to notice and obtain formal approval.

However, the materials provided by LSA also disclosed another attorney had engaged in outside practice without authorization. The FUR team could not interview this employee because he had been terminated by LSA for timekeeping concerns. Information provided to the FUR raises questions as to whether this employee's termination related in any manner to unauthorized and/or prohibited type outside practice.

Both of the foregoing attorneys engaged in the unauthorized outside practice used LegalServer case manager system and ADP EzLabor for timekeeping/payroll purposes. The FUR team conducted a limited review of these time records and conducted a limited interview of fiscal staff who disclosed that time records are kept electronically and contemporaneously and time spent on cases, matters or supporting activities complies with 45 CFR §§ 1635.3(b) and (c). The fiscal review included a review of LSA's timekeeping policies and procedures and a sample of completed time records for case handlers. The fiscal review noted an inconsistency in the time records of the attorney who handled the bankruptcy cases as an unauthorized practice.

In this instance, it was noted that the attorney's hours entered in LegalServer were lower than the time entered into ADP EzLabor for the same dates. Specifically the attorney had entered 2.83 hours less in Legal Server on September 22, 2010 than the time entered in ADP EzLabor for the same date. Also, on September 24, 2010 that same attorney had entered .75 hours less in Legal Server than in EzLabor. This time was shown as time off in Legal Server which means that the employee had taken time away but was not charged with using their leave balance. LSA must correct the employee's leave balance.

In its outside practice of law response that LSA provided prior to the FUR, the program had disclosed that this attorney had failed to get Executive Director approval on September 22, 2010 for the continued representation of two (2) clients after commencing employment with LSA. This attorney is currently away from the program for an extended period and, therefore, it could not be determined conclusively if the time records in question related to the outside practice of law.

The FUR DR found that LSA was in non-compliance with 45 CFR Part 1604 and 45 CFR Part 1635. LSA was directed to take corrective action by reviewing the time records for employees

who engaged in the outside practice during the review period, to ensure that all time was properly recorded to ensure that no LSA resources were being used in the outside practice. LSA must strengthen its oversight of employee time and payroll records to ensure that they are always in agreement. LSA must develop oversight protocols and practices to ensure that no LSA resources are being used in the outside practice of law and that attorneys do not intentionally identify the case or matter with the Corporation or the recipient. The FUR DR directed LSA to provide LSC with additional information concerning the terminated employee's outside practice conducted while employed by LSA.

In its comments to the DR, LSA noted that it was not able to correct the employee's leave balance as the employee is no longer employed with LSA; however, LSA took corrective action retrospectively and prospectively to prevent time keeping discrepancies in outside practice cases. First, LSA reviewed the time records for employees engaged in outside practice during the review period, to ensure that all time was properly recorded and that no LSA resources were being used in the outside practice. Secondly, LSA's accounting department now conducts a bi-weekly review of employee time and payroll records and reports discrepancies to the appropriate supervisors to ensure that time and payroll records are always in agreement. Thirdly, LSA developed a formal outside practice request form, known as the "Request for Outside Employment." The Director of Operations and the Director of Advocacy are now jointly tasked with the responsibility of monitoring the non-use of LSA resources in the outside practice and are responsible for reporting violations to the Executive Director. The LSA Employee Handbook has been amended to include these changes.

Finally, in its comments to the DR, LSA provided LSC with additional information concerning the former employee's outside practice conducted while employed by LSA. LSA noted that the case that was identified as outside practice was for an LSC-eligible client. The employee had opened an LSA file for the person he represented so LSA believes this case did not fall within the outside practice of law exception. LSA further notes that the employee was terminated for grounds other than engaging in outside practice of law. Based upon the information provided by LSA that the file opened for the person represented was accepted as a client of LSA, and provided that this attorney received no compensation for the representation of this client, the FUR team concurs with LSA's assessment that the case did not fall within the outside practice of law exception.

Accordingly, based upon LSA's assertions, sufficient action designed to implement this corrective action item has been taken.

**Finding 3: LSA's financial eligibility policy needs to be revised to meet the requirements of Asset policy.**

As part of its financial eligibility policies, recipients are required to establish reasonable asset ceilings in order to determine an applicant's eligibility to receive legal assistance. *See* 45 CFR § 1611.3(d)(1). For each case reported to LSC, recipients must document the total value of assets

except for categories of assets excluded from consideration pursuant to its Board-adopted asset eligibility policies.<sup>22</sup> *See* CSR Handbook (2008 Ed.), § 5.4.

In the event that a recipient authorizes a waiver of the asset ceiling due to the unusual circumstances of a specific applicant, the recipient shall keep such records as may be necessary to inform LSC of the reasons relied on to authorize the waiver. *See* 45 CFR § 1611.3(d)(2).

The revisions to 45 CFR Part 1611 changed the language regarding assets from requiring the recipient's governing body to establish, "specific and reasonable asset ceilings, including both liquid and non-liquid assets," to "reasonable asset ceilings for individuals and households." *See* 45 CFR § 1611.6 in prior version of the regulation and 45 CFR § 1611.3(d)(1) of the revised regulation. Both versions allow the policy to provide for authority to waive the asset ceilings in unusual or meritorious circumstances. The older version of the regulation allowed such a waiver only at the discretion of the Executive Director. The revised version allows the Executive Director or his/her designee to waive the ceilings in such circumstances. *See* 45 CFR § 1611.6(e) in prior version of the regulation and 45 CFR § 1611.3(d)(2) in the revised version. Both versions require that such exceptions be documented and included in the client's files.

LSA provided a copy of its Client Services and Compliance Manual, July 27, 2010 and a copy of its most recent board's adoption of the LSC financial eligibility guidelines. Section 1102 of the Client Services and Compliance Manual is devoted to the program's financial eligibility standards and appears to be the guiding document for LSA staff. *See* LSA Client Services and Compliance Manual, July 27, 2010. To date, LSA has not provided a copy of the board adopted policy for OCE review. OCE requested LSA to provide these documents by letter dated January 28, 2011, by email on March 2, 2011, in-person on April 6, 2011, and again by emails on April 12, and June 6, 2011.

A review of the LSA's Client Services and Compliance Manual reflects that LSA has established its asset ceiling at \$5,000. Exempt from consideration is the applicant's home and surrounding land; property that must be liquidated to defray an existing debt or obligation; property that produces income upon which the applicant depends in whole or part for his/her livelihood; property directly related to the special needs of an elderly, institutionalized, or handicapped applicant; one car or truck; any IRA, TDA, stock bonus, pension, profit-sharing, annuity, or similar plan or contract for which the right to receive payment is on account of illness, disability, death, age or length of service; resources belonging to a household member or members who receive Family Assistance, Medicaid for nursing home care or SSI; trusts designated for education and medical expenses; cash value of life insurance; burial plots; and assets that a domestic violence victim holds jointly with the abuser.

An interview with the Director of Advocacy reveals that some of the exclusions are inconsistent with each other or not authorized by 45 CFR § 1611.3(d)(1), as they are not specifically authorized by the regulation nor exempt from attachment under State or Federal law. The

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<sup>22</sup> A numerical total value must be recorded, even if it is zero or below the recipient's guidelines. *See* CSR Handbook (2008 Ed.), § 5.4.

exclusions allowed by the regulation are all inclusive and recipients are prohibited from excluding additional categories. *See* preamble to 45 CFR Part 1611, 70 Fed. Reg. 45545 to 45562 (August 8, 2005). The Director of Advocacy stated that he will research the statutes and redraft the asset exclusion categories accordingly. He also stated that the program may take the opportunity to exempt all vehicles used for transportation. LSA's standards as articulated in the manual allow for the exclusion of only one (1) car or truck, a narrower requirement than the regulation, and LSA has been discussing expanding this requirement. LSA may also want to review other aspects of the policy. For example, the revisions to 45 CFR Part 1611 eliminated reference to liquid and non-liquid assets and instead define assets as an item readily convertible to cash and actually available to the applicant. LSA's standards still make a distinction between the two (2) categories. While this is permissible, the regulation eliminated the distinction because they were obscuring understanding and application of the regulation.

The FUR DR required LSA to revise its financial eligibility policy to ensure that all asset exemptions are authorized by 45 CFR § 1611.3(d)(1) and are consistent with each other. LSA was advised to provide LSC evidence of board approval and training of all staff on the new policy. As discussed in corrective action 9, after the policy is revised, LSA must review the ACMS asset pick list items to ensure consistency between the ACMS selections and the policy.

In its comments to the DR, LSA noted that it revised its asset policy. The policy was adopted by its board on June 24, 2011 and provided to LSC on July 15, 2011. LSA's comments further noted that it would be training Supervising Attorneys on this policy during September 2011. Finally, LSA further noted that it reviewed and revised the ACMS asset pick list items on August 1, 2011, and that there now is consistency between the ACMS selections and the policy.

OCE notes that all staff, not just Supervising Attorneys, should be provided with training on the new asset policy.

LSA must continue to take corrective action to ensure that all staff is provided with training on the new asset policy.

**Finding 4: LSA's intake procedures and case management system the program's compliance related requirements. However, a wide variety of different written intake forms were used by LSA and standardization is required.**

The majority of LSA's intake is conducted by the Call Center, a statewide screening, advice, and referral hotline. At the time of the CSR/CMS Review, LSA had recently completed a transition from individual office intake to centralized intake. Accordingly, while significant concerns regarding intake were not identified during the CSR/CMS Review, the model was relatively new. Inasmuch as the Call Center has now been firmly established, the FUR assessed LSA's current intake policies and procedures. Though the overwhelming majority of LSA's intake is conducted by the hotline, LSA conducts limited intake in each of its local offices and online. Staff interviewed demonstrated a firm understanding of LSA's eligibility policies and generally

conduct the screening in a consistent manner. All staff also reported ongoing training efforts and accessibility of senior management when questions arise. LSA's online application process poses no compliance concerns. As currently designed, the online application serves only as a means for an applicant to facilitate contact with LSA, on their own schedule. Every applicant gets a call-back and receives a full eligibility screening, which is consistent with intake conducted on the hotline.

The FUR team conducted an intake review in all offices visited. During this review, the FUR team requested copies of paper documents and forms used in the intake process and determined that a wide variety of paper intake forms were used throughout the offices visited. For example, a form used in the Selma satellite office of Demopolis was highly defective and its use should be completely discontinued immediately. This form contains numerous handwritten updates for factors, such as screening for "excessive credit card debt" (undefined), "auto-insurance" and "co-pay" (undefined). Another handwritten update is the addition of "Hispanic" to the ethnicity screening area. However, the typed screening area for ethnicity only contains one (1) option: "African American", and with the handwritten note, now only two (2) options. Further, screening for income includes lines only for wages, and nothing else.

A second Selma paper form was provided which was clearly outdated, as it included both opening and closing information, and still listed the prior LSC closing codes that were discontinued on December 31, 2007. Also, a paper intake form provided by the Mobile office and used in outreach is insufficient in that there is no screening for assets on the form. A few staff argued that even with an insufficient paper form, that a compliant intake screening could still occur if the applicant is then further questioned when a staff person is entering the information into the ACMS, as an intake staff person could ask additional questions raised by the ACMS. However, any intake form in use should ensure, on its own, a fully complaint screening process. As evidence that screening can be conducted differently in various LSA offices, one (1) staff member described an October 2010 case in which one (1) office had rejected the applicant for being ineligible and then the same applicant was, within a few days, referred from the Call Center for service, and identified as eligible. Another example relates to the varying definition and determination of "household." The paper forms do not always represent the complexity of the determination for household as set forth in LSA policy. For example, a Tuscaloosa paper intake form defines household very simply, by having the applicant identify all adults and children who "live in your home." In comparison, the determination of household used by various intake workers is more detailed, but still variant. For example, in the Selma office all of the following sub factors are considered when determining household: for persons 15 or older, they ask if the person is employed; for older children they ask if they are in school; for other persons in the home, they ask whether their residence is permanent, temporary, or not permanent but longer-term. Temporary persons are not included, while permanent persons are included. Finally, some staff members interviewed were unaware of any written standards defining household. Standard approaches and forms should minimize these seemingly contradictory outcomes.

LSA must take immediate corrective action to completely and fully discontinue all current paper intake forms and ensure a uniform understanding and application of “household,” and is described on the paper intake form to be adopted. Further, LSA must take corrective action and ensure a program-wide adoption and use of one (1) standard paper form that mirrors the automated intake system. Further, LSA should not allow any local paper intake forms to be developed – but if a local form is allowed, it should be required that advance approval from the administrative office must be received, and the administrative office should ensure that the form fully reflects all necessary screening areas and questions in the automated intake screens. To close this corrective action LSA is directed to:

- Send an email to all staff that clearly directs that all paper forms that collect income and assets information be completely discontinued, and provide a copy of this email with its comments to the Follow-Up Letter;
- The email should include the directive that the only paper form that can be used for intake must be the one (1) form provided by the central administrative office;
- Make one (1) paper form available via an intranet posting on the program’s computer system so that staff can download and print it when needed. Making one (1) form only available through the internal program’s web and making staff continuously go to that location will emphasize the centralization and standardization that is highly needed. This also has the advantage of allowing changes made by the central office to update the central form in an ongoing manner, as needed or desired; and
- Conduct aggressive short-term oversight of all intake staff to ensure that no old forms are in use.

Further, LSA should consider having all staff sign a statement that they understand that all prior paper forms can no longer be used for intake, and that they agree to either use the one (1) centralized paper form or the ACMS for conducting intake screening.

In its comments to the DR, LSA noted that the dissemination of a uniform household definition was accomplished through the creation of intake scripts. In its comments to the DR, LSA further noted that a standardized intake form was developed. LSA instructed staff on May 26, 2011 to collect and discontinue using all paper intake forms except for the intake form provided by the central administrative office in an attempt to eliminate the numerous paper intake forms in place at LSA. On June 7, 2011, LSA placed this one (1) model form on the ACMS portal to be downloaded and printed as needed. Supervising Attorneys are slated to be trained on the proper oversight of intake and for the balance of 2011 will aggressively oversee intake staff to make sure no old forms are in use. The Director for Advocacy is tasked with monitoring this oversight initiative.

Accordingly, LSA has taken sufficient action designed to implement this corrective action item.

**Finding 5: LSA should account for LSC TIG grant receivables and income in a consistent manner in its financial records and LSC imposed TIG conference fees should be included**

**as both revenue and expense. The program should ensure that its accounting treatment for TIG grants is consistent with respect to recognition of income.**

The FUR team reviewed documentation and interviewed senior management concerning the fiscal reporting of LSA's TIG grants.

A limited review of LSC records indicate of the five (5) LSA TIG grants, TIG #04305, 02393, 05305, 05306, and 05307, only one (1) TIG grant remains open; TIG #05307, and that this grant currently has an outstanding balance of \$5,000.

LSA's 2009 Audited Financial Statements ("AFS"), the most recent year available at the time of the FUR, indicates the beginning TIG net assets balance for 2009 was a deficit (\$15,000) and the ending TIG net assets balance was \$0. For the year ended December 31, 2009, the AFS disclosed TIG revenues of \$12,100. TIG expenses for the year totaled -\$2,900 which included Salaries and wages-non-legal of -\$5,000, Equipment maintenance and rental of -\$9,710, and office expenses of \$11,810. LSA explained the items showing as negative expenses were to make adjustments to information which had previously been reported incorrectly.

LSA's 2009 AFS reports \$12,100 TIG revenues; however, LSC internal records indicate total TIG payments to LSA in 2009 of \$39,600 which included \$7,100 on April 6, 2009 for TIG #05307 and \$32,500 on August 24, 2009 for TIG #05306. LSA explained this discrepancy by indicating that TIG #05306 had previously been recorded as TIG revenue in 2006 when the grant was awarded and that when the \$32,500 was received in 2009 it was recorded as a reduction to a grant receivable rather than as revenue. However, TIG #05307 had not been previously recorded as revenue and, therefore, the \$7,100 received in 2009 was reported in the AFS as TIG revenue when it was received. The program should ensure that its accounting treatment for TIG grants is consistent with respect to recognition of income.

Further, LSC internal records indicate that for TIG #05306, on August 24, 2009, there was an initial payment of \$2,900 and a deduction for the same amount for "Conference Deduct." While the \$2,900 was included in the TIG award of \$52,900, in practice the \$2,900 was never made available to the program. In reality, LSC withheld \$2,900 to pay for LSA's attendance at a TIG conference, rather than paying out the money and then retroactively invoicing LSA for the same amount. This maneuver prevented LSA from establishing a document trail in its financial records.

A similar finding is noted for TIG #05305 for which LSC records show that, on August 4, 2008, there was also an Initial Payment of \$2,900 and a deduction for the same amount for "Conference Deduct." While the \$2,900 was included in the TIG award of \$27,900, in practice the \$2,900 was never made available to the program and LSA did not report this \$2,900 as income or an expense.

By not recording the TIG conference fee, the program's financial records do not correspond to the amount of the actual TIG grant award. It is recommended that for future TIG awards, any

TIG conference fees should be shown as both revenue and expense on LSA's books. The program should ensure that its accounting treatment for TIG grants is consistent with respect to recognition of income.

In its comments to the DR, LSA noted that it currently has only one (1) TIG grant remaining open, namely TIG #05307. As of August 1, 2011, this grant has an outstanding balance of \$5,000. LSA reviewed its current LSC TIG grant receivable and related income, and noted that as it does not have any current TIG grants and therefore no revenue or expense has been recorded in the financial records.

The FUR DR, required LSA to review its LSC TIG grant receivables and incomes to ensure that receivables and income are treated in a consistent manner in its financial records and to ensure that LSC imposed TIG conference fees are included on its financial records as both revenue and expense.

In its comments to the DR, LSA noted that it added the following language to its Accounting Guide as part of its Accounting Policies and Procedures: "Grant revenue recognized should be for the full amount of the award and net of required expenses paid directly by the grantor. (Example: TIG grants include an amount specifically for conference fees. While this fee is never actually made available to the program, the amount should be recorded as income as part of the grant award and the conference fees should be recorded as expense)."

Accordingly, LSA has taken sufficient action designed to implement this corrective action item.

**Finding 6: Limited review of LSA's unaudited statements revealed that LSA retains an excess fund balance for 2010 pursuant to 45 CFR Part 1628 (Recipient fund balances).**

Recipients are permitted to retain from one fiscal year to the next LSC fund balances up to 10% of their LSC support. Recipients may request a waiver to retain a fund balance up to a maximum of 25% of their LSC support for special circumstances.<sup>23</sup> A waiver pursuant to these provisions may be granted at the discretion of the Corporation pursuant to the criteria set forth in 45 CFR § 1628.4(d).

On May 19, 2010, LSA requested LSC waive its excess fund balance pursuant to 45 CFR § 1628.3(b). On June 2, 2010, LSC granted LSA's request to carryover the excess funds of \$589,705. Preliminary review of LSA's unaudited statements and interviews with the Controller disclosed that, during 2010, LSA had an excess fund balance approximating \$350,000. The excess fund balance relates to planned building repairs at LSA's Birmingham facility.

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<sup>23</sup> Recipients may request a waiver to retain a fund balance in excess of 25% of a recipient's LSC support only for the following extraordinary and compelling circumstances when the recipient receives an insurance reimbursement, the proceeds from the sale of real property, or a payment from a lawsuit in which the recipient was a party. See 45 CFR § 1628(c).

In its comments to the DR, LSA noted that it requested a waiver of its excess fund balance for the year ending December 31, 2010 on May 31, 2011. OCE notes that LSC granted this waiver on September 6, 2011. *See* Letter from Lora M. Rath to James H. Fry, September 6, 2011.

Accordingly, LSA has taken sufficient action designed to implement this corrective action item.

**Finding 7: A limited fiscal review of LSA’s internal control policies, financial records, and LSA’s Accounting Guide compared unfavorably with LSC’s Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System (Chapter 3-Accounting Guide for LSC Recipients) and LSC Program Letter 10-2 as it relates to bank reconciliation and direct and indirect expenses related to its resource development staff.**

Accounting Guide

The LSC Accounting Guide for LSC Recipients (“AGLR”) sets forth financial accounting and reporting standards for LSC recipients, and describes the accounting policies, records, and internal control procedures to be maintained by recipients to ensure the integrity of accounting, reporting and financial systems. The LSC Audit Guide for Recipients and Auditors the (“Audit Guide”) provides a uniform approach for audits of LSC recipients and describes recipients’ responsibilities with respect to the audit.

LSA has developed an Accounting Guide to establish procedures to adequately account for, report on, and control the expenditure of its financial resources. These procedures encompass administrative and accounting control over its fundamental business activities. LSA’s Accounting Guide was developed during 2006 and partially revised effective July 21, 2009, which is prior to LSC’s adoption of the AGLR in 2010. LSA currently has a copy of LSC’s AGLR and uses it as reference. LSA noted that it was preparing to update LSA’s Accounting Guide consistent with the AGLR (2010 Ed.). It is recommended that the LSA Accounting Guide be revised to reflect current recommendations and guidelines contained in the AGLR (2010 Ed.).

Internal Controls

LSC requires its recipients, under the direction of its board of directors, to establish and maintain adequate accounting records and internal control procedures. Internal control is defined as the process put in place by the recipient’s board of directors, management, and other personnel which is designed to provide reasonable assurance of achieving objectives of safeguarding of assets against unauthorized use or disposition, reliability of financial information and reporting; and compliance with regulations and laws that have a direct and material effect on the program. *See* Chapter 3 of the Accounting Guide for LSC Recipients (2010 Ed.).

While on-site, LSA provided its internal control policy statement that indicates accounting duties and responsibilities of its accounting staff and completed LSC's internal control worksheet that also identifies the duties and responsibilities of accounting staff. Review of these documents indicates some weakness with internal controls as they relate to LSA's bank reconciliations practice. Presently, the Controller is responsible for both the preparation and review of the program's monthly bank reconciliations. Adequate segregation of duties occurs when a transaction cannot be completed without someone else's knowledge and/or approval. Sound internal control would be to ensure that the person who prepares the bank reconciliation is not the same person who reviews the bank reconciliation. LSA must take corrective action and implement adequate internal controls by segregating duties to ensure that review of its bank reconciliations is performed independent of the individual who is responsible for its preparation.

#### Allocation of Direct and Indirect Development Expenses

In its 2009 AFS, footnote XII stated that LSA did not receive funds from fundraising efforts in 2009 or 2008. Related expenses were \$235,873 and \$213,713 for the years ended December 31, 2009 and 2008, respectively. While on-site the FUR team discussed footnote XII with LSA's Director of Resource Development and with its Controller to determine why LSA's fundraising resulted in no revenues despite the continued fundraising expenses. Both the Controller and Director of Resource Development advised the footnote in the AFS was inaccurate.

The Controller provided a breakdown of LSA's 2009 fundraising costs which included salary and related expenses for its Resource Development team, which is comprised of three (3) employees and other various direct and indirect expense allocations. The Director of Resource Development advised that his area is involved in virtually all funds raised by LSA including fundraising and grants. The Controller provided a comparative schedule of LSA revenues for 2009 and 2010. In 2010, LSC grants approximated 82% of total revenues and in 2009 approximately 80%. The other revenues were from non-LSC grants and fundraising initiatives.

It was determined that while LSA charges all expenses related to its Resource Development efforts to its LSC funds, related revenues are allocated to the applicable funding sources, both LSC and non-LSC. Since the resource development team works on raising funds from LSC and many other funding sources it would seem that their total costs, both direct and indirect, should be allocated among the various funding sources. See 45 CFR § 1630.3 and Office of Management and Budget Circular No. A-122 (OMB A-122) "Cost Principles for Non-Profit Organizations" Attachment B "Selected Items of Cost" which states, in part, that "fundraising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in subparagraph B.3 of Attachment A."

LSA was required to take corrective action by reviewing 45 CFR § 1630.3 and OMB A-122 and assessing if it is properly accounting for its grants development and fund raising expenses, and if so, explain, in its comments to the FUR DR, why its resource development costs are fully allocated to LSC and whether any adjustment is necessary in light of the criteria in 45 CFR § 1630.3 and OMB A-122.

In its comments to the DR, LSA noted that it revised its Internal Control Checklist to reflect the current recommendations and guidelines contained in the AGLR (2010 Ed). LSA further noted that it is in the process of revising the remainder of its Accounting Guide to reflect current recommendations and guidelines that are contained in the AGLR (2010 Ed.). LSA's revised Accounting Guide will be ready for distribution on October 26, 2011. LSA must provide OCE with a copy of this manual when it is distributed.

In its comments to the DR, LSA further noted that it took corrective action to implement adequate internal controls by segregating duties to ensure that review of its bank reconciliations is performed independent of the individual who is responsible for its preparation.<sup>24</sup> Additionally, LSA's written Internal Control Procedures have been updated to reflect the implementation of this corrective action.

In its comments to the DR, LSA noted that it had reviewed 45 CFR § 1630.3 and OMB A-122 and assessed whether it properly accounts for grants development and fund raising expenses. In its comments to the DR, LSA concluded that its allocation was proper under the exception for certain indirect costs in 45 CFR § 1630.3(g), which provides that "since some funding sources may refuse to allow the allocation of certain indirect costs to an award, a recipient in those cases may allocate a proportional share of another funding source's share of an indirect cost to Corporation funds, provided that the activity associated with the indirect cost is permissible under the LSC Act and regulations." LSA further noted that it currently was not the recipient of any grants that allow for the allocation of grant development expenses and its grant development costs are incurred prior to LSA being awarded any grant funds. Therefore, LSA concluded that, based on the exception contained in 45 CFR § 1630.3(g), all resource development costs could be fully allocated to the LSC basic field grant.

To consider LSA's position, LSC requires additional information concerning the LSA grants that do not allow for the allocation of grant development expenses. Accordingly, LSA is required to review each of its grants to determine whether each specific grant does or does not allow for the allocation of grant development and fund raising expenses. LSA is further required to submit to LSC the documentation contained in each grant that specifically disallows the allocation of grant development and fund raising expenses. In the event that LSA discovers that a particular grant (or grants) does not allow for the allocation of grant development and or fund raising expenses, LSA must develop a reasonable allocation methodology supporting the allocation of a proportional share of that grant development or fundraising costs to Corporation funds, provided that the activity associated with that cost is permissible under the LSC Act and regulations pursuant to 45 CFR § 1630.3(g). LSA is required to provide this information to OCE within 30 days of the date of this report, together with the date the allocation methodology was or will be

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<sup>24</sup> Beginning with the April 2011 bank reconciliations, all bank reconciliations will be reviewed by the Director of Training who has no responsibilities with respect to its preparation. LSA's Director of Training is not an authorized signatory on LSA's bank accounts and does not have the authority to approve payments.

implemented. Finally, LSA should include such allocation methodology as part of its fiscal policies and procedures.

Accordingly, LSA must continue to take action designed to implement this corrective action item.

In summary, LSA has substantially addressed many of the problems found during the 2007 CSR/CMS Review. LSA's response addressing the corrective action items outlined above was considered. This consideration indicates that LSA, with a few exceptions, has taken action designed to implement the corrective action items contained in the report letter. LSA is required to provide LSC with information regarding the remaining outstanding items as outlined in this report (at corrective action item 5 on page 16, and New Item Findings 1 and 7 on pages 33, and 46 - 47) within 30 days of the date of this report. Thank you once again for your cooperation and your continued efforts to address the remaining items. Please do not hesitate to contact myself at (202) 295-1524 or Lisa Moore Melton at (202) 295-1531 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Lora M Rath". The signature is written in a cursive, flowing style.

Lora M. Rath, Acting Director  
Office of Compliance and Enforcement



August 5, 2011

VIA Email and FedEx

Ms. Lora Rath  
Interim Director, Office of Compliance and Enforcement  
Legal Services Corporation  
3333 K Street, NW 3<sup>rd</sup> Floor  
Washington, DC 20007-3522

RE: Legal Services Alabama's Reply to Follow-Up CSR/CMS Review, Program No. 601037  
(Reference LSC OCE letter dated July 7, 2011)

Thank you for providing Legal Services Alabama an opportunity to comment on the LSC OCE CSR/CMS Review Report. LSC conducted a visit on April 4-8, 2011 and as a result of the visit, LSC OCE authored a report noting the status of activities and corrective action taken by LSA in response to the FUR "follow-up review" of the February 12 – 16, 2007 and April 30 – May 4, 2007 CSR/CSM review conducted by LSC. Additionally, during the site visit of April 4 - 8, 2011, LSC noted areas in its July 7, 2011 report for LSA to take corrective action. The July 7, 2011 report noted there were ten (of fourteen) findings from the FUR that required corrective action and/or further action and seven new findings requiring corrective action.

This letter first addresses those ten areas identified in the FUR as needing attention or corrective action. Afterwards, LSA will address the seven new findings needing corrective action that were identified during the April 4 – 8, 2011 site visit.

**Follow-up CSR/CMS Review.**

LSC noted on page one of the July 7, 2011 letter that in the LSC January 25, 2008 Final Report (FR) there were a total of 14 items identified for corrective action. Further, the July 7th letter stated that LSA addressed most of those items and took necessary and appropriate corrective action. LSC noted that no corrective action was needed for the following four findings noted in its FR:

- Item 10. Ensure that advocates screen for income prospects pursuant to 45 CFR §1611.7(a)(1).**
- Item 11. Ensure that 45 CFR Part 1614 is complied with, in that at least 12.5% of the basic field award should be dedicated to the PAI involvement.**
- Item 12. Ensure that rejected cases are identified and not report to LSC in CSRs and to comply with the CSR handbook (2001 Ed.). ¶3.1.**
- Item 13. Ensure compliance with 45 CFR§ 1627.2(b)(1) and add the language to PAI contracts as suggested in Finding 9 of the Draft Report.**



### **Open Findings from the FUR**

There remained ten open corrective action items to the FR.

#### **Item 1. Ensure that the automated case management system is sufficient to record accurate and timely information regarding the case files.**

On page 3 of the July 3, 2011, letter, the LSC team discusses case number 10-0047322 and notes that it had been back-dated to close as of 2010 even though it had not been reported in the 2010 CSR's. LSA has confirmed that on March 31, 2011, this case was closed as of 2010, although it was not reported in the 2010 CSR's. As the LSC team recognizes, LSA reported several VLP cases in its 2010 CSR's that it should not have, so there was no net harm from failing to report case number 10-0047322. Nevertheless, LSA recognizes a need to do more to make staff understand that after the last day of February no staff member should enter a closing date for any year prior to the current year. On July 27, 2011, the Director for Advocacy sent a program-wide email explaining this. Change 2 of the Client Service and Compliance Manual modified section 1228 to include a reminder on this point.

On page 3, the LSC team also noted the use of "BP" as a problem code. LSA did use "BP Oil Spill" as a provisional problem code to help track cases it worked under a grant from BP. On July 22, 2011, the Director for Advocacy merged this problem code into problem code 79 and sent a program-wide email advising of the change and directing staff to use problem code 79 for these cases.

On page 3, the LSC team found that the closing code for case 09-0043370 was shown as "L" in the paper file, but as "F" in the ACMS. LSA recognizes the problem. No centrally run report can catch this sort of error, so LSA has re-emphasized the need for advocates to check their own files when closing them and for supervisors to compare the closing codes in Legal Files with those in the paper files. LSA also re-emphasized As to the determination that "the closing code most specifically describing the service performed by the program would be "A";" the Director for Advocacy respectfully disagrees. The file reflects that the advocate worked out a repayment agreement and obtained the approval of the client and the lawyer for the adverse party.

More generally, LSA acknowledges the existence of cases for which the information in the database is inconsistent with some information in the hard, paper file and cases in which there are two inconsistent dates in the database itself. It also acknowledges the need to eliminate these inconsistencies.

On July 27, 2011, the Director for Advocacy sent a program-wide email explaining again the need for advocates to ensure that hard and electronic files be consistent and for Supervisors to check both the hard and the electronic files for consistency both during case file reviews and when closing cases. In the same email, the Director for Advocacy explained that some employees are incorrectly changing the open date for a file when they reopen files and when they make some other changes to status. In addition, the Director of Advocacy and the Director of Training developed reports to capture cases in which the button open date differs from the open date in status and will on a monthly basis advise Supervising Attorneys of files where there are inconsistencies in open date. Change 2 to the Client Service and Compliance Manual also covers these points, as does a change to the Legal Files How To Guide.

On page 5, the LSC team said it had determined that the use of multiple pick-list choices ("drop-down boxes") left too much discretion to intake screeners. Intake screeners now ask a caller whether he or she has any income before going to the pick list items and obtain all the income and assets information necessary for an eligibility determination. Nevertheless, LSA is implementing an intake screening script and will train administrative assistants, call center staff and supervisors on that script on August 11, 2011.

**Item 2: Ensure that all cases that are referred to *pro bono* attorneys and PAI attorneys include effective oversight and follow-up subsequent to referral in an effort to ensure compliance with the requirements of 45 CFR §1614.3(d)(3).**

After commenting on the dramatic improvements LSA had made in monitoring Reduced Fee and VLP cases, the LSC team noted on page 9 the need for further improvements both to eliminate dormant or untimely closed PAI files and to ensure LSA deselects untimely closed PAI cases from CSR reporting.

The LSC OCE report of July 7, 2011 noted on page 11, "Based upon the policies, procedures, and practices described by staff, as contained in documents reviewed, and as found within sampled case, it is clear that LSA has taken sufficient and effective corrective action to ensure that all cases referred to pro bono attorneys and reduced-fee attorneys include effective oversight and follow-up consistent with the requirements of 45 CFR §1614.3(d)(3), although some improvement may still be required as the supervision of compliance related activities as discussed herein and in documenting legal assistance and timely closing of cases, as discussed in Corrective Actions 3 and 5."

LSA has become more involved in working with VLP's to make sure that they are efficiently referring cases and reporting to LSA on the status of cases once they are referred. At the same time, LSA continues checking the State Judicial Information System (Alacourt or "SJIS") to learn whether PAI lawyers have filed complaints or answers in cases assigned to them

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and then to learn when those court cases have ended. In accordance with a recommendation of the LSC team, LSA will close a PAI case once it determines that service has ended. For VLP cases, LSA will notify the appropriate VLP, so that it can get its file timely closed, too. On July 27, 2011, the Director for Advocacy and the PAI Coordinator sent out an email advising Supervising Attorneys and Administrative Assistants that they can and should follow this policy. On July 18, 2011, the PAI Coordinator and the Birmingham PAI Administrative Assistant visited the Birmingham VLP to follow up on an email asking broadly about delays.

In terms of deselecting untimely closed PAI cases, the Director for Advocacy and the PAI Coordinator on July 27, 2011, sent out an email reminding Supervising Attorneys and Administrative Assistants of the need to check to see if PAI cases were timely closed and to make them unreportable if they are not or if they do not contain sufficient documentation that the PAI lawyer provided some form of legal representation.

On page 10, the LSA team identifies a file, case 07-0009435, closed without the final order. As the Director of Advocacy had indicated, the final order was submitted along with the request for payment. The Supervising Attorney neglected to put the payment request with final order into the file, but the Director for Advocacy has done this.

In accordance with a recommendation of the LSC team made on page 10, the Director for Advocacy and the PAI Coordinator on July 27, 2011, sent out an email reminding Supervising Attorneys and Administrative Assistants of the need to change a case from PAI to staff if the only legal service provided is provided by LSA staff and included a discussion of this in Change 2 to the Client Service and Compliance Manual.

**Item 3. Ensure that PAI files are not dormant by providing effective follow-up and oversight.**

The LSC OCE report dated July 7, 2011 noted that LSA has taken sufficient corrective action to ensure that PAI case files are not dormant or untimely filed. LSA has addressed the issues in Item 3 in its response to Item 2 noted herein.

LSA will review all open PAI cases to identify those that cannot be timely closed and will ensure that cases identified as dormant are not reported to LSC in current or future CSR submissions.

**Item 4. Ensure that PAI case files contain citizenship attestations pursuant to 45 CFR Part 1626 where appropriate.**

In accordance with the recommendation of the LSC team on page 14, on July 19, 2011, the Director for Advocacy instructed the Supervising Attorney of the Birmingham Office to

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destroy the improper Spanish citizenship form and to replace it with one on which a signature line applies only to citizenship. On July 24, 2011, the Director for Advocacy followed up with an email to the Supervising Attorney.

On July 19, 2011, the Director for Advocacy sent an email advising Supervising Attorneys that they are not permitted to use any forms other than those approved by Executive. This should help in avoiding creation of any new improper attestations.

**Item 5. 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, a review of all files at the time of closing is necessary.**

In both staff and PAI cases, LSA will take steps both to decrease the number of cases lacking documentation and avoid any reporting in the CSR data submission that lack such documentation.

The LSC team said that LSA needed “an improved systematic approach to obtaining clear evidence of legal advice and additional case closure procedures to ensure that all cases reported in the CSR data submission contain documentation of legal assistance.” Change 2 to the Client Service and Compliance Manual sets out steps for the file manager and supervisor to take when closing files to ensure that the only reportable cases are those with documentation of legal assistance.

On page 16, the LSC team makes reference to an LSA Case Update/Final Disposition Form that does not include sufficient descriptions of service to ensure that a client received some form of legal representation. Neither the Director for Advocacy, the PAI Coordinator, the Controller nor the Director of Operations is familiar with the Reduced Fee file noted. LSC referred to case no. 08-0023616 and this file has a form entitled “Closing Memo and Request for Payment” and no “LSA Case Update/Final Disposition Form.” Case no. 09-0043067 was a VLP case, so it also lacked that form. Unfortunately, it also lacked any documentation of legal representation in the file. On July 25, 2011, the Director for Advocacy made the case not reportable and sent an email to the File Manager 1, her Supervising Attorney and the PAI Coordinator explaining why the case should not have been left a VLP case and shown as reportable.

**Item 6. Ensure that the scope of representation portion of retainer agreement is provided by the attorney or paralegal and not the clients.**

LSA concedes that several files examined had the scope of representation inadequately described, including one (09-0042873) in which it appears that the client completed the

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description of the problem and the scope of representation on the retainer form. The first file noted by the LSC team at page 18 (08-0019537) is one where the scope is clearly defined and appears to have been completed by an LSA staff member and not by the client.

As a first step in ensuring that the advocate completes the scope of representation portion after conferring with the client, the Director for Advocacy sent an email on July 27, 2011, reminding staff of the need for a retainer to reflect an agreed-upon course of action and saying that the advocate must complete the scope of representation. That same email reminds staff that the advocate has to have a broad enough scope of representation to encompass what needs to be done in the case, yet narrow enough to exclude steps that the advocate does not plan to take. As a second step, the Director for Advocacy and Director of Training are going to include proper completion of retainers as part of a training event for Supervising Attorneys in September.

**Item 7. Ensure that staff is trained on the proper closing codes categories to comply with the CSR Handbook (2001 Ed.). ¶6.1.**

The LSC OCE report of July 7, 2011 noted on page 20, "The use of CSR Handbook closing codes in sampled cases was adequate overall. LSA has taken sufficient corrective action to train staff on proper closing codes to comply with Chapters VIII and IX, CSR Handbook (2008 Ed.). However, sampled cases indicate there may be a misunderstanding as to the proper closure codes for extended services cases. As a result, continuing review and training on closing codes is recommended as a best practice."

LSA acknowledges that several files were closed as "L" when an I code would have been more appropriate, such as the bankruptcy case (with discharge) with case number 10-0054293. However, LSA has some questions about some other cases where the team suggests that "L" is improper. On August 1, 2011, the Director for Advocacy sent an email to John Meyer asking for clarification.

LSA recognizes the need to do more to make sure that no single letter tries to serve as both a denial letter and a counsel-and-advice letter. On May 13, 2011, the Director for Advocacy met with the Hotline Network Director about rewriting some form letters, and those letters have all been rewritten. On July 2011, the Director for Advocacy sent all Supervising Attorneys an email stressing that they are not to send this sort of confusing letter.

The LSC team recommends that LSC conduct training on proper problem codes. After LSA obtains clarification from LSC, it will conduct such training.

**Item 8. Ensure that duplicate files are not reported to LSC in the CSRs and provide a methodology to eliminate duplicate files.**

The LSC OCE report noted on page 21 that LSA has in place procedures and practices to prevent duplicate reporting at intake, improvement is required, as not all duplicates can be identified by a name and problem code-based data search and duplicates may arise after the intake process. Further, LSC commented that LSA has taken sufficient corrective action to avoid duplicate reporting but should expand its duplicate case identification monitoring beyond name and problem code-based searches.

Because LSA has dramatically improved its detection and deselection of duplicate files for the same client, the only item requiring a reply in item 8 is that LSA does not deselect cases where several clients are represented in a court case with the same civil action number. On July 27, 2011, the Director for Advocacy sent an email to John Meyer, who has asked the CSR Committee to review the issue.

**Item 9. Ensure that offices apply the over-income exception policy in a similar manner. As a part of this, training should be provided to staff as to when and how to apply expenses and factors to applicants whose income falls between 125% and 200% of the FPG.**

LSA's board of directors met on June 24, 2011 and adopted the eligibility policy. A copy of the board adopted policy was provided to LSC on July 15, 2011.

On July 25, 2011, the Director for Advocacy spoke with the Supervising Attorneys of the three offices where people answered incorrectly about how to use the factors to determine income eligibility. All had recently reminded staff of the proper application of factors, but each agreed to make sure that all their staff knew the proper analysis and specifically knew that they should not be subtracting amounts for factors and finding people eligible on the basis of whether the result is less than 125% of poverty. During August 2011, the Director for Advocacy will visit each of the three offices and train all their staff again about the proper application of expenses and factors.

LSC OCE noted on page 25, that LSA must revisit the asset exemptions in its policy; subsequently, the program must review the asset pick list items to ensure consistency between the ACMS selections and the board approved policy. On August 3, 2011, the Director for Advocacy and the Director of Training met and made changes to the asset picklist to make it consistent with the new policy. The Director for Advocacy and Director of Training are going to include the new asset policy and the new picklists as part of a training event for Supervising Attorneys in September, 2011.

**14. Ensure that the language in the Authorization and Release found in the Selma office be modified and removed.**

On July 19, 2011, the Director for Advocacy sent an email to Supervising Attorneys explaining the problem with the authorization and release form used by several LSA offices and directing staff to destroy all copies of the form and not to use it. The Director of Training asked for suggested changes. On the same day, the Director of Training prepared an interim version that staff can access in Legal Files that lacks the objectionable language. At the same time, the Director for Advocacy directed all Supervising Attorneys not to use any form, other than a form letter or form pleading, until the form had been approved by Executive.

**New Findings Identified in the CSR/CMS Review of April 4-8, 2011.**

**Finding 1. The 2011 subgrants may not fully describe the services rendered by ASBVLP and BVLP and the website does not identify ASBVLP as a subgrantee of LSA nor does it include LSC and LSA logos as required by the 2011 Subgrant Agreement.**

Page 32 of the LSC report notes: LSA must take corrective action to clarify whether any portion of any of its subgranted funds support independent intake by its subgrantees, and if so, LSA should explain why LSC-eligible cases intake by its subgrantees are not reported to LSC in the CSR data submission. Further, the report noted if subgrantees are conducting independent intake, it is recommended that LSA provide training pertaining to the intake process, LSC regulations and LSC closing codes. Additionally, LSA must review its subgrant agreements the number of subgrant cases closed in 2009 and 2010 and reported in CSRs, and explain any difference between those and the case numbers provided in the subgrant agreement approval requests.

LSA reports on CSRs only the VLP cases in its database. The VLPs commit in the subgrant agreements to close a total number of cases, which include cases outside the LSA database. The number of cases the VLP's report as closed includes those cases outside the LSA database.

On August 1, 2011, the Director for Advocacy sent an email to John Meyer asking him to clarify the question of which VLP cases should be reported to LSC in CSRs.

On page 32, LSC noted that LSA must take corrective action to ensure that all subgrantees are in compliance with the subgrant provisions requiring subgrantees to identify themselves as a subgrantee of LSA and include LSC and LSA logos on their web sites. On August 3, 2011, LSA reminded the VLPs of the provisions of the subgrant agreement(s) and provided the VLPs with the LSC and LSA logos for posting on their websites. The VLPs were

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tasked to provide a response to LSA by August 10, 2011 that they are in compliance with the provision of the subgrant agreement.

**Finding 2. Review of the recipient's policies revealed that LSA is in non-compliance with the requirements of 45 CFR Part 1604 (Outside practice of law). Improvement is required as LSA lacks sufficient oversight and follow-up of its outside practice cases.**

LSC noted on page 34, that LSA's policies are in compliance with 45 CFR Part 1604. However, LSC recommended that LSA amend its policies to provide for the acceptance of outside practice cases if the attorney is "newly employed and has a professional responsibility to close cases from a previous law practice, and does so on the attorney's own time as expeditiously as possible. (See 45 CFR §1604.4(c)(1)).

LSA amended the LSA Employee Handbook (Change 2, dated July 19, 2011) instituting a more formal process to staff to request permission of the Executive Director for the outside practice of law. Requests for the outside practice of law are submitted using a form entitled "Request for Outside Employment." The Director of Operations will be responsible for monitoring requests for outside employment once the Executive Director has approved the request.

LSC further noted that LSA might consider expanding the acceptance of outside practice cases to include representation of members of LSA's staff, religious, community, or charitable groups and the participation of attorneys in voluntary pro bono or legal referral programs affiliated with or sponsored by bar associations, other legal organizations or religious, community or charitable groups consistent with 45 CFR §1604.4. LSA considered the suggestion of LSC and has determined not to implement it.

LSC noted on page 35 an example of an employee who engaged in the outside practice of law without authorization. LSC commented in its July 7, 2011 report that "information provided to the FUR raises questions as to whether the employee's termination related in any manner to unauthorized and/or prohibited type outside practice." LSA maintains employee personnel files in a confidential manner and will not disclose the reasons for termination of this employee except to assert that the employee was not terminated for the outside practice of law.

On page 35, LSC noted that the fiscal review of timekeeping/payroll noted an inconsistency in the time records of an attorney who handled a bankruptcy case as an unauthorized practice of law. The report further noted that LSA must correct the employee's leave balance. LSA is not able to correct the employee's leave balance as the employee is no longer employed with LSA.

LSC noted on page 36, that LSA must take the following corrective action. LSA must take corrective action by reviewing the time records for employees engaged in the outside practice during the review period, to ensure that all time was properly recorded to ensure that no LSA resources were being used in the outside practice. The Director of Operations will be responsible for monitoring requests for outside employment once the Executive Director has approved the request.

Secondly, LSA must strengthen its oversight of employee time and payroll records to ensure that they are always in agreement. The LSA Accounting department will bi-weekly review employee time and payroll records and report discrepancies to the appropriate supervisors.

Third, LSA must develop oversight protocols and practices to ensure that no LSA resources are being used in the outside practice of law and that attorneys do not intentionally identify the case or matter with the Corporation or the recipient. The Director of Operations in coordination with the Director for Advocacy will review approved outside practice of law requests to monitor whether LSA resources were used and report any violations to the Executive Director.

Fourth, LSA must provide LSC with additional information concerning the terminated employee's outside practice conducted while employed by LSA. The case that was identified as outside practice was for an LSC-eligible client. The terminated employee opened an LSA file for the person he represented so this did not fall within the outside practice of law exception.

**Finding 3. LSA's financial eligibility policy needs to be revised to meet the requirements of Asset policy.**

On July 15, 2011, LSA sent the LSC team the revised financial policy. LSC noted that LSA must train all staff on the new policy. As noted above, the Director for Advocacy and Director of Training are going to include LSA's financial eligibility policy of a training event for Supervising Attorneys in September.

LSC noted that LSA must review the ACMS asset pick list items to ensure consistency between the ACMS selections and the policy. On August 1, 2011, the Director for Advocacy and the Director of Training met and made changes to the asset picklist to make it consistent with the new policy.

**Finding 4. LSA's intake procedures and case management system the program's compliance related requirements (?). However, a wide variety of different intake forms were used by LSA and standardization is required.**

LSA developed a standardized intake form but it does not have the definition of household on it. We also need to somehow meet the request from the team that the household definition be "described on the paper intake form". We contemplate attaching the definition. On August 1 and 2, 2011, the Director for Advocacy, the Director of Training and the Hotline Network Director met and created intake scripts.

On page 40, LSC noted that in order for LSA to close this corrective action, LSA was directed to:

1. Send an email to all staff that clearly directs that all paper forms that collect income and assets information be completely discontinued, and provide a copy of this email with its comments to the Follow-Up Letter. The Director of Training sent the required email on May 26, 2011, and a copy is attached. It includes the required directive (below).
2. This email should include the directive that the only paper form that can be used for intake must be the one (1) form provided by the central administrative office. See the response above.
3. Make one (1) paper form available via an intranet posting on the program's computer system so that staff can download and print it when needed. The Information Services Manager placed the form on the Portal on June 7, 2011.
4. Conduct aggressive short-term oversight of all intake staff to ensure that no old forms are in use. The Director for Advocacy and Director of Training are going to include proper oversight of intake as part of a training event for Supervising Attorneys in September. The Supervising Attorneys and the Hotline Network Director will for the balance of 2011 aggressively oversee the intake staff to make sure no old forms are in use, and the Director for Advocacy will monitor this oversight.

Further, LSC recommended that LSA should consider having all staff sign a statement that they understand that all prior paper forms can no longer be used for intake, and that they agree to either use the one (1) centralized paper form or the ACMS's for conducting intake screening. LSA is considering LSC's suggestion.

**Finding 5: LSA is required to review its LSC TIG grant receivables and incomes to ensure that receivables and income are treated in a consistent manner in its financial records and to ensure that LSC imposed TIG conference fees are included on its financial records as both revenue and expense.**

On page 41, LSC stated that LSA is required to review its LSC TIG grant receivables and incomes to ensure that receivables and income are treated in a consistent manner in its financial records and to ensure that LSC imposed TIG conference fees are included on its financial records

as both revenue and expense. LSA currently has only one (1) TIG grant remaining open, namely TIG #05307. As of August 1, 2011, this grant has an outstanding balance of \$5,000. LSA has reviewed its current LSC TIG grant receivable and related income. LSA does not have any current TIG grants and therefore no revenue or expense has been recorded in the financial records. Additionally, LSA has added the following language to its Accounting Guide as part of its Accounting Policies and Procedures: "Grant revenue recognized should be for the full amount of the award and not net of required expenses paid directly by the grantor. (Example: TIG grants include an amount specifically for conference fees. While this fee is never actually made available to the program, the amount should be recorded as income as part of the grant award and the conference fees should be recorded as expense.)"

**Finding 6: Limited review of LSA's unaudited statements revealed that LSA retains an excess fund balance for 2010 pursuant to 45 CFR Part 1628 (Recipient fund balances).**

On page 42, LSC recommended that LSA request a waiver of its excess fund balance pursuant to 45 CFR Part 1628. On May 31, 2011, LSA requested a waiver of its excess fund balance for the year ended December 31, 2010 pursuant to 45 CFR Part 1628 following the conclusion of the FY 2010 audit which was completed April 28, 2011.

**Finding 7: A limited fiscal review of LSA's internal control policies, financial records, and LSA's Accounting Guide compare unfavorably with LSC's Internal Control/Fundamental Criteria on an Accounting and Financial Report System (Chapter 3-Accounting Guide for LSC Recipients) and LSC Program Letter 10-2 as it relates to bank reconciliation and direct and indirect expenses related to its resource development staff.**

On page 43 of the report, LSC recommended that the LSA Accounting Guide be revised to reflect current recommendations and guidelines contained in the AGLR (2010 Ed.). LSA has revised its Internal Control Checklist to reflect the current recommendations and guidelines contained in the AGLR (2010Ed). LSA is in the process of revising the remainder of its Accounting Guide to reflect current recommendations and guidelines contained in the AGLR (2010 Ed.). LSA's Revised Accounting Guide will be complete and available for distribution at our statewide training to be held October 26<sup>th</sup> and 27<sup>th</sup>, 2011.

Further, LSA was instructed to take corrective action and implement adequate internal controls by segregating duties to ensure that review of its bank reconciliations is performed independent of the individual who is responsible for its preparation. Beginning with the April 2011 bank reconciliations, all bank reconciliations are reviewed by the Director of Training who has no responsibilities with respect to its preparation. LSA's Director of Training is not an authorized signatory on LSA's bank accounts and does not have the authority to approve

payments. LSA's written Internal Control Procedures have been updated to reflect the implementation of this corrective action.

On page 44 of the report, LSC stated that LSA must take corrective action by reviewing 45 CFR §1630.3 and OMB A-122 and assessing if it is properly accounting for its grants development and fund raising expenses, and if so, LSA must explain, in its comments to this letter, why its resource development costs are fully allocated to LSC and whether any adjustment is necessary in light of the criteria in 45 CFR § 1630.03 and OMB A-122.

Paragraph 17 of Appendix B to Part 230 of OMB A-122 (Cost Principles for Non-Profit Organizations) specifies that fundraising costs are unallowable. Specifically, ¶17a states that "costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable." As stated in its audited financial statements, LSA "fundraising" activities consist of and/or include applications and requests to foundations, government entities and other sources for grants and subgrants. Based on the definition above, LSA's activities are more appropriately classified as grant development or resources development expenses.

Additionally, ¶C.1. of Appendix A to Part 230 of OMB A-122 (Indirect Costs) states that "after direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost." However, 45 CFR §1630.3, Standards governing allowability of costs under Corporation grants or contracts, provides insight for the use of LSC funds. Specifically 45 CFR §16303.3(g), "Exception for certain indirect costs" states some funding sources may refuse to allow the allocation of certain indirect costs to an award. In such instances, a recipient may allocate a proportional share of another funding source's share of an indirect cost to Corporation funds, provided that the activity associated with the indirect cost is permissible under the LSC Act and regulations." Grant development costs are incurred prior to LSA being awarded any grant funds. Currently, LSA is not the recipient of any grants that allow for the allocation of grant development expenses. Therefore based on the above criteria, all resource development costs are fully allocated to the LSC basic field grant.

Additionally, LSA reviewed the LSC OIG website section "Audit: Frequently Asked Questions" and noted the following question under the Accounting & Financial Reporting Requirements:

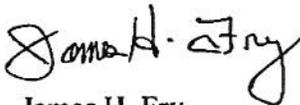
***May LSC recipients use LSC funds for fundraising activities?***

*LSC management has advised the OIG that recipients may use reasonable amounts of LSC funds for fundraising activities.*

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August 5, 2011

For the year ended December 31, 2010, LSA's grant development expenses were slightly less than 4.0% of LSC Program expenses. LSA believes that this is a reasonable amount for grant development expenses. LSA has thoroughly reviewed 45 CFR § 1630.3 and OMB A-122 as it relates to its grant development and fundraising expenses and believes that all such expenses are reasonable and have been accounted for properly. No adjustment is deemed necessary in light of the criteria in 45 CFR § 1630.3 and OMB A-122.

Should you have any questions or require additional information, please call me at (334) 223-5120.

Sincerely,  
  
James H. Fry  
Executive Director

JF/eh

Atchs:  
Email dated May 26, 2011, Subject: "Standardized Inake Form – this is it"

**Eileen Harris**

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**From:** Larry Gardella  
**Sent:** Wednesday, August 03, 2011 10:32 AM  
**To:** Eileen Harris  
**Cc:** Debra Hansen; Janice Franks  
**Subject:** FW: Standardized Intake Form - this is it  
**Importance:** High  
**Attachments:** Standardized Intake Form 5.26.11 Final.pdf

This is the email requested on page 40 of the LSC team letter and to be noted on page 10 of our response. Janice placed it on the Portal on June 7, 2011.

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**From:** Debra Hansen  
**Sent:** Thursday, May 26, 2011 9:52 AM  
**To:** isa  
**Subject:** Standardized Intake Form - this is it  
**Importance:** High

Hello Everyone:

As many of you know, LSC requested that we develop one standardized intake form for LSA. After many revisions, Jimmy has approved the attached intake form as the 'official' intake form for LSA. This form should be used from this day forward. All other intake forms in your office should be destroyed (recycled).

Some offices do not use an intake form. They directly input information into Legal Files as clients call or walk into the office. For those offices, you do not have to start using this form. Only use it if you decide to have a form that applicant's complete prior to entering information into Legal Files.

This form may be shared with partners and sent to applicants by mail. I will ask Janice to place this on the LSA Portal.

I sincerely appreciate the input received by many of you. Most of your suggestions were incorporated into this form. While it is not perfect, it is as close a compromise to staff wishes across the state as we could create.

Thanks and have a great day,  
Debra

*Debra Hansen, Esq.*  
Legal Services Alabama  
Director of Training  
207 Montgomery Street, Suite 1200  
Montgomery, Alabama 36104  
334 223 0227 ext 3023  
[www.AlabamaLegalHelp.org](http://www.AlabamaLegalHelp.org)

Confidentiality Notice

8/4/2011

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Information from ESET NOD32 Antivirus, version of virus signature database 5307  
(20100723)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

8/4/2011

You may choose to apply online for our services at [www.alsp.org](http://www.alsp.org)  
 Any information we receive from you is confidential.

<b>FOR OFFICE USE ONLY</b>
DATE RECEIVED: _____
GIVEN TO: _____

**Legal Services Alabama Intake Form**

Last Name: \_\_\_\_\_ First Name: \_\_\_\_\_ Middle Initial: \_\_\_\_\_  
 Maiden or other names you have used: \_\_\_\_\_  
 Are you a United States Citizen?  Yes  No  
 If you are not a U.S. citizen, are you a legal resident?  Yes  No  
 Date of Birth: \_\_\_\_\_ Age: \_\_\_\_\_ Gender:  Female  Male  
 Social Security #: \_\_\_\_\_ Email Address: \_\_\_\_\_ May we contact you by email?  Yes  No  
 Street Address: \_\_\_\_\_ City: \_\_\_\_\_  
 County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Is this a safe address to send mail?  Yes  No  
 Phone # (Home): \_\_\_\_\_ May we leave a message at this number?  Yes  No  
 Phone # (Cell): \_\_\_\_\_ May we leave a message at this number?  Yes  No  
 Phone # (Work): \_\_\_\_\_ May we call you at work?  Yes  No  
 Phone # (Relative/Friend) \_\_\_\_\_  
 How did you hear about Legal Services Alabama? \_\_\_\_\_  
 Do you consider yourself Hispanic?  Yes  No

<b>Marital Status</b> <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Common Law Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widow <b>Race</b> <input type="checkbox"/> Caucasian/White <input type="checkbox"/> African American & White <input type="checkbox"/> African American/Black <input type="checkbox"/> Asian <input type="checkbox"/> American Indian <input type="checkbox"/> Asian & White <input type="checkbox"/> American Indian & Black <input type="checkbox"/> American Indian & White <input type="checkbox"/> Alaskan Native <input type="checkbox"/> Other	<b>Living Arrangements - mark all that apply</b> <input type="checkbox"/> HUD/Public Housing <input type="checkbox"/> Apartment <input type="checkbox"/> Rented House <input type="checkbox"/> With Friend(s) <input type="checkbox"/> With Relative(s) <input type="checkbox"/> Hotel/Motel <input type="checkbox"/> Shelter <input type="checkbox"/> Own/financed Mobile Home/RV <input type="checkbox"/> Rented Mobile Home/RV <input type="checkbox"/> Own/Mortgaged House <input type="checkbox"/> Rented Room <input type="checkbox"/> Rented Land <input type="checkbox"/> Section 8 Voucher <input type="checkbox"/> Military Base <input type="checkbox"/> Condo <input type="checkbox"/> FEMA Trailer <input type="checkbox"/> Homeless <input type="checkbox"/> Nursing Home <input type="checkbox"/> Hospice <input type="checkbox"/> Rehab Facility <input type="checkbox"/> Jail/Prison	<b>Are you? - mark all that apply</b> <input type="checkbox"/> Domestic Violence Victim <input type="checkbox"/> Dating Violence Victim <input type="checkbox"/> Stalking Victim <input type="checkbox"/> Sexual Violence Victim <input type="checkbox"/> Single Parent <input type="checkbox"/> Student <input type="checkbox"/> Veteran <input type="checkbox"/> Person w/disabilities  <b>Highest Education Level</b> <input type="checkbox"/> Elementary <input type="checkbox"/> Junior High <input type="checkbox"/> High School <input type="checkbox"/> Junior College <input type="checkbox"/> University <input type="checkbox"/> Graduate School <input type="checkbox"/> Other
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**Information regarding person or agency you are having a problem with:**

Name: \_\_\_\_\_ If known, date of birth: \_\_\_\_\_  
 Street Address: \_\_\_\_\_ City: \_\_\_\_\_  
 County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Telephone Number: \_\_\_\_\_

**Household and Income Information:**

Total number of people in household: \_\_\_\_\_  
 Number of people age 19 and older: \_\_\_\_\_ Number of people under the age of 19: \_\_\_\_\_

**List everyone in your household & their income – (include yourself as part of your household)**

Name	Relationship to you	Age	Amount of Monthly Income before Taxes
			\$
			\$
			\$
			\$

If you are paid hourly - How many hours per week do you work? \_\_\_\_\_ How much do you make per hour? \$ \_\_\_\_\_

**Income Source:** (Please include amount)

Child Support \$ _____	Employment \$ _____	Unemployment Comp. \$ _____
Allimony \$ _____	Self Employment \$ _____	Retirement/Pension \$ _____
Financial Aid \$ _____	Veteran's Benefits \$ _____	SS Survivor Benefits \$ _____
Rental Income \$ _____	Army Reserve \$ _____	Trust/ Interest/Dividends \$ _____
SSI Disability \$ _____	SSD Disability \$ _____	Worker's Comp. \$ _____
Family Assistance/AFDC/TANF) \$ _____	Tips \$ _____	Other \$ _____

Are you expecting an increase in your household income in the near future?  Yes  No

**Benefits you or anyone in your household receives - check all that apply:**

<input type="checkbox"/> Food stamps/SNAP \$ _____	<input type="checkbox"/> SSI	<input type="checkbox"/> Childcare assistance	<input type="checkbox"/> Medicaid	<input type="checkbox"/> Medicare
<input type="checkbox"/> Customer Waiver Electricity	<input type="checkbox"/> Public Housing	<input type="checkbox"/> Lifeline - phone	<input type="checkbox"/> Section 8	<input type="checkbox"/> Family Assistance/TANF
<input type="checkbox"/> Senior Citizen Housing	<input type="checkbox"/> ALL Kids	<input type="checkbox"/> Utility Assistance	<input type="checkbox"/> WIC	<input type="checkbox"/> USDA/Rural Housing

**Assets**

Do you own or are you buying a home that you live in?  Yes  No  
 If yes, how much is the home worth? \$ \_\_\_\_\_ How much do you owe on the home? \$ \_\_\_\_\_  
 Do you own or are you buying land?  Yes  No  
 Do you own or are you buying any vehicles?  Yes  No  
 If yes, how many vehicles do you own or are you buying? \_\_\_\_\_ How much are the vehicle(s) worth? \$ \_\_\_\_\_  
 How much do you owe on the vehicle(s)? \$ \_\_\_\_\_ If yes, what is the value? \$ \_\_\_\_\_  
 Do you own any other property?  Yes  No If yes, what is the value? \$ \_\_\_\_\_  
 Do you have any CD's/Stocks/Bonds?  Yes  No If yes, what is the value? \$ \_\_\_\_\_  
 Do you have any money in a checking or savings account?  Yes  No  
 If yes, what is the amount in the account after your monthly expenses? \$ \_\_\_\_\_  
 Apart from the items listed, do you own anything else that may be worth more than \$5,000.00?  Yes  No  
 If yes, document the items and their value.

**Expenses:**

Please list the amount of your monthly expenses for the following:

Rent or Mortgage \$ _____	Trailer Payment \$ _____	Health Insurance \$ _____
Vehicle Payment \$ _____	Chapter 13 payment \$ _____	Home Insurance \$ _____
Vehicle Insurance \$ _____	Health Insurance \$ _____	Garnishment \$ _____
Alimony \$ _____	Childcare \$ _____	Land Payment \$ _____
Child support \$ _____	Nursing Home \$ _____	2 <sup>nd</sup> Mortgage \$ _____
Medical \$ _____	Payday Loan \$ _____	Title Loan \$ _____
Unpaid taxes \$ _____	Student Loan Payment \$ _____	Expenses to/from work \$ _____

Please briefly tell us what you need help with:

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Do you have a court hearing set?  Yes  No

If yes, what county is the hearing? \_\_\_\_\_  
 What date is the hearing? \_\_\_\_\_  
 What time is the hearing? \_\_\_\_\_

Do you have court papers?  Yes  No

If yes, what date did you get the court papers? \_\_\_\_\_  
 In what county is the court case? \_\_\_\_\_  
 What is the number in the top right corner? \_\_\_\_\_  
 Have you filed an answer?  Yes  No

Do you have any other documents related to your case?  Yes  No

Do you have any deadlines?  Yes  No  
 If yes, what is the deadline? \_\_\_\_\_