

LEGAL SERVICES CORPORATION

3333 K Street, NW 3rd Floor
Washington, D.C. 20007-3522

In re

LONE STAR LEGAL AID
(Recipient No. 744060)

Chair: Professor James Douglas
Director: Paul E. Furrh, Jr.

Notice of Questioned Costs
April 28, 2014

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MANAGEMENT DECISION

After careful consideration, the Legal Services Corporation (“LSC”), in accordance with 45 CFR Part 1630, has determined that Lone Star Legal Aid’s (“LSLA”) expenditure of LSC funds totaling \$1,451 in flowers and other “get well” items and \$665 in missing Information Technology (“IT”) items purchased with LSC funds and not supported by adequate documentation are unallowable. LSC’s decision to disallow these costs and the rationale for the decision are provided below.

BACKGROUND

Pursuant to 45 CFR Part 1630, LSC’s Office of Compliance and Enforcement (“OCE”), by Notice of Questioned Cost (“Notice”) dated February 18, 2014, advised LSLA of its intent to disallow LSLA’s expenditure of LSC funds totaling \$5,303. (A copy of the Notice is attached hereto as Exhibit A.)

Based on the findings by LSC's Office of the Inspector General ("OIG"), the Notice advised LSLA that there was sufficient basis for disallowing the following costs that were charged to LSC funds: \$2,481 for flowers and other "get well" items, which were unreasonable, unnecessary, and in violation of OMB circular A-122, 2 CFR Part 230, 12(a), and 45 CFR § 1630.3; \$1,355 in credit card charges with no supporting documentation in violation of 45 CFR § 1630.3; \$802 for the purchase of airline tickets to the District of Columbia that did not have an invoice or receipt to support the expense in violation of 45 CFR § 1630.3; and \$665 for missing IT items purchased with LSC funds that were never tagged and could not be located, and therefore were not supported by adequate documentation. Total questioned costs amounted to \$5,303.

By e-mail dated March 21, 2014, LSLA requested an extension of time in which to respond to the Notice which was granted by LSC Management, pursuant to 45 CFR § 1630.13(b). The Response to the Notice of Questioned Costs ("Response") was due on April 4, 2014 and was received by e-mail on that date. LSLA responded with evidence and arguments to demonstrate that the unallowable cost is less than that stated in the Notice and for equitable, or other reasons, the questioned costs should be allowed. In LSLA's prayer for relief, they stated "LSLA prays for whatever relief may be given in law and equity." (A copy of LSLA's April 4, 2014 Response is attached hereto as Exhibit B.)

LSLA argued that their service area was hit by Hurricane Ike in September 2008, which caused severe damage to over 50 LSLA counties, and created severe hardship for LSLA's client population and staff. LSLA requested that this hardship be given consideration in evaluating the four (4) questioned costs categories and that the questioned costs be allowed. (Response, page 1) In addition, LSLA advanced the following arguments:

- “1. The \$2,481 for flowers from 2008 and 2009 was determined to be a coding error by LSLA accounting employees and should not have been charged to LSC funds. The error should have been noticed and corrected, but due to the turmoil during the year, it was not;
2. The \$1,355 in credit card charges found to not have supporting documentation primarily occurred following the impact of Hurricane Ike and LSLA Hurricane Disaster Relief efforts. For example, cost for a U-Haul trailer was to move stored furniture from our Nacogdoches office to our Angleton office which suffered damage from Hurricane Ike. The final receipt was lost or misplaced during the turmoil that year;
3. The \$802 for the purchase of two airline tickets was for a LSLA client board member and client to attend the National Legal Aid Annual Conference in November 2008. The tickets were purchased in October 2008, shortly after Hurricane Ike and the receipts were lost or misplaced during the turmoil that year; and
4. The \$665 for missing IT items involved items whose useful life expired in less than one year and should not have been recorded on the inventory. Lone Star Legal Aid policy followed the PAMM procedure and LSLA capitalized only items with a life of greater than one year and cost of \$5,000 are inventoried or capitalized.
 - a. The lost camera's cost was only \$374.52. The list provided to the OIG included all property purchases whether the item was capitalized or expensed. This list is used by LSLA accounting staff to determine if an item should be capitalized or is a component of an item that is capitalized and subsequently depreciated. The OIG should have only been provided a list of capitalized items, not the worksheet used to review property purchases. This item, the camera, was in fact expensed and does not appear on our list of capitalized items, as stated in LSC Property Acquisition and Management Manual.” (“PAMM”) (Response, page 2)

LSLA further stated that “the camera was subsequently damaged beyond use due to the severe [sic] conditions in Disaster Relief Centers. The Dell Inspiron Mini Laptop cost \$495.05 and was below LSLA’s and PAMM’s threshold for capitalization. Again, this list is used by LSLA accounting staff to determine if an item should be capitalized or is a component of an item that is capitalized and subsequently depreciated. The OIG should have only been provided a list of capitalized items, not the worksheet used to review property purchases. LSLA later determined that the mini laptop was dropped and damaged beyond repair.” (Response, pages 1-3)

In support of its arguments, LSLA submitted the following documents: 1) an article titled “Lone Star Legal Aid launches Multi-County Free Legal Help for Residents Recovering from Hurricane Ike”, dated September 16, 2008; 2) a Dell invoice with zero balance dated February 24, 2010; 3) a Dell invoice totaling \$1,482.15, dated April 24, 2009; 4) nine (9) forms titled “New LSLA I.T. Equipment Asset Inventory Form” with the vendor listed as Dell, bearing numerous tag numbers; 5) five(5) forms titled “Check Request, Voucher Review and Approval;” four (4) totaling the same amount, \$757.60, and one totaling \$1,482.15; 6) four (4) documents pertaining to the purchase of a Canon camera for \$374.52; 7) a purchase order and “IT Purchase Request and Review” form dated April 24, 2009 for \$3,534.56, referencing Dell computers and monitors;” and 8) four (4) pages titled “LSLA FYIO Untagged IT Equipment.”

DISCUSSION AND ANALYSIS

LSC is a federally funded, private, non-membership, nonprofit corporation, organized under the laws of the District of Columbia. Established by the Legal Services Corporation Act of

1974, 42 U.S.C. §§ 2996 *et seq.*, as amended, H.R. 6666, Pub. L. 95-222 (December 28, 1977) (the "LSC Act"), LSC is authorized, among other things, to provide financial assistance to qualified programs furnishing legal assistance to eligible clients, to make grants to and contracts with other entities for the purpose of providing legal assistance to clients eligible for legal assistance under the LSC Act, and to make such other grants and contracts as are necessary to carry out the purposes and provisions of the LSC Act. *See* 42 U.S.C. § 2996e(a)(1). LSC also has authority to ensure that its grant recipients comply with the provisions of the LSC Act and the rules, regulations, and guidelines promulgated by LSC pursuant to the LSC Act. *See* 42 U.S.C. § 2996e(b)(1)(A). All LSC grants and contracts are made subject to the provisions, requirements, restrictions, and limitations contained in the LSC Act, applicable appropriations acts and other applicable laws, the regulations promulgated by LSC, and such other rules, policies, guidelines, instructions and directives issued by LSC.

LSLA is a nonprofit corporation existing under the laws of Texas with its main office in Houston, Texas. At all times relevant hereto, LSLA received annual grants from LSC for the sole purpose of providing legal assistance to persons eligible for legal assistance under the LSC Act residing in a 72-county area of Texas. In 2010, LSLA received \$11,507,677 from LSC; in 2011, it received \$10,991,968; in 2012, it received \$9,229,196; and, in 2013, it received \$9,043,832. At all times relevant hereto, LSLA agreed, in writing, to comply with the requirements of the LSC Act, applicable appropriations acts and other applicable laws, the regulations promulgated by LSC, and such other rules, policies, guidelines, instructions and

directives issued by LSC, including, but not limited to, the Accounting Guide for LSC Recipients (2010 Edition) ("LSC Accounting Guide"), and the LSC PAMM. The LSC Accounting Guide sets forth financial accounting and reporting standards for recipients of LSC funds, 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 PAMM governs the use by recipients of LSC funds to acquire, use, and dispose of real and nonexpendable personal property.

Generally, costs, or expenditures, incurred by a recipient are allowable under the recipient's LSC grant or contract. However, LSC may question the allowability of such costs where there may have been a violation of a provision of law, regulation, contract, grant, or other agreement or document governing the use of LSC funds, where the cost is not supported by adequate documentation, or where the cost appears unnecessary or unreasonable and does not reflect the actions of a prudent person under the circumstances. *See* 45 CFR § 1630.2(g). In the event that LSC determines that the expenditure should not be charged to the recipient's LSC fund, the cost may be disallowed. *See* 45 CFR § 1630.2(d). Where LSC has questioned the allowability of a cost, it is incumbent upon the recipient to demonstrate that the cost is allowable under the recipient's grant or contract. *See* 45 CFR §§ 1630.3 and 1630.4.

LSC regulations set forth standards governing the allowability of costs charged to a recipient's LSC grant or contract. *See* 45 CFR § 1630.3. A recipient's expenditures are allowable under its LSC grant or contract only if the recipient can demonstrate that the cost was,

among other things, reasonable and necessary to the performance of the LSC grant, allocable to its LSC grant, and compliant with LSC regulations and instructions and the LSC Accounting Guide. *See* 45 CFR §§ 1630.3(a)(2), 1630.3(a)(3), and 1630.3(a)(4).

The concept of reasonableness applies both to the amount of the cost and to the nature of the activity that the cost represents. In determining the reasonableness of a given cost, LSC regulations enumerate four (4) considerations, including the restraints or requirements imposed by LSC regulations. *See* 45 CFR § 1630.3(b).

LSLA's first argument stated that "the \$2,481 for flowers from 2008¹ and 2009 was determined to be a coding error by LSLA accounting employees and should not have been charged to LSC funds. The error should have been noticed and corrected, but due to the turmoil during the year, it was not."

LSC is not persuaded by this argument. The OMB Circular A-122, 2 CFR Part 230, 12(a) provides that contributions or donations, including cash, property, and services, made by the organization, regardless of the recipient, are unallowable. Expenditures by a grant recipient are allowable under the recipient's LSC grant or contract if the recipient can demonstrate that the expenditure was in compliance with, *inter alia*, the LSC Accounting Guide. *See* 45 CFR § 1630.3(a)(4). Additionally, the recipient must demonstrate that the cost is adequately and contemporaneously documented. *See* 45 CFR § 1630.3(a)(9). Finally, 45 CFR § 1630.3(b)

¹ Any prohibited costs incurred in the year 2008 would be time barred by 45 CFR § 1630.7 (b). LSLA has provided evidence indicating that \$1,030 for flowers were charged in 2008. Accordingly, the remaining expenditure of \$1,451 would be the costs questioned by LSC.

provides that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the same or similar circumstances prevailing at the time the decision was made to incur the cost. The expenditure of \$1,451 for flowers and other “get well” items would not be consistent with the purpose of the LSC grant, would be unreasonable and unnecessary, and a cost that is not of the type generally recognized as ordinary and necessary for the operation of LSLA or the performance of the grant or contract. *See* 45 CFR § 1630.3(b)(1). Therefore, LSC has determined the expenditure of \$1,451 should be disallowed.

LSLA’s second argument stated that “the \$1,355 in credit card charges found to not have supporting documentation primarily occurred following the impact of Hurricane Ike and LSLA Hurricane Disaster Relief efforts.”

Some of the costs related to the amount of \$1,355 are time barred from being questioned, pursuant to 45 CFR § 1630.7(b) and LSLA has provided sufficient evidence to support the additional expenses incurred in 2009. LSLA provided LSC with a chart of expenses incurred in 2008 and 2009. The expenses incurred for 2009, which were supported with receipts, and found acceptable by LSC, totaled \$660.00. The expenses incurred in 2008, which are time barred, totaled \$722.

As the costs amounting to \$722 are time barred pursuant to 45 CFR § 1630.7(b), and LSLA has provided sufficient documentation for 2009 expenses totaling \$660, LSC has determined all of these expenses to be allowable.

LSLA's third argument stated that "the \$802 for the purchase of two airline tickets was for a LSLA client board member and client to attend the National Legal Aid Annual Conference in November 2008. The tickets were purchased in October 2008, shortly after Hurricane Ike and the receipts were lost or misplaced during the turmoil that year."

Pursuant to 45 CFR § 1630.7(b), more than five (5) years have elapsed since LSLA incurred this cost. Therefore, LSC will not further question or seek to disallow this expenditure.

LSLA's final argument stated that "the camera's cost was \$374.52 was expensed, and does not appear on LSLA's list of capitalized items, as stated in the PAMM. The camera was damaged beyond repair in the Disaster Relief Centers." LSLA further argued that the Dell Inspiron Mini Laptop cost \$494.05 was below both LSLA's and the PAMM's threshold for capitalization, and had been damaged beyond use.

LSC is not persuaded by this argument. The evidence provided by LSLA to sustain this argument is nebulous at best. LSLA has not provided LSC with a description of the three (3) missing IT items purchased with LSC funds. The two (2) items discussed by LSLA totaled \$869.57 and not the \$665 LSC questioned in the Notice. LSLA has the burden of proof, and that burden has not been met. *See* 45 CFR § 1630.5. As noted above, LSLA provided LSC with the following documents in support of its position: a Dell invoice with zero balance dated February 24, 2010; A Dell invoice totaling \$1,482.15, dated April 24, 2009; nine (9) forms titled "New LSLA IT Equipment Asset Inventory Form" with the vendor listed as Dell, bearing numerous tag numbers; five(5) forms titled "Check Request, Voucher Review and Approval," four (4)

totaling the same amount, \$757.60, and one totaling \$1,482.15; four (4) documents pertaining to the purchase of a Canon camera for \$374.52; a purchase order and an “IT Purchase Request and Review” form dated April 24, 2009 for \$3,534.56, referencing Dell computers and monitors; and a four (4) page list titled “LSLA FYIO Untagged IT Equipment.” The documents provided do not reflect the three (3) missing items which totaled \$665. Accordingly, LSLA has failed to sustain their burden of proof regarding these items.

A recipient must demonstrate that the cost is adequately and contemporaneously documented. *See* 45 CFR § 1630.3(a)(9). Further, in accordance with Chapter 3 of the LSC Accounting Guide, “an LSC grantee....is required to establish and maintain adequate accounting records and internal control procedures.” *See* LSC Accounting Guide Chapter 3, at 22. “The LSC Accounting Guide defines internal control as the process put in place, managed and maintained by the recipient’s board of directors and management, which is designed to provide reasonable assurance of achieving the following objectives: 1. safeguarding of assets against unauthorized use or disposition; 2. reliability of financial information and reporting; and 3. compliance with regulations and laws that have a direct and material effect on the program.” *See* LSC Accounting Guide Chapter 3, at 22.

The LSC Accounting Guide provides that property purchases should be recorded in a property subsidiary record and should include: description of the property; date acquired; check number; original cost; fair value (if donated); method of valuation (if donated); salvage value, if any; funding source; estimated life; depreciation method; identification number; and location.


The failure to maintain adequate property records may result in the inability to fully account for fixed asset purchases, and to support depreciation amounts and property asset balances. *See* LSC Accounting Guide Chapter 3, at 35.

CONCLUSION

For the reasons set forth above, LSC has determined that LSLA failed to demonstrate that certain costs were allowable, or that LSC should not recover part of the amount stated in the Notice. Accordingly, LSC has determined that there is sufficient basis for disallowing the following costs that were charged to LSC funds: \$1,451 for flowers and other “get well” items, which were unreasonable, unnecessary, and in violation of OMB circular A-122, 2 CFR Part 230, 12(a) and 45 CFR § 1630.3; and \$665 for missing IT items purchased with LSC funds that were never tagged and could not be located, and therefore are not supported by adequate documentation. The costs herein questioned, totaling \$2,116, will be disallowed and recovered from LSLA’s remaining LSC basic fund grant payments during the 2014 grant year.

In accordance with 45 CFR § 1630.7(2)(e), since the amount of the disallowed cost does not exceed \$2,500, LSLA has no right of appeal to the Corporation’s President.

LEGAL SERVICES CORPORATION


Lynn A. Jennings
Vice President for Grants Management

Dated: April 28, 2014

EXHIBIT - A

LEGAL SERVICES CORPORATION

3333 K Street, NW 3rd Floor
Washington, D.C. 20007-3522

In re

LONE STAR LEGAL AID
(Recipient No. 744060)

Chair: David Swenson
Director: Paul E. Furrh, Jr.

Notice of Questioned Costs
February 18, 2014

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NOTICE OF QUESTIONED COSTS

Pursuant to 45 CFR Part 1630, the Legal Services Corporation ("LSC" or "Corporation") hereby gives notice to Lone Star Legal Aid ("LSLA") that the expenditure of LSC funds by LSLA, totaling \$5,303, are questioned as allowable costs.

STATEMENT OF FACTS

LSC is a federally funded, private, non-membership, nonprofit corporation, organized under the laws of the District of Columbia. Established by the Legal Services Corporation Act of 1974, 42 U.S.C. §§ 2996 *et seq.*, as amended, H.R. 6666, Pub. L. 95-222 (December 28, 1977) (the "LSC Act"), LSC is authorized, among other things, to provide financial assistance to qualified programs furnishing legal assistance to eligible clients, to make grants to and contracts with other entities for the purpose of providing legal assistance to clients eligible for legal assistance under the LSC Act, and to make such other grants and contracts as are necessary to

carry out the purposes and provisions of the LSC Act. *See* 42 U.S.C. § 2996e(a)(1). LSC also has authority to ensure that its grant recipients comply with the provisions of the LSC Act and the rules, regulations, and guidelines promulgated by LSC pursuant to the LSC Act. *See* 42 U.S.C. § 2996e(b)(1)(A). All LSC grants and contracts are made subject to the provisions, requirements, restrictions, and limitations contained in the LSC Act, applicable appropriations acts and other applicable laws, the regulations promulgated by LSC, and such other rules, policies, guidelines, instructions and directives issued by LSC.

LSLA is a nonprofit corporation existing under the laws of Texas with its main office in Houston, Texas. At all times relevant hereto, LSLA received annual grants from LSC for the sole purpose of providing legal assistance to persons eligible for legal assistance under the LSC Act residing in a 72-county area of Texas. In 2010, LSLA received \$11,507,677 from LSC; in 2011, it received \$10,991,968; in 2012, it received \$9,229,196; and, in 2013, it received \$9,043,832. At all times relevant hereto, LSLA agreed, in writing, to comply with the requirements of the LSC Act, applicable appropriations acts and other applicable laws, the regulations promulgated by LSC, and such other rules, policies, guidelines, instructions and directives issued by LSC, including, but not limited to, the Accounting Guide for LSC Recipients (2010 Edition) ("LSC Accounting Guide"), and the LSC Property Acquisition and Management Manual ("PAMM"). The LSC Accounting Guide sets forth financial accounting and reporting standards for recipients of LSC funds, 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 PAMM governs the use by recipients of LSC funds to acquire, use, and dispose of real and nonexpendable personal property.

LSC's Office of the Inspector General ("OIG") recently assessed the adequacy of selected internal controls in place at LSLA. Audit work was conducted at LSLA's main office in Houston, Texas, and at its branch offices in Nacogdoches, Waco, and Angleton, Texas. The on-site fieldwork was conducted during five (5) separate visits by the OIG to LSLA between August 2010 and January 2011. In a report dated January 2013, *Report on Selected Internal Controls-Lone Star Legal Aid, RNO 744060*, Report No. AU 13-02, the OIG found the following uses of LSC funds to be potentially questionable under 45 CFR Part 1630: 1) \$4,639 expended in credit card charges that were unsupported by documentation and determined to be unreasonable and unnecessary, which included charges for two (2) airline tickets, and the purchase of flowers and other "get well" items for personal life events of employees; 2) \$40,458 utilized for purchases greater than \$10,000 for which LSLA did not obtain the required prior LSC approval; and 3) the value of three (3) items of untagged IT equipment listed in LSLA's property records totaling \$665¹ that could not be physically located. See OIG's *Report on Selected Internal Controls-Lone Star Legal Aid, RNO 744060*, Report No. AU13-02 (January 2013), p. 9-12, attached hereto as Exhibit 1.

¹ Subsequent to the OIG issuing its draft report, LSLA provided the specific location for 37 of the 40 assets that could not be located while the OIG was on-site. The OIG reviewed the information and reduced the amount of questioned costs attributed to missing IT items from \$19,628 to \$665, the cost of the three (3) remaining items.

After reviewing the OIG's report, including LSLA's management responses to the OIG, the memorandum provided by the OIG dated February 22, 2013, the IT purchase request and review document provided by LSLA, responses to questions posed by the Office of Compliance and Enforcement ("OCE"), located equipment OIG audit document, unallowable costs document from 2009 per check register, and a purchase order provided by LSLA, LSC has determined, that pursuant to its authority under 45 CFR Part 1630, there is sufficient basis for disallowing certain costs and incorporates the OIG's findings of fact and legal basis, as discussed below. *See OIG's Report on Selected Internal Controls-Lone Star Legal Aid, RNO 744060, Report No. AU13-02 (January 2013), attached hereto as Exhibit 1.* However, as LSC has determined that there is no basis in law to question the \$40,458 utilized for purchases of personal property in excess of \$10,000 without obtaining LSC's prior approval, no discussion or analysis of that issue is warranted in this Notice.

DISCUSSION AND ANALYSIS

LSC regulations provide uniform standards for the allowability of costs. *See 45 CFR Part 1630.* Generally, expenditures by a recipient are allowable under the recipient's LSC grant or contract only if the recipient can demonstrate that the expenditures meet certain criteria. *See 45 CFR § 1630.3(a).* Costs charged to a grant recipient's LSC fund may be disallowed, or questioned, upon a finding that there has been a violation of a provision of law, regulation, contract, grant, or other agreement or document governing the use of LSC funds, the cost is not supported by adequate documentation, or the cost incurred appears unnecessary or unreasonable

and does not reflect the actions a prudent person would take in the circumstances. *See* 45 CFR § 1630.2(g).

When the OIG, the Government Accounting Office (“GAO”), or an independent auditor or other audit organization authorized to conduct an audit of a grant recipient has identified and referred a questioned cost to LSC, LSC management shall review the findings of the OIG, GAO, or independent auditor or other authorized audit organization, as well as the grant recipient’s written response to the findings, in order to determine accurately the amount of the questioned cost, the factual circumstances giving rise to the cost, and the legal basis for disallowing the cost. *See* 45 CFR § 1630.7(a). If LSC determines that there is a basis for disallowing a questioned cost, and if not more than five (5) years have elapsed since the recipient incurred the cost, LSC shall provide the recipient written notice of its intent to disallow the cost. The written notice shall state the amount of the cost and the factual and legal basis for disallowing it. *See* 45 CFR § 1630.7(b).²

“Questioned cost means a cost that a recipient has charged to Corporation funds which Corporation management, the OIG, the GAO, or an independent auditor or other audit organization authorized to conduct an audit of a recipient has questioned because of an audit or other finding that: (1) There may have been a violation of a provision of law, regulation, contract, grant, or other agreement or document governing the use of Corporation funds; (2) The

² The recovery of a disallowed cost does not constitute a permanent reduction in the annualized funding level of the recipient, nor does it constitute a termination of financial assistance under 45 CFR Part 1606, or a suspension of funding under 45 CFR Part 1623. *See* 45 CFR § 1630.9(b).

cost is not supported by adequate documentation; or (3) The cost incurred appears unnecessary or unreasonable and does not reflect the actions a prudent person would take in the circumstances.” *See* 45 CFR § 1630.2(g)(1). In the instant matter, for \$5,303 of the total costs referred by the OIG as questionable, at least one or more of the conditions exist.

Recipients are required to establish and maintain adequate accounting records and internal control procedures. The internal controls are designed to provide reasonable assurance of reliable financial reporting, compliance with the laws and regulations having a direct and material effect on the recipient, and safeguarding assets against unauthorized use or disposition. *See* LSC Accounting Guide, §3-4 (2010 Edition). *See also*, Audit Guide for Recipients and Auditors (1996), I-9A, page 3. The OIG identified the following internal control weaknesses at LSLA:

A. Inadequately Supported Disbursements-Unallowable Expenses

The OIG review of a sample of 190 disbursements totaling \$692,585 revealed 31 instances where purchases had no supporting documentation, were inadequately supported, or were not allowable under the LSC regulations for a total of \$7,681. Subsequent to receiving the draft report, LSLA management provided documentation to the OIG fully supporting (5) five of the disbursements and partially supporting (6) six other disbursements for a total of \$3,042. As a result, the OIG’s final report questioned \$4,639 in disbursements as unsupported or unnecessary charges to the LSC funds within the meaning of 45 CFR § 1630.2. LSC’s review revealed the following:

No Supporting Documentation

The OIG found that 13 transactions made using the Executive Director's credit card did not have supporting documentation attached to the credit card statement and that the purchases included meals, a U-Haul rental, and hotel stays. The OIG further found that for five (5) of these instances, meals were purchased, but the business purpose and the names of people in attendance were not provided with the receipt. The OIG found disbursements valued at \$1,355 in credit card charges were charged to LSC funds with no supporting documentation

LSC finds \$1,355 in credit card charges were charged to LSC funds with no supporting documentation in violation of 45 CFR § 1630.3. "Expenditures by a recipient are allowable under the recipients grant or contract only if the recipient can demonstrate that the cost was adequately and contemporaneously documented in business records accessible during normal business hours to Corporation management, the Office of Inspector General, the General Accounting Office, and independent auditors or other audit organizations authorized to conduct audits of recipients." *See* 45 CFR § 1630.3(a)(9).

Accordingly, LSC finds that there is sufficient basis for disallowing these costs.

Inadequately Supported Disbursements

The OIG found that one (1) disbursement involved the purchase of two (2) airline tickets totaling \$802, charged to LSC funds, to Washington, DC, but no invoice or receipt was included with the supporting documentation. The OIG also found that the expense was included on a travel expense report that indicated the airline tickets were purchased for two (2) staff members

to attend a conference, but there was no itinerary or receipt attached to confirm what was claimed on the expense report. An invoice or receipt is required according to LSLA's disbursement policy. The OIG found that the expenditure was not adequately supported by documentation.

LSC finds that the \$802 expended for the purchase of airline tickets to the District of Columbia did not have an invoice or receipt to support the expense in violation of 45 CFR § 1630.3. "Expenditures by a recipient are allowable under the recipients grant or contract only if the recipient can demonstrate that the cost was adequately and contemporaneously documented in business records accessible during normal business hours to Corporation management, the Office of Inspector General, the General Accounting Office, and independent auditors or other audit organizations authorized to conduct audits of recipients." *See* 45 CFR § 1630.3(a)(9).

Accordingly, LSC finds that there is sufficient basis for disallowing these costs.

Unallowable Expenses

The OIG also found that in 16 instances of other unnecessary or unallowable expenses, including the purchase of flowers and other "get well" items totaling \$2,481 that were not consistent with the purpose of the LSC grant and were charged to LSC funds. The OIG also found LSLA's accounting manual includes a listing of allowable items pursuant to OMB Circular A-122 and provides that unallowable items include things such as "Goods or Services for Personal Use," "Contributions and Donations," and "Entertainment." As a result, the OIG's final report questioned \$2,481 in disbursements as unreasonable, unsupported, or unnecessary charges to LSC funds within the meaning of 45 CFR § 1630.2. In response to the OIG, LSLA

stated that the “Executive Director has instructed the CFO to enforce policies and procedures that require disbursements to be accompanied by adequate support before payment. In its further response to the OIG, the Executive Director also stated that he has reviewed allowable and unallowable expenses with the CFO and instructed the CFO to review all allowable and unallowable expenses with the staff connected with purchasing.” *See OIG’s Report on Selected Internal Controls-Lone Star Legal Aid, RNO 744060, Report No. AU13-02 (January 2013), at 13, attached hereto as Exhibit 1.*

The OMB Circular A-122 , 2 CFR Part 230, 12(a) provides that contributions or donations, including cash, property, and services, made by the organization, regardless of the recipient, are unallowable. The expenditure of \$2,481 for flowers and other “get well” item would not be consistent with the purpose of the LSC grant, would be unreasonable and unnecessary, and a cost that is not of the type generally recognized as ordinary and necessary for the operation of LSLA or the performance of the grant or contract. *See 45 CFR § 1630.3(b)(1).*

Again, expenditures by a grant recipient are allowable under the recipient’s LSC grant or contract if the recipient can demonstrate that the expenditure was in compliance with, *inter alia*, the Accounting Guide for LSC Recipients. *See 45 CFR § 1630.3(a)(4).* Additionally, the recipient must demonstrate that the cost is adequately and contemporaneously documented. *See 45 CFR § 1630.3(a)(9).*

45 CFR § 1630.3(b) provides that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the same or similar

circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonableness of a given cost, LSC regulations require consideration of, among other things:

- (1) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the recipient or the performance of the grant of contract;
- (2) Whether the recipient acted with prudence under the circumstances, considering its responsibilities to its clients and employees, the public at large, LSC, and the federal government; and
- (3) Significant deviations from established practices of the recipient which may unjustifiably increase the grant or contact cost. *See* 45 CFR § 1630.3(b). *See also*, OMB Circular A-122, 2 CFR Part 230, Appendix A.

Accordingly, LSC finds that there is sufficient basis for disallowing these costs.

B. Internal Controls over IT Equipment-Tagging of IT Equipment

As determined by the OIG, the process of tagging equipment by LSLA was not being performed adequately to ensure that all equipment was properly accounted for after being purchased. The OIG found and explained to LSLA that “tagging is a process where an identification marker such as a tag is placed on equipment to help identify the program’s equipment and to keep track of the location of that equipment.” *See* OIG’s *Report on Selected Internal Controls-Lone Star Legal Aid*, RNO 744060, Report No. AU13-02 (January 2013), at 9, attached hereto as Exhibit 1. The OIG originally identified 40 items, valued at \$19,628, which could not be physically located. However, subsequent to the issuance of the OIG’s draft report, LSLA management provided the OIG with information on the location of 37 of the 40 items that could not be located at the time of the OIG’s on-site review. As a result, the OIG only referred to

LSC management \$665, for the three (3) missing items charged to LSC funds, as unallowable costs within the meaning of 45 CFR § 1630.2.

In response to the OIG's draft report, LSLA indicated that "the Executive Director has instructed LSLA's CFO to review and reemphasize tagging procedures for all incoming equipment, and has also instructed the CFO and Director of IT to securely store all unissued IT equipment." *See OIG's Report on Selected Internal Controls-Lone Star Legal Aid, RNO 744060, Report No. AU13-02 (January 2013), at 10, attached hereto as Exhibit 1.*

The recipient must demonstrate that the cost is adequately and contemporaneously documented. *See 45 CFR § 1630.3(a)(9).* Further, in accordance with Chapter 3 of the LSC Accounting Guide, "an LSC grantee....is required to establish and maintain adequate accounting records and internal control procedures." *See LSC Accounting Guide (2010 Edition) Chapter 3, at 22.* "The LSC Accounting Guide defines internal control as the process put in place, managed and maintained by the recipient's board of directors and management, which is designed to provide reasonable assurance of achieving the following objectives: 1. safeguarding of assets against unauthorized use or disposition; 2. reliability of financial information and reporting; and 3. compliance with regulations and laws that have a direct and material effect on the program." *See LSC Accounting Guide (2010 Edition) Chapter 3, at 22.*

As noted by the OIG in its report, having accurate tagging information recorded could have helped LSLA to keep track of the missing equipment. The OIG found that LSLA's accounting manual requires that all property be tagged upon receipt and recorded in the property

control system, however, the policy was not followed. *See* OIG's *Report on Selected Internal Controls-Lone Star Legal Aid*, RNO 744060, Report No. AU13-02 (January 2013), at 9, attached hereto as Exhibit 1.

The LSC Accounting Guide provides that property purchases should be recorded in a property subsidiary record and should include as follows: description of the property; date acquired; check number; original cost; fair value (if donated); method of valuation (if donated); salvage value, if any; funding source; estimated life; depreciation method; identification number; and location. The failure to maintain adequate property records may result in the inability to fully account for fixed asset purchases, and to support depreciation amounts and property asset balances. *See* LSC Accounting Guide (2010 Edition), at 35.

Accordingly, LSC finds that, due to the lack of adequate documentation in violation of 45 CFR § 1630.2(g)(2), including failing to tag and physically locate the three (3) missing items, there is sufficient basis for disallowing the costs incurred by LSLA in the amount of \$665.

CONCLUSION

For the reasons set forth above, LSC finds that there is sufficient basis for disallowing the following costs that were charged to LSC funds: \$2,481 for flowers and other "get well" items, which were unreasonable, unnecessary, and in violation of OMB circular A-122, 2 CFR Part 230, 12 (a) and 45 CFR § 1630.3; \$1,355 in credit card charges with no supporting documentation in violation of 45 CFR § 1630.3; \$802 for the purchase of airline tickets to the District of Columbia that did not have an invoice or receipt to support the expense in violation of 45 CFR § 1630.3;


and \$665 for missing IT items purchased with LSC funds that were never tagged and could not be located, and therefore are not supported by adequate documentation. Total questioned costs are \$5,303.

In accordance with 45 CFR § 1630.7(c), LSLA may, within thirty (30) days of its receipt of this Notice, respond to the undersigned with written evidence and argument to demonstrate that the questioned costs were allowable, or that LSC, for equitable, practical, or other reasons, should not recover all or part of the questioned amount, or that any recovery should be made in installments. If LSLA fails to so respond within the time allotted, the costs herein questioned, totaling \$5,303, will be disallowed and recovered from LSLA's remaining LSC basic grant payments during the 2014 grant year.

LEGAL SERVICES CORPORATION



BY: Joseph H. Green, Jr., Program Counsel
Office of Compliance and Enforcement



BY: Lynn A. Jennings
Vice President for Grants Management

Dated: February 18, 2014



Office of Inspector General
Legal Services Corporation

Inspector General
Jeffrey E. Schanz

3333 K Street, NW, 3rd Floor
Washington, DC 20007-3558
202.295.1660 (p) 202.337.6616 (f)
www.oig.lsc.gov

January 15, 2013

Paul E. Furrh, Jr.
Executive Director
Lone Star Legal Aid
1415 Fannin Street
Houston, TX 77002


Dear Mr. Furrh:

Enclosed is the Office of Inspector General's (OIG) final report of our audit on Selected Internal Controls at Lone Star Legal Aid (LSLA). The OIG has reviewed your comments on the draft report findings and recommendations and has determined that the actions LSLA has planned or taken relating to Recommendations 1, 3, 4, 5, 6, 7, 8, and 9 are responsive. The OIG has closed Recommendations 5, 6, 8, and 9. Recommendation 2 was only partially responsive because the comments did not address all aspects of the recommendation. Recommendation 2 will be referred to LSC management for resolution. The full text of your comments is included in this report as Appendix I.

The OIG is referring \$45,762 in questioned costs to LSC management for their determination. These costs involve unsupported credit card charges, purchases exceeding \$10,000 for which LSC prior approval was not obtained, and physical inventory items that could not be located.

Thank you for your cooperation and courtesy.

Sincerely,


Jeffrey E. Schanz
Inspector General

Enclosure

cc: Legal Services Corporation
Jim Sandman
President

Lynn A. Jennings
Vice President for Grants Management



**LEGAL SERVICES CORPORATION
OFFICE OF INSPECTOR GENERAL**

REPORT ON SELECTED INTERNAL CONTROLS

LONE STAR LEGAL AID

RNO 744060

Report No. AU13-02

January 2013

www.oig.lsc.gov

TABLE OF CONTENTS

INTRODUCTION.....	1
BACKGROUND.....	1
OBJECTIVE	2
SCOPE AND METHODOLOGY	2
OVERALL EVALUATION	3
Summary of Grantee Comments.....	4
OIG Overall Evaluation of Grantee Comments.....	4
AUDIT FINDINGS	5
Control Deficiencies	5
Recommendation 1	7
Recommendation 2	7
Recommendation 3	7
Grantee Comments	7
OIG Evaluation of Grantee Comments	8
Cost Allocation Process Not Documented.....	8
Recommendation 4	8
Grantee Comments	8
OIG Evaluation of Grantee Comments.....	9
Internal Controls over IT Equipment.....	9
Recommendation 5	10
Recommendation 6	10
Grantee Comments	10
OIG Evaluation of Grantee Comments.....	10
LSC Prior Approval for Items over \$10,000.....	10
Recommendation 7	11
Grantee Comments	11
OIG Evaluation of Grantee Comments.....	11

TABLE OF CONTENTS
(continued)

Disbursements Not Adequately Supported	11
Recommendation 8	12
Recommendation 9	12
Grantee Comments	13
OIG Evaluation of Grantee Comments	13

APPENDIX I – GRANTEE MANAGEMENT COMMENTS

APPENDIX II – SUPPLEMENTAL INFORMATION FROM GRANTEE MANAGEMENT

INTRODUCTION

The Legal Services Corporation (LSC) Office of Inspector General (OIG) assessed the adequacy of selected internal controls in place at Lone Star Legal Aid (LSLA or grantee) related to grantee operations and oversight. Audit work was conducted at the grantee's main office in Houston, Texas, and its branch offices in Nacogdoches, Waco and Angleton, Texas. Five separate on-site visits were conducted from August 2010 through January 2011.

In accordance with the Legal Services Corporation Accounting Guide for LSC Recipients (2010 Edition) (Accounting Guide), Chapter 3, an LSC grantee "...is required to establish and maintain adequate accounting records and internal control procedures." The Accounting Guide defines internal control as follows:

The process put in place, managed and maintained by the recipient's board of directors and management, which is designed to provide reasonable assurance of achieving the following objectives:

- 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.

Chapter 3 of the Accounting Guide further provides that each grantee "must rely upon its own system of internal accounting controls and procedures to address concerns" such as preventing defalcations and meeting the complete financial information needs of its management.

BACKGROUND

LSLA was formed in December 2001 after the merger of three legal aid organizations, East Texas Legal Services (ETLS), Gulf Coast Legal Foundation and portions of Legal Aid of Central Texas. The grantee's headquarters is in Houston, Texas. The grantee provides free legal services to low income individuals. In 2010, the grantee operated out of 14 offices located in East Texas counties, served clients in Southwest Arkansas and employed a staff of 227 attorneys, paralegals and administrative staff. In addition to funding from LSC, the grantee receives funding from the U.S. Department of Justice and the U.S. Department of Health and Human Services. It also receives grants passed through the Texas Equal Access to Justice Foundation. Those grants are for the: Basic Civil Legal Services program, Crime Victims Civil Legal Services program, and Parenting Order Legal Clinic Project. According to LSC data for calendar year 2009 and 2010, the grantee received LSC funding of \$10,226,812 and \$11,042,283 respectively.

OBJECTIVE

The overall objective was to assess the adequacy of selected internal controls in place at LSLA as the controls related to specific grantee operations and oversight, including program expenditures, fiscal accountability and compliance with selected LSC regulations. We also reviewed other specific issues that were communicated to our office prior to our visit. The audit evaluated selected financial areas and tested related controls to ensure that costs were adequately supported and allowed under the LSC Act and LSC regulations. In addition, the audit determined whether controls were properly designed to ensure compliance with the LSC Act and the LSC regulations selected for review. The audit did not however evaluate compliance with the selected LSC regulations.

SCOPE AND METHODOLOGY

To accomplish the objective, the OIG reviewed controls over disbursements, selected LSC regulations, and other areas that were brought to our attention. To obtain an understanding of the internal controls over these areas, we reviewed grantee policies and procedures, including manuals, guidelines, memoranda and directives setting forth current grantee practices. Grantee management officials and staff were interviewed to obtain an understanding of the internal control framework, their knowledge and understanding of the processes and to give explanations for other issues brought to our attention. Documentation supporting financial transactions recorded by the grantee was reviewed to test the controls in place. We assessed the reliability of computer generated data provided by the grantee by reviewing source documentation for the entries selected for review. We determined that the data were sufficiently reliable for the purposes of this report.

Fieldwork was conducted at LSLA's headquarters located in Houston, Texas and at field offices located in Waco, Angleton and Nacogdoches, Texas. With respect to fieldwork performed at Houston, we tested the controls over and the appropriateness of expenditures by reviewing invoices, vendor lists and general ledger details. We judgmentally selected a sample of expenditures with an emphasis on employee reimbursements, and vendor files. The sample consisted of 190 disbursement transactions totaling \$692,585 and was drawn from expenditures made during fiscal year 2009 through October 31, 2010 and six selected 2008 disbursements. To assess the appropriateness of expenditures, we reviewed invoices, vendor lists, and general ledger details. The appropriateness of those expenditures was evaluated on the basis of the grant agreements, applicable laws and regulations, and LSC policy guidance. We also examined documentation or conducted interviews related to specific issues that were communicated to us, prior to our audit, at each of the offices that we visited.

To evaluate internal controls over internal management reporting and budgeting, the grantee's system and processes were compared to those detailed in the *Fundamental Criteria of an Accounting and Financial Reporting System (Fundamental Criteria)*

contained in the Accounting Guide. To review internal controls over compliance with specific LSC regulations (45 CFR Parts 1610, 1612 and 1617), we examined written compliance policies and procedures, including applicable LSC mandated recordkeeping requirements, reviewed applicable documentation and reports, and interviewed staff to determine if the controls were designed in a manner to ensure compliance with the provisions of LSC regulations reviewed.

Internal controls over employee reimbursements and written personnel policies and practices were examined. Additionally, employee reimbursements were judgmentally sampled and reviewed as part of disbursement testing.

The audit was limited in scope and was not sufficient for expressing an opinion on the entire system of the grantee's internal controls over financial operations or over LSC regulations.

Five separate on-site visits were conducted during the period August 2010 through January 2011. Audit work was conducted at the grantee's main office in Houston, Texas, its branch offices in Nacogdoches, Waco and Angleton, and at LSC headquarters in Washington, DC. Documents reviewed pertained to the period January 1, 2009 to October 31, 2010 and six selected 2008 disbursements.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the finding and conclusions based on the audit objectives. The OIG believes that the evidence provides a reasonable basis for the findings and conclusions based on the audit objectives.

OVERALL EVALUATION

Our audit found a number of significant problems with the design and operation of some of the internal controls reviewed at Lone Star Legal Aid. We noted that duties were not properly segregated in the areas of payroll processing, office supply purchases, maintenance of the vendor list and IT equipment purchasing. The grantee's disbursements tested were, for the most part, adequately supported and allowable. However, we did find charges that we believe should not have been charged to LSC funding. These included \$7,681 of unsupported credit card charges¹, charges for two airline tickets that were not adequately supported and the purchase of flowers and other

¹ Subsequent to the draft report, grantee management provided additional documentation that fully supported five of the transactions and partially supported six other transactions. We have reviewed the additional documentation and will reduce the amount of questioned costs associated with unsupported or unnecessary transactions from \$7,681 to \$4,639.

"get well" items for personal life events of employees. We also found \$40,458² in purchases greater than \$10,000 in which the grantee did not obtain the required prior LSC approval. Lastly, we could not physically locate 40 items of untagged IT equipment that were in the grantee's property records totaling \$19,628³. The OIG is questioning \$45,762 of these costs (adjusted as reflected in footnotes 1 and 2) and will refer the questioned costs to LSC management.

The grantee's written policies and procedures appear to be adequate and in accordance with LSC's *Fundamental Criteria* except for the cost allocation methodology. Policies and procedures related to the cost allocation process need to be documented in the grantee's accounting manual. The grantee's budgeting and management reporting process appeared adequate and to be operating effectively. Our testing of contracting and related controls did not identify any reportable issues. Controls over the selected regulations reviewed were designed in a manner expected to ensure compliance with the LSC Act and LSC regulations.

Summary of Grantee Comments

The grantee included a general comment in its response that stated a new Chief Financial Officer (CFO) was hired and began working for the program in May 2012. The general comment also stated that the CFO has been tasked to review, develop, and supplement LSLA's accounting manual, policies and procedures where necessary, and ensure that policies, procedures and practices are followed and enforced. The grantee agreed with all nine recommendations and has or will take appropriate actions to implement the recommendations.

The full text of grantee management's comments can be found at Attachment I. A summary of management comments can be found after each recommendation or series of recommendations.

OIG Overall Evaluation of Grantee Comments

Grantee actions taken or planned are responsive to eight of the nine recommendations, and partially responsive to one recommendation. Also, the OIG considers four of the nine recommendations as closed. The grantee's response to Recommendation 2 is considered partially responsive because management did not address all aspects of the recommendation. Grantee management disagreed with the finding and questioned cost associated with obtaining prior approval from LSC for major acquisitions. However, management is taking action to fully implement the recommendation. The OIG's

² Prior to issuing the final report, LSC issued an internal opinion stating that maintenance and service costs are not used to determine if a purchase exceeds the \$10,000 threshold requiring LSC prior approval. Following that opinion for purposes of this report, the finding and questioned costs contained in the draft report addressing LSC's prior approval requirement for purchases over \$10,000 were updated to reflect LSC's position. The OIG is therefore reducing the questioned costs for this finding to \$40,458 from the \$60,124 identified in the draft report.

³ Subsequent to issuing the draft, the grantee provided the specific location for 37 of the 40 assets that could not be located while the audit staff was on site. We have reviewed the information provided and will reduce the amount of questioned cost from \$19,628 to \$665, the cost of the remaining three items.

specific evaluation of management's comments can be found after the Grantee Comments section for each finding.

The OIG will refer question costs totaling \$45,762 to LSC management. This includes \$40,458 for acquisitions made without LSC approval that exceeded \$10,000; \$4,639 for disbursements that were either unsupported or not allowed; and \$665 for three missing pieces of equipment. These amounts reflect the revised amount based on additional information supplied by management (see footnotes 1 and 2).

AUDIT FINDINGS

CONTROL DEFICIENCIES

Controls needed to be strengthened in several areas. These controls include segregation of duties, documenting the cost allocation process, managing IT equipment, obtaining approval from LSC for purchases over \$10,000, ensuring expenditures are documented and ensuring only allowable expenses are charged to LSC funds. As a result, the OIG is questioning \$40,458 for three purchases that did not receive required prior approval from LSC, \$4,639 of unsupported and unnecessary charges to LSC funds and \$665 for three items of IT equipment that could not be located⁴.

Segregation of Duties

LSLA did not segregate duties for four major businesses processes. These processes were payroll, office supply purchases, maintenance of the vendor list, and IT equipment purchases.

According to LSC's Accounting Guide

Accounting duties should be segregated to ensure that no individual simultaneously has both the physical control and the record keeping responsibility for any asset, including, but not limited to, cash, client deposits, supplies and property. Duties must be segregated so that no individual can initiate, execute, and record a transaction without a second independent individual being involved in the process.

Without properly segregating duties, there is an increased possibility that misappropriation, concealment, or theft could happen and not be discovered timely.

⁴ The questioned cost amounts were modified after the draft report was issued based on additional information provided by the grantee. The original numbers were \$7,681 of unsupported and unnecessary charges to LSC funds and \$19,628 for 40 items of IT equipment that could not be located. The original amounts will be used as support for the findings.

Payroll

The Assistant Business Manager, who processes payroll, had rights and privileges within the payroll system that allowed the Manager to process transactions without a second independent individual being involved. The Manager could perform the following in the payroll system without additional authorization or oversight.

- Process payroll and send the information to the payroll processing vendor—ADP.
- Establish new employees.
- Change pay rates.
- Add overtime pay to employees.

Moreover, the Director of Finance (DOF), the Manager's immediate supervisor, did not provide adequate oversight of the payroll process. A detailed review of payroll was not performed prior to submission of the information to ADP or after the payroll and supporting schedules were returned or made available for online review.

Office Supply Purchases

The Supply Coordinator, who is responsible for maintaining an adequate office supply stock for the main Houston office and the ancillary offices, ordered supplies, received the goods, and approved them for payment. Our discussions with the Supply Coordinator disclosed that he seeks approval from the Chief Operating Officer prior to ordering supplies, but does not maintain evidence of that approval. He also informed us that when he receives office supplies, he would discard the corresponding receiving reports. Of ten office supply purchases reviewed, totaling \$35,163, no receiving reports were on file. Consequently, we were unable to confirm the receipt of the office supplies.

LSLA has a written policy in its accounting manual requiring a three way match with the purchase order, invoice, and receiving report prior to making payment. Without documented prior approval of purchases and without receiving reports on hand, we could not confirm that the goods purchased were authorized by appropriate officials and that those goods were actually received by the program.

Maintenance of the Vendor List

The Accounting Secretary maintained the vendor list and was significantly involved in the disbursement process. With respect to the maintenance of the vendor lists, the Accounting Secretary could perform the following:

- Add a vendor in the accounting system.
- Change vendor addresses.
- Change vendor phone numbers.

The Accounting Secretary also performs the following with respect to the disbursement process:

- Receives invoices.
- Sends invoices out for approval.
- Prepares the check requests.
- Enters the disbursement information into the accounting system.
- Sends the invoice, check request and check out for approval.
- Mails the checks.
- Files the check copy and other supporting documentation.
- Has access to the check stock.

Having the ability to add vendors, change vendor addresses and change vendor telephone numbers along with significant disbursement responsibilities could result in unauthorized vendors being paid with program funds and without management's knowledge.

IT Equipment Purchases

According to the Director of Information Services, who is responsible for purchasing IT equipment, he initiates purchases when equipment is needed. The equipment comes to both the main Houston office and to the field offices, where it is received from the vendors. When the invoices arrive, he reviews them for adequacy, approves them and then forwards them to the accounts payable department for payment. Having the ability to initiate a purchase, receive the goods and approve them for payment increases the risk that fraud or misappropriation could occur and not be detected in a timely manner.

Recommendations: The Executive Director should:

Recommendation 1: Implement written policies and practices to ensure that duties are properly segregated in the areas discussed above.

Recommendation 2: Ensure that the payroll process is properly supervised and that detailed reviews of payroll are conducted prior to submission to ADP for processing and after the payroll and supporting schedules are returned or made available for online review.

Recommendation 3: Enforce LSLA's policy requiring a three way match with the purchase order, invoice, and receiving report prior to making payment.

Grantee Comments: The grantee stated that a new policy on internal control structure and segregation of duties was created that modifies the previous policy and procedures for internal control for payroll, office supply purchases, maintenance of the vendor list and IT equipment purchases. The new policy requires at least two persons to be involved in all of the above mentioned areas. The policy was approved at the grantee's board meeting on September 22, 2012.

In response to ensuring that the payroll process is properly supervised and reviewed, the grantee stated that procedures utilizing the existing controls provided by their

payroll-processing vendor, ADP, were implemented. The grantee stated that the person responsible for payroll will no longer have access to the human resources function.

With regard to enforcing its policy requiring a three-way match with the purchase order, invoice and receiving report prior to making payment, the grantee stated that the Executive Director has reviewed the policy and instructed the CFO to enforce it. Moreover, the grantee added additional controls for office supply purchases. Specifically, all payment processing for office supplies will require a three way match before payment. As to the vendor setup process, the individual responsible for printing and processing checks no longer has access to the vendor setup/edit function in the accounting software. The individual must now request in writing that the general accountant, create or edit vendor records.

OIG Evaluation of Grantee Comments: The OIG considers grantee management's actions planned and taken to be responsive to Recommendations 1 and 3, and partially responsive to Recommendation 2. For Recommendation 2, grantee management comments did not address how proper supervision and oversight of the payroll process would occur or how detailed reviews of the payroll would be conducted prior to submission to ADP for processing.

The OIG considers Recommendations 1 and 3 open until notified in writing that policy has been incorporated in the grantee's accounting manual and implemented. The OIG considers Recommendation 2 as open and will refer the recommendation to LSC management for further action.

Cost Allocation Process Not Documented

The grantee's cost allocation system was not documented in the grantee's accounting manual. As a result, the OIG was unable to determine if the system design was adequate or if designed adequately, whether the system was in fact operating as intended. Unless the allocation process is properly designed, adequately documented, and accurately applied, the grantee cannot be assured that its costs are being allocated to LSC and other grantees in a fair, consistent, and equitable manner.

The LSC Accounting Guide provides that the allocation formula should be adequately documented with sufficient detail for the auditor, LSC, OIG, GAO and others to easily understand, follow, and test the formula.

Recommendation 4: The Executive Director should ensure that the cost allocation process is fully documented in LSLA's accounting manual.

Grantee Comments: Grantee management has created a new cost allocation policy and will ensure that the process is fully documented in its accounting manual. This policy was presented to the Board of Directors at a meeting on September 22, 2012, and approved.

OIG Evaluation of Grantee Comments: Grantee planned actions are responsive to the finding and recommendation. The OIG considers Recommendation 4 to be open until notified in writing by the grantee that the policy has been incorporated in its accounting manual and implemented.

Internal Controls over IT Equipment.

Internal controls over IT equipment need to be strengthened. Equipment items could not be located during our inventory. Property was either not tagged or not tagged in a timely manner. Physical safeguards over equipment need to be implemented. These deficiencies can have a significant effect on control over LSLA's IT equipment and could result in theft or misappropriation, which could go undetected.

Tagging of IT Equipment

The process of tagging equipment was not being performed adequately to ensure that all equipment was properly accounted for after being purchased. Tagging is a process where an identification marker such as a tag is placed on equipment to help identify the program's equipment and to keep track of the location of that equipment. IT property was either not tagged or property records were not updated with tagging information on a timely basis.

At the time of our audit, there was a significant time lag between when property was received and when tagging information was entered into the property records. The time lag was up to 2 months. The time lag resulted from either of two reasons.

- 1) Asset tags were never assigned upon LSLA receiving the equipment or when the equipment was subsequently issued; or
- 2) Asset tags were assigned; however, IT staff did not enter the information into the property records.

We conducted an inventory of 72 IT items, listed as untagged in LSLA's IT property records that was valued at approximately \$49,000. We identified 40 items, valued at \$19,628 that could not be physically located. Having accurate tagging information recorded could have helped keep track of the missing equipment. While LSLA's accounting manual requires that all property be tagged upon receipt and recorded in the property control system, the policy was not followed.

Subsequent to receiving the draft report, grantee management provided the OIG with information on the location of 37 of the 40 items identified in the finding. As a result, the OIG is only questioning \$665 for the three missing items charged to LSC funds as unallowable costs within the meaning of 45 CFR § 1630.2. The OIG will refer these costs to LSC management for review and action.

Safeguarding IT Equipment

New IT equipment was not adequately secured in a physical location under lock and key. There was no specific grantee policy on safeguarding IT equipment and most of the equipment was stored in the Houston office. An assortment of IT equipment was stored in the office of one IT employee, including laptops, desktops, video cameras, projector, monitors, monitor stands, and random digital media (USBs, CDs, hard-drives). Many of the items contained in this office were brand new, untagged, and not specifically accounted for in the property ledger. We observed that the employee's door was often left open and the room unattended. Any employee or visitor could walk in and remove equipment without being detected.

Recommendations: The Executive Director should ensure:

Recommendation 5: Policies on tagging equipment items are enforced.

Recommendation 6: All unissued IT equipment is securely stored at all times to avoid possible theft.

Grantee Comments: Grantee management stated that the Executive Director has instructed the CFO to review and reemphasize tagging procedures for all incoming equipment. The Executive Director has also instructed the CFO and Director of IT to securely store all unissued IT equipment. The grantee stated it has found all but 3 of the 40 IT items that the OIG could not locate during the audit.

OIG Evaluation of Grantee Comments: Grantee actions taken are responsive to Recommendations 5 and 6. The OIG will refer the cost of the three missing items totaling \$665 to LSC management for review and action. The OIG considers Recommendations 5 and 6 as closed.

LSC Prior Approval for Items over \$10,000

LSLA used LSC funds to make computer related purchases valued over \$10,000 without prior approval from LSC. LSLA made three purchases of computer software licenses totaling \$40,458 as shown below:

Vendor	Description	Amount
Automon LLC	License upgrade from 125 to 200 Users	\$13,178
Troubador, LTD	Software licensing	\$13,640
Troubador, LTD	Software licensing	\$13,640

According to the Director of Finance, the grantee's understanding of LSC's regulation 45 CFR § 1630.5, which governs purchases greater than \$10,000, was that prior approval had to be obtained for single items over the \$10,000 threshold. Since the purchases consisted of numerous items, each valued at less than \$10,000, the prior approval requirement did not apply. We disagree. In accordance with LSC's Property

Acquisition and Management Manual (PAMM), each of the three purchases constitutes a single acquisition.

PAMM Section 2(a), *Acquisitions*, requires grantees to "...treat a purchase or lease of related property as a single acquisition when the property can be readily obtained through a single contract with a single source." Further, Section 3(d) of the PAMM states:

A recipient using more than \$10,000 of LSC funds to acquire an individual item of personal property must request and receive LSC's prior approval pursuant to 45 CFR 1630.5(b)(2), whether or not the acquisition is to replace existing property, before making the expenditure.

As a result, the OIG is questioning \$40,458 charged to LSC funds for the purchase of the software licenses as unallowable costs within the meaning of 45 CFR §§ 1630.2 and 1630.5. The OIG will refer these costs to LSC management for review and action.

Recommendation 7: The Executive Director should ensure that required LSC approvals are obtained before making purchases.

Grantee Comments: Grantee management did not agree with the finding or the questioned cost. Specifically, management disagreed with the OIG's assessment that these purchases required prior approval in accordance with the PAMM requirements. The grantee stated that none of the purchases involved "individual items" of personal property that exceeded the \$10,000 charged to LSC. As such they do not believe the cost should be questioned.

However, the grantee has prepared a new policy which was approved by their Board of Directors on September 22, 2012, requiring prior LSC approval of expenditures greater than \$10,000. According to the Board resolution, this new policy will be added to the grantee's accounting manual.

OIG Evaluation of Grantee Comments: While management disagreed with the finding and questioned cost, the grantee's planned actions are responsive to Recommendation 7. A new policy that addresses prior LSC approval of expenditures greater than \$10,000 was approved by its Board of Directors on September 22, 2012.

The OIG believes that the purchases required prior LSC approval. The OIG will refer the total amount of \$40,458 as a questioned cost for LSC management's review. The OIG considers Recommendation 7 open until notified in writing by the grantee that the policy has been incorporated in its accounting manual.

Disbursements Not Adequately Supported

Our review of disbursements revealed 31 instances totaling \$7,681 out of 190 disbursements in our sample of \$692,585, where purchases had no supporting

documentation, were inadequately supported or were not allowable under LSC regulations. We observed the following:

No Supporting Documentation

Thirteen transactions made using the Executive Director's credit card did not have supporting documentation attached to the credit card statement. The purchases included meals, a U-Haul rental, and hotel stays. For five of these instances, meals were purchased, but the business purpose and the names of people in attendance were not provided with the receipt. The disbursements valued at \$4,398 were charged to LSC funds.

Inadequately Supported Disbursements

One disbursement involved the purchase of two airline tickets totaling \$802 to Washington, DC, but no invoice or receipt was included with the supporting documentation. The expense was included on a travel expense report that indicated the airline tickets were purchased for two staff members to attend a conference in Washington, DC. There was no itinerary or receipt attached to confirm what was claimed on the expense report. An invoice or receipt is required according to the grantee's disbursement policy. The expenditure was not adequately supported in accordance with the grantee's disbursement policy.

Unallowable Expenses

In 16 instances totaling \$2,481 other unnecessary or unallowable expenses were charged to LSC funds. These expenditures were for flowers and other "get well" items that were not consistent with the purpose of the LSC grant. LSLA's accounting manual includes a listing of allowable/unallowable items pursuant to OMB Circular A-122 and provides that unallowable items include things such as "Goods or Services for Personal Use," "Contributions and Donations," and "Entertainment."

Subsequent to receiving the draft report, grantee management provided documentation to the OIG fully supporting five of the disbursements and partially supporting six other disbursements. As a result, the OIG is questioning \$4,639 in disbursements as unsupported or unnecessary charges to LSC funds within the meaning of 45 CFR § 1630.2. The OIG will refer these costs to LSC management for review and action.

Recommendations: The Executive Director should

Recommendation 8: Enforce policies and procedures that require disbursements to be accompanied by adequate supporting documentation before payment.

Recommendation 9: Ensure that staff is aware which expenses are considered allowable and unallowable under LSC funding.

Grantee Comments: Grantee management stated that the Executive Director has instructed the CFO to enforce policies and procedures that require disbursements to be accompanied by adequate support before payment. The Executive Director also has reviewed allowable and unallowable expenses with the CFO and instructed the CFO to review all allowable and unallowable expenses with the staff connected with purchasing.

The grantee stated it was able to find support for a number of the unsupported disbursements that were identified in the draft report. The grantee stated that a review of the 16 instances totaling \$2,481 that the OIG listed as unallowable disclosed that the staff mistakenly charged the disbursements to LSC funds.

OIG Evaluation of Grantee Comments: Grantee actions taken are responsive to Recommendations 8 and 9. Upon review of the documentation that the grantee submitted with its comments, we are reducing the questioned cost amount for unsupported or unnecessary disbursements from \$7,681 to \$4,639, and referring this amount to LSC management for review and action. Recommendations 8 and 9 are considered closed.

**Response to Draft Report of the
LSC Office of Inspector General (OIG)
of Lone Star Legal Aid, August 2010 through January 2011
Recipient No. 744060**

Recommendations:

Recommendation 1: The Executive Director should implement written policies and practices to ensure that duties are properly segregated in the areas discussed above.

Recommendation 2: The Executive Director should ensure that the payroll process is properly supervised and that detailed reviews of payroll are conducted prior to submission to ADP for processing and after the payroll and supporting schedules are returned or made available for online review.

Recommendation 3: The Executive Director should enforce LSLA's policy requiring a three way match with the purchase order, invoice, and receiving report prior to making payment.

Recommendation 4: The Executive Director should ensure that the cost allocation process is fully documented in LSLA's accounting manual.

Recommendation 5: The Executive Director should ensure policies on tagging equipment items are enforced.

Recommendation 6: The Executive Director should ensure all unissued IT equipment is securely stored at all times to avoid possible theft.

Recommendation 7: The Executive Director should ensure that required LSC approvals are obtained before making purchases.

Recommendation 8: The Executive Director should enforce policies and procedures that require disbursements to be accompanied by adequate supporting documentation before payment.

Recommendation 9: The Executive Director should ensure that staff is aware which expenses are considered allowable and unallowable under LSC funding.

General Response: Following the OIG visit and Exit Interview on January 12, 2011, LSLA restructured its business office in consultation with the LSLA Board of Directors, began recruiting for a competent and experienced Chief Financial Officer, and hired a highly competent and experienced Chief Financial Officer who began in May 2012. Under the supervision of Executive Director, the CFO has been tasked to review the LSLA Accounting Manual existing policies, procedures, and to develop and supplement appropriate accounting policies, procedures, and practices where they are lacking, ensure that policies, procedures, and

practices are followed and where necessary documented, and enforce LSLA policies, procedures, and practices.

LSLA management agrees with these nine recommendations and has or will take appropriate action to implement them.

Specific responses to each recommendation follow.

Recommendation 1: Implement written policies and practices to ensure that duties are properly segregated in the areas discussed above.

Response: The attached *LSLA Policy Regarding Internal Control Structure and Segregation of Duties* modifies LSLA policy and procedures for internal control for payroll, office supply purchases, maintenance of the vendor list, and IT equipment purchases.

“It is the intent of Lone Star Legal Aid (LSLA) to establish and maintain policies and procedures to safeguard all corporation assets against unauthorized use or loss, ensure the reliability of financial information and reporting, and comply with regulations and laws that have a material effect on LSLA. To that end, at least two (2) persons will be involved in all cash receipt, payroll, cash disbursement and purchasing transactions and vendor lists. As outlined in policies and procedures throughout the LSLA Accounting Manual, a person who is responsible for incurring an expense or receiving cash will not be responsible for processing the item in the accounting system or final deposit or disbursement of the check. Periodically, all internal controls will be reviewed by Management to ensure that adequate internal controls are in effect and changes will be made where necessary.”

The Policy will be presented to the LSLA Board of Directors for approval at its next board meeting on September 22, 2012, and added to Section 203 of the LSLA Accounting Manual.

Recommendation 2: Ensure that the payroll process is properly supervised and that detailed reviews of payroll are conducted prior to submission to ADP for processing and after the payroll and supporting schedules are returned or made available for online review.

Response: The Response to Recommendation 1 also applies to Recommendation 2. In addressing the recommendation with the missing controls in the payroll function, LSLA implemented procedures utilizing the existing controls provided by our payroll-processing vendor, Automated Data Processing (ADP). Specifically, the individual responsible for processing payroll will only have access to the payroll function and not have access to the human resources function. The individual responsible for handling benefits will only maintain employee deductions and benefits. This added segregation of duties in the payroll function will provide additional protection to the payroll process.

Recommendation 3: Enforce LSLA's policy requiring a three way match with the purchase order, invoice, and receiving report prior to making payment.

Response: The Executive Director has reviewed LSLA's policy requiring a three match with purchase order, invoice, and receiving report prior to making payment and instructed the CFO to enforce it.

In addressing the recommendation with the missing controls in the office supply purchasing function, LSLA has reemphasized and added additional controls. Specifically, all payment processing for office supplies and other items requires the purchasing function to provide three matched documents: a purchase requisition with two signatures, a receiving document from someone outside of the purchasing function, and an original invoice. Requiring these documents before processing payments will aid in discovering errors, omissions, and irregularities in the purchasing function during the normal course of operations.

In addressing the recommendation with the vendor setup process, the management of LSLA removed access to the vendor setup/edit function in our accounting software, Fundware, from the individual responsible for printing and processing checks. This individual must request in writing for another member of the accounting office staff, the general accountant, to create or edit vendor records in Fundware. These additional controls will aid in discovery of errors, omissions, and irregularities in the vendor set up process.

Recommendation 4: The Executive Director should ensure that the cost allocation process is fully documented in LSLA's accounting manual.

Response: The attached *Cost Allocation Methodology Policy* will ensure that the cost allocation process is fully documented in LSLA's Accounting Manual. The *Cost Allocation Methodology Policy* will be presented to the LSLA Board of Directors for approval at its next meeting on September 22, 2012, and added as a new section to the LSLA Accounting Manual.

Recommendation 5: The Executive Director should ensure policies on tagging equipment items are enforced.

Response: The Executive Director has instructed the CFO to review and reemphasize procedures to tag all incoming equipment as received by all staff and communicate that information to Accounting via email using the Asset Form which has been in use for several years.

LSLA reviewed the 72 IT items, valued at \$19,628, the OIG report listed as missing and located all but three (3) items as a result of our recent inventory. Report sent separately. LSLA asks that the OIG review this report as it should reduce the amount of questioned cost.

Recommendation 6: The Executive Director should ensure all unissued IT equipment is securely stored at all times to avoid possible theft.

Response: The Executive Director has instructed the CFO and Director of IT to securely store all unissued IT equipment.

Recommendation 7: The Executive Director should ensure that required LSC approvals are obtained before making purchases.

Response: LSLA policy requires adequate policy and procedures to be in place to direct the staff on when LSC prior approval is needed and the procedure to follow. The attached *LSLA Purchasing Policy* codifies these procedures and will be presented to the LSLA Board of Directors for approval at its September 22, 2012 board meeting, and added as a new section to the LSLA Accounting Manual.

The OIG reviewed three LSLA purchases of computer software licenses and maintenance agreements totaling \$60,124. The Automon LLC purchase was for \$17,186. Automon makes and provides support for our Practice Manager Case Management System. LSLA ordered license upgrades from Automon for 75 additional users going from 125 to 200 at a cost of \$175.70 per user, for a total of \$13,177.50. In addition, LSLA purchased individual maintenance agreements for those 75 licenses at a cost of \$53.45 per user, for a total of \$4,008.26. The two Troubadour purchases of \$21,469 and \$21,469 were for maintenance agreements of varying amounts but all under \$5,000 each.

None of the above purchases involved "individual items" of personal property that exceeded \$10,000 charged to LSC. LSLA relied upon LSC past practice when charging the purchases in the manner it did. LSC's established past practice is consistent with the language of the preamble to 45 CFR Part 1630.5 and the PAMM. We believed LSC prior approval was not required and the \$60,124.00 charged to LSC funds would be treated as allowable costs.

The OIG relies on the definition of "acquisition" in LSC's Property Acquisition and Management Manual (PAMM) that grantees should "treat a purchase or lease of related property as a single acquisition..." PAMM, Section 2(a). The OIG further relies on the prior approval requirements found in 1630.5(b) (2) that prior approval is required "if the current purchase price of any individual item of property exceeds \$10,000" and Section 3(d) of the PAMM which requires prior approval if the program uses "more than \$10,000 of LSC funds to acquire an individual item of personal property..."

LSLA believed that the requirements of both 45 CFR 1630.5(b) (2) and Section 3(d) of the PAMM permitted these purchases. First, regulation 1630.5(b)(2) makes clear that prior LSC approval is required when "[p]urchases and leases of equipment, furniture, or other personal, non-expendable property, if the current purchase price of any individual item of property exceeds \$10,000."

At the time that LSC published 1630.5, the preamble states:

"The \$10,000 threshold of subparagraph (b) (2) applies to individual items of personal property only. Corporation prior approval is no longer necessary for purchases and leases of individual items costing less than this amount, even if a purchase or lease of several related items with individual costs below \$10,000 has a combined cost which exceeds the threshold amount. However, the costs of acquiring such items must still meet the criteria of § 1630.3 of this part, including the requirement that such costs be reasonable and necessary to the performance of the grant or contract." (See Vol. 62, No. 250, Federal Register, P. 68223 (December 31, 1997).

Similarly, section 3(d) of the PAMM requires prior approval when a recipient uses "...more than \$10,000 of LSC funds to acquire an individual item of personal property..." The preamble to section 3 states:

LSC received a number of comments on the various aspects of this section, several of which indicated a significant misunderstanding of the proposed requirements. Specifically, several commenters objected to what they took to be LSC's proposal to require prior approval of aggregate acquisitions of over \$10,000. However, LSC did not propose to require prior approval of aggregate acquisitions of over \$10,000, but rather, only to require certain minimum competition standards for such large acquisitions. Under both the proposed and this final PAMM, prior approval is required, as specified in 45 CFR part 1630, for individual item acquisitions of over \$10,000, but not for aggregate acquisitions of over \$10,000." (See Vol. 66, No. 178, Federal Register, p. 47691 (Sept. 13, 2001).)

The prior approval requirements found in 1630.5(b) (2) and section 3(d) of the PAMM apply only to an "individual item" of property and "not for aggregate acquisitions of over \$10,000."

The OIG relies on the definition of "acquisition" in section 2(a) of the PAMM to overrule the specific "individual item" of property language in the prior approval sections of both 1630.5(b) (2) and section 3(d) of the PAMM. The word "acquisition" is not used at all in 1630.5(b) (2) which uses "purchases and leases" language. Similarly, while "acquisition" is mentioned 43 times in the PAMM, the very section that contains the prior LSC approval requirement section 3(d) of the PAMM does not use "acquisition" although it does state "to acquire an individual item of personal property." But to read the word "acquire" to mean it applies to more than an individual item of personal property would be to entirely ignore the "individual item" language in the same sentence. The definition of "acquisition" in section 2(a) of the PAMM cannot be read to overrule the specific language on prior approval found in 1630.5(b) (2) and section 3(d) of the PAMM. Further, the clear distinction between "acquisition" and "individual item" was noted in the preamble to the PAMM. "[T]he term 'single acquisition' includes transactions in which more than one item is procured in a single contract, while 'individual item' does not." See Vol. 66, No. 178, Federal Register, p. 47690 (Thursday, September 13, 2001).

Under this language, LSC grantees could purchase an individual item of personal property for less than \$10,000 and charge it to LSC funds (assuming the requirements of 1630.3 are met) without obtaining LSC's prior approval. Grantees can also purchase or lease several related items with individual costs less than \$10,000 but whose combined cost exceed \$10,000, without LSC's approval.

In addition, PAMM Section 2(g), *Property*, states:

"Property means any real or personal property having a market value greater than \$5,000, and a useful life of more than one year."

PAMM does not address maintenance agreements, nor does the PAMM provide guidance on how to treat maintenance agreements that are for a single year or less. However,

we do know that since the maintenance agreements here had a useful life of one year or less, that the purchased maintenance agreements are not considered property as defined by the PAMM.

LSLA asks that the OIG reconsider these purchases as questioned costs because they were aggregate purchases involving less than \$10,000 per individual item permissible under reasonable and past interpretations of PAMM and 45 CFR 1630. Further, maintenance agreements with a life of one year or less are not property under PAMM. PAMM and 45 CFR 1630 both lack clarity regarding purchases of this nature and amount, and create uncertainty for LSC programs which should be a consideration in determining questioned costs.

Recommendation 8: The Executor Director should enforce policies and procedures that require disbursements to be accompanied by adequate supporting documentation before payment.

Response: The Executive Director has instructed the CFO to enforce policies and procedures that require disbursement to be accompanied by adequate supporting documentation before payment.

LSLA reviewed the OIG report disbursements valued at \$4,398 that did not have supporting documentation, and was able to locate supporting documents for a number of them. Report sent separately. LSLA asks that the OIG review this report as it should reduce the amount of questioned cost. Some supporting documents related to these purchases were in the Hurricane Ike recovery time period which hit the LSLA service area.

Recommendation 9: The Executive Director should ensure that staff is aware which expenses are considered allowable and unallowable under LSC funding.

Response: The Executive Director has reviewed allowable and unallowable expenses with the CFO and has instructed the CFO to review and be aware which expenses are considered allowable and unallowable under LSC funding with all staff connected with purchasing.

LSLA reviewed the sixteen (16) instances totaling \$2,481 that the OIG report listed as unallowable using LSC funds. LSLA concluded that staff mistakenly miscoded them to LSC.

APPENDIX II

Supplemental Grantee Management Information

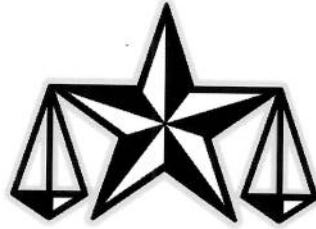
In addition to the formal grantee management comments, the OIG was provided with additional supplemental information. This information was reviewed and evaluated. The results of the OIG's evaluation were included in the final audit report and resulted in reducing the amount of questioned costs contained in the draft. In addition, the OIG was able to close some recommendations based on this additional information. The supplemental information included invoices, inventory records, documents, and three resolutions passed by the grantee's Board of Directors. The resolutions provided specifically addressed the OIG's recommendations. The recommendations were entitled.

- RESOLUTION NO. 194 -- Lone Star Legal Aid Policy Regarding Internal Control Structure and Segregation of Duties
- RESOLUTION NO. 195 -- Lone Star Legal Aid Cost Allocation Methodology Policy, and
- RESOLUTION NO. 196 -- Lone Star Legal Aid Purchasing Policy.

Because of the volume of documents provided, the supplemental information is not included in its entirety in the final report.

EXHIBIT - B

PAUL FURRH, JR.
Attorney at Law
Chief Executive Officer



Lone Star Legal Aid

Houston Address:
1415 Fannin, 3rd Floor
Houston, TX 77002
(713) 652-0077 Telephone
(713) 652-2709 Facsimile

April 04, 2014

Ms. Lora M. Rath
Director
Office of Compliance and Enforcement
LEGAL SERVICES CORPORATION
3333 K Street, NW 3rd Floor
Washington, DC 20007-3522

Mr. Joseph H. Green, Jr.
Program Counsel
Office of Compliance and Enforcement
LEGAL SERVICES CORPORATION
3333 K Street, NW 3rd Floor
Washington, DC 20007-3522

Re: Lone Star Legal Aid's Response to Notice of Questioned Costs – Recipient No. 744060

Dear Ms. Rath and Mr. Green:

Please find attached Lone Star Legal Aid's Response to Notice of Questioned Costs.

Thank you for your consideration.

Sincerely,

PAUL E. FURRH, JR.
Chief Executive Officer

PEF:rc

Attachment: *LSLA's Response to Notice of Questioned Costs with Attachments*

<i>In re</i>	§
	§
LONE STAR LEGAL AID	§
(Recipient No. 744060)	§
	§
Chair: Professor James Douglas	§
Director: Paul E. Furrh, Jr.	§
	§
Notice of Questioned Costs	§
February 18, 2014	§

LONE STAR LEGAL AID'S
RESPONSE TO NOTICE OF QUESTIONED COSTS

Pursuant to 45 CFR Part 1630, the Legal Services Corporation (“LSC” or “Corporation”) has given notice to Lone Star Legal Aid (“LSLA”) that the expenditure of LSC funds by LSLA, totaling \$5,303, are questioned as allowable costs.

LSC found that there is sufficient basis for disallowing the following costs that were charged to LSC funds: \$2,481 for flowers and other “get well” items, which were unreasonable, unnecessary, and in violation of OMB circular A-122, 2CFR Part 230, 12 (a) and 45 CFR § 1630.3; \$1,355 in credit card charges with no supporting documentation in violation of 45 CFR § 1630.3; \$802 for the purchase of airline tickets to the District of Columbia that did not have an invoice or receipt to support the expense in violation of 45 CFR § 1630.3; and \$665 for missing IT items purchased with LSC funds that were never tagged and could not be located, and therefore are not supported by adequate documentation. Total questioned costs are \$5,303.

LSLA response:

The LSLA service area was hit by Hurricane Ike in September 2008, which caused severe damage to over 50 LSLA counties, created severe hardship for LSLA’s client population and staff (See attached article). LSLA asks that this hardship be given consideration in evaluating these four questioned costs and that the questioned costs be allowed.

1. The \$2,481 for flowers from 2008 and 2009 was determined to be a coding error by LSLA accounting employees and should not have been charged to LSC funds. The error should have been noticed and corrected, but due to the turmoil during the year, it was not.

2. The \$1,355 in credit card charges found to not have supporting documentation primarily occurred following the impact of Hurricane Ike and LSLA Hurricane Disaster Relief efforts. For example, cost for a U-Haul trailer was to move stored furniture from our Nacogdoches office to our Angleton office which suffered damage from Hurricane Ike. The final receipt was lost or misplaced during the turmoil that year.

3. The \$802 for the purchase of two airline tickets was for a LSLA client board member and client to attend the National Legal Aid Annual Conference in November 2008. The tickets were purchased in October 2008, shortly after Hurricane Ike and the receipts were lost or misplaced during the turmoil that year.

4. The \$665 for missing IT items involved items whose useful life expired in less than one year and should not have been recorded on the inventory (see attachments). Lone Star Legal Aid policy followed the PAMM procedure and LSLA capitalized only items with a life of greater than one year and cost of \$5,000 are inventoried or capitalized.

a. The lost camera's cost was only \$374.52. The list provided to the OIG included all property purchases whether the item was capitalized or expensed. This list is used by LSLA accounting staff to determine if an item should be capitalized or is a component of an item that is capitalized and subsequently depreciated. The OIG should have only been provided a list of capitalized items, not the worksheet used to review property purchases. This item, the camera, was in fact expensed and does not appear on our list of capitalized items, as stated in PAMM.


The camera was purchased on an emergency basis by an LSLA staff doing Disaster Relief work. LSLA reimbursed her purchase, and the camera was subsequently damaged beyond use due to severe conditions in Disaster Relief Centers.

b. The cost of the monitor was zero. As mentioned in the note above, this monitor should not have been listed on our inventoried and capitalized items. This accounting for this item followed guidance from PAMM, and was in fact expensed and does not appear on our list of capitalized items.

c. The Dell Inspiron Mini Laptop cost \$494.05, and again was below Lone Star Legal Aid's and PAMM's threshold for capitalization. Again, this list is used by accounting staff to determine if an item should be capitalized or is a component of an item that is capitalized and subsequently depreciated. The OIG should have only been provided a list of capitalized items, not the worksheet used to review property purchases. This item, the mini laptop, was in fact expensed and does not appear on our list of capitalized items, as stated in PAMM. LSLA later determined that mini laptop was dropped and damaged beyond use.

Lone Star Legal Aid prays for whatever relief may be given in law and equity.

LONE STAR LEGAL AID

By: 

Paul E. Furrh, Jr.
Chief Executive Officer

Dated: April 04, 2014



FID Number: 74-2615805
 Sales Rep: CORY FREEMAN
 For Sales: (800)981-3355
 Sales Fax: (800)433-9527
 For Customer Service: (800)981-3355
 For Technical Support: (800)981-3355
 Dell Online: <http://www.dell.com>

Customer Number: 031551118
 Purchase Order: LSLAPO20100019
 Order Number: 167605802
 Order Date: 02/24/10

Invoice Number: **XDNR9JN85**

Invoice Date: 03/03/10
 Payment Terms: NET DUE 30 DAYS
 Due Date: 04/02/10
 Shipped Via: SAIA
 Waybill Number: 5585089004

83 01 0 01 01 N

SOLD TO:

LONE STAR LEGAL AID
 EDDIE CHEN
 1415 FANNIN ST 3RD FL
 HOUSTON TX 77002-2763

SHIP TO:

NICK ALTIZER
 LONE STAR LEGAL AID
 3RD FL 1415 FANNIN ST
 HOUSTON, TX 77002

PLEASE REVIEW IMPORTANT TERMS & CONDITIONS ON THE REVERSE SIDE OF THIS INVOICE

Order	Shipped	Item Number	Description	Unit	Unit Price	Amount
20	20	421-1189	Roxio Creator Dell Edition 10.3, Media, Dell RLOB	EA	0.00	0.00
20	20	311-9521	Heat Sink, Mainstream, Dell Optiplex Desktop	EA	0.00	0.00
20	20	313-3351	Internal Chassis Speaker Option, Dell OptiPlex Desktop	EA	0.00	0.00
20	20	330-5719	OptiPlex 780 Desktop Standard Power Supply	EA	0.00	0.00
20	20	420-3276	Dell Control Point for OptiPlex 780	EA	0.00	0.00
20	20	330-7422	Enable Low Power Mode for EUP Compliance, Dell OptiPlex	EA	0.00	0.00
20	20	330-1710	Documentation, English, Dell OptiPlex	EA	0.00	0.00
20	20	330-1711	Power Cord, 125V, 2M, C13, Dell OptiPlex	EA	0.00	0.00
20	20	330-4817	Dell Energy Smart Power Management Settings Enabled Optiplex	EA	0.00	0.00
20	20	310-6719	Chassis intrusion switch, Dell OptiPlex	EA	0.00	0.00
20	20	313-3673	No Resource DVD for Dell Optiplex, Latitude, Precision	EA	0.00	0.00
20	20	310-9444	No Quick Reference Guide, Dell OptiPlex	EA	0.00	0.00
20	20	330-5944	Shipping Material for System, Desktop, Dell OptiPlex	EA	0.00	0.00
20	20	905-3282	*Basic Support: Next Business Day Parts and Labor Onsite Response 2 Year Extended	EA	0.00	0.00
20	20	906-0830	*Basic Support: Next Business Day Parts and Labor Onsite Response Initial Year	EA	0.00	0.00
20	20	905-4578	*Dell Hardware Limited Warranty Plus Onsite Service Extended Year(s)	EA	0.00	0.00
20	20	905-3157	*Dell Hardware Limited Warranty Plus Onsite Service Initial Year	EA	0.00	0.00
System Service Tags			FKWQ3M1, 3NWQ3M1, JKWQ3M1, 2LWQ3M1, 3LWQ3M1, 4LWQ3M1, 5LWQ3M1, 7LWQ3M1, 8LWQ3M1, CLWQ3M1, DLWQ3M1, HLWQ3M1, 1MWQ3M1, 4MWQ3M1, 6MWQ3M1, 9MWQ3M1, BMWQ3M1, FMWQ3M1, HMWQ3M1, HKWQ3M1			

Print Form

DL
Initials

New LSLA I.T. Equipment Asset Inventory Form

Asset Tag

Purchase Order	LSLAPO20100019	Desktop / Laptop	8454
Vendor	DELL	Monitor	
Build Date		Printer	
Office Location / Unit	Belton	Server	
Employee Name	Sara Krah	Other:	

Desktop / Laptop / Server / Printer / Other

Brand	
Model	
Serial No. (Service ID No.)	
Operating System Product Key	
Description (If Server or "Other")	

Monitor

Brand	DELL
Model	E170S
Serial No.	CN-0N445N-74261-015-0HJU

Desktop / Laptop / Server Build Details

Operating System and SP		McAfee Vscan	<input type="checkbox"/>
Office Version and SP		Citrix Client	<input type="checkbox"/>
Acrobat / Acrobat Reader		NIC Drivers	<input type="checkbox"/>
Scanning Software		Other Updates	<input type="checkbox"/>
BIOS Version			

Desktop / Laptop Configuration Tasks

Register with MS	<input type="checkbox"/>	Remote Access Enabled	<input type="checkbox"/>
ICA Client Reg Mods	<input type="checkbox"/>	Auto-Updates from MS Enabled	<input type="checkbox"/>
Log Files Set to Overwrite	<input type="checkbox"/>	Pwr Settings to None when Plugged In	<input type="checkbox"/>
Pop-Up Blocker On	<input type="checkbox"/>	McAfee Exception in Firewall	<input type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes:

Upgraded from the older monitor when the new computer was sent. Might as well replace the old monitor too.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	UPDATE <u>2010-029</u>	Desktop / Laptop	<u>8429</u>
Vendor	<u>Dell</u>	Monitor	<u>8430</u>
Build Date		Printer	
Office Location / Unit	<u>Belton</u>	Server	
Employee Name	<u>Rosio Barnes</u>	Other:	

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>FMWQ3M1</u>
Operating System Product Key	
Description (If Server or "Other")	

Monitor

Brand	<u>DELL</u>
Model	<u>E1705</u>
Serial No.	

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version			

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: Test machine and monitor re-assigned to new hire Rosio in Belton

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010-0019</u>	Desktop / Laptop	<u>8429</u>
Vendor	<u>Dell</u>	Monitor	<u>8430</u>
Build Date	<u></u>	Printer	<u></u>
Office Location / Unit	<u>Houston IT</u>	Server	<u></u>
Employee Name	<u>Test machine</u>	Other:	<u></u>

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>FMWQ3M1</u>
Operating System Product Key	<u></u>
Description (If Server or "Other")	<u></u>

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	<u></u>

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version	<u></u>		

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: Machine used for testing and implementing user client software and other functionality.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010-0019</u>	Desktop / Laptop	<u>8426</u>
Vendor	<u>Dell</u>	Monitor	<u>8427,8428</u>
Build Date		Printer	
Office Location / Unit	<u>Houston IT</u>	Server	
Employee Name	<u>Minh Nguyen</u>	Other:	

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>CLWQ3M1</u>
Operating System Product Key	
Description (If Server or "Other")	

Monitor

Brand	<u>DELL</u>
Model	<u>E170S, E2009W</u>
Serial No.	

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version			

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010-0019</u>	Desktop / Laptop	<u>8422</u>
Vendor	<u>Dell</u>	Monitor	<u>8423</u>
Build Date		Printer	
Office Location / Unit	<u>Houston CRU</u>	Server	
Employee Name	<u>Sandra Martinez</u>	Other:	

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>2LWQ3M1</u>
Operating System Product Key	
Description (If Server or "Other")	

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version			

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010 - 0019</u>	Desktop / Laptop	<u>8420</u>
Vendor	<u>Dell</u>	Monitor	<u>8421</u>
Build Date	<u></u>	Printer	<u></u>
Office Location / Unit	<u>Houston</u>	Server	<u></u>
Employee Name	<u>Shanon Stanfield</u>	Other:	<u></u>

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>7LWQ3M1</u>
Operating System Product Key	<u></u>
Description (If Server or "Other")	<u></u>

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	<u></u>

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version	<u></u>		

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

Print Form

DL
Initials

New LSLA I.T. Equipment Asset Inventory Form

		Asset Tag
Purchase Order	<u>2010-0019</u>	Desktop / Laptop <u>8415</u>
Vendor	<u>Dell</u>	Monitor <u>8416</u>
Build Date		Printer _____
Office Location / Unit	<u>Houston TRU</u>	Server _____
Employee Name	<u>Melissa Salinas</u>	Other: _____

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>4LWQ3M1</u>
Operating System Product Key	_____
Description (If Server or "Other")	_____

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	_____

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version	_____		

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010-0019</u>	Desktop / Laptop	<u>8409</u>
Vendor	<u>Dell</u>	Monitor	<u>8410</u>
Build Date	<u></u>	Printer	<u></u>
Office Location / Unit	<u>Houston FAM</u>	Server	<u></u>
Employee Name	<u>Guadalupe Navarro</u>	Other:	<u></u>

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>HKWQ3M1</u>
Operating System Product Key	<u></u>
Description (If Server or "Other")	<u></u>

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	<u></u>

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version	<u></u>		

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

New LSLA I.T. Equipment Asset Inventory Form

Purchase Order	<u>2010 - 0019</u>	Desktop / Laptop	<u>8381</u>
Vendor	<u>Dell</u>	Monitor	<u>8382</u>
Build Date	_____	Printer	_____
Office Location / Unit	<u>Houston FAM</u>	Server	_____
Employee Name	<u>Anita Manoharan</u>	Other:	_____

Desktop / Laptop / Server / Printer / Other

Brand	<u>DELL</u>
Model	<u>Optiplex 780</u>
Serial No. (Service ID No.)	<u>4MWQ3M1</u>
Operating System Product Key	_____
Description (If Server or "Other")	_____

Monitor

Brand	<u>DELL</u>
Model	<u>E170S</u>
Serial No.	_____

Desktop / Laptop / Server Build Details

Operating System and SP	<u>XP PRO SP3</u>	McAfee Vscan	<input checked="" type="checkbox"/>
Office Version and SP	<u>2003 STD SP3</u>	Citrix Client	<input checked="" type="checkbox"/>
Acrobat / Acrobat Reader	<u>9</u>	NIC Drivers	<input checked="" type="checkbox"/>
Scanning Software	<u>PP9</u>	Other Updates	<input checked="" type="checkbox"/>
BIOS Version	_____		

Desktop / Laptop Configuration Tasks

Register with MS	<input checked="" type="checkbox"/>	Remote Access Enabled	<input checked="" type="checkbox"/>
ICA Client Reg Mods	<input checked="" type="checkbox"/>	Auto-Updates from MS Enabled	<input checked="" type="checkbox"/>
Log Files Set to Overwrite	<input checked="" type="checkbox"/>	Pwr Settings to None when Plugged In	<input checked="" type="checkbox"/>
Pop-Up Blocker On	<input checked="" type="checkbox"/>	McAfee Exception in Firewall	<input checked="" type="checkbox"/>
Quick Launch Excel/Word	<input type="checkbox"/>		

Notes: New Hire, equipment needed.

Britney Jackson

2592-90201-1 06/25/2010

Obligation	Description	Invoice	Customer Acct. #	Amount
70747	Reimbursement			757.60
70748	Travel	MAY		203.20
	*** Total ***			960.80

VL99112111 ALL-STATE INTERNATIONAL INC. 800-222-0510/FAX 800-834-5184

PRINTED IN U.S.A.

Approved without comment ☐Approved with comments below ☐

LOCATION	DISTRIBUTION ALLOCATION	GL NUMBER
	YES <input type="checkbox"/> NO <input type="checkbox"/>	

FUND	SITE	COST	GL	AMOUNT
01	09	00	5720 ✓	131.34
01	09	00	5605 ✓	46.10
01	09	00	5630 ✓	97.40 ✓
01	09	00	5715 ✓	108.24 ✓
01	09	00	6005 ✓	374.52

CHECK APPROVAL

Executive Approval: BillDate: 6/25/10

Executive Approval: _____

Date: _____

KI/chkreq/08/2004

UNDER \$1,000 EXPENSE

CHECK REQUEST, VOUCHER REVIEW AND APPROVAL

**STAR
LEGAL AID**
1415 Fannin Street,
3rd Floor
Houston, Texas 77002
Phone: 713-652-0077

Employee: Nelda Campos

Date: 06/25/2010

Vendor Name: Britney Jackson

Amount: \$ 757.60

Purpose of Expense: Reimbursement for items Fundraising

Vendor Number: 6562

Account Number:

Invoice Number:

Invoice Date:

Due Date: 06/25/2010

EXPENSE VERIFICATION:

Finance/Executive: *Bill*

Date: *6/25/10*

Executive Approval: *Bill*

Date: *6/25/10*

Approved without comment ☐

Approved with comments below ☐

LOCATION	DISTRIBUTION ALLOCATION	GL NUMBER
	YES <input type="checkbox"/> NO <input type="checkbox"/>	

FUND	SITE	COST	GL	AMOUNT
01	09	00	5720	131.34
01	09	00	5605	46.10
01	09	00	5630	97.40
01	09	00	5715	108.24
01	09	00	6005	374.52

CHECK APPROVAL

Executive Approval: *Bill*

Date: *6/25/10*

Executive Approval:

Date:

KI/chkreq/08/2004

205.64

REPLACEMENT FIRM CAMERA

- PowerShot SX200 IS Red SKU: 3511B001AA (Paul and I have discussed this since I started because I've used (and gone thru) two cameras.

TOTAL: \$374.52

6005

11.91 +
36.93 +
50.72 +
31.78 +
131.34 G+

13.65 +
15.20 +
17.25 +
46.10 G+

54.11 +
10.83 +
32.46 +
108.24 +
205.64 G+

131.34 +
46.10 +
205.64 +
374.52 +
757.60 G+

Member's Day Special > Enter Code DAD6714 at Checkout for \$5 Ground Shipping on Orders of \$150 or More. [see offer details](#)

Canon

Checkout

Order Confirmation

Payment Information

Payment Method:

Credit Card Number:

Expiration Date:

CVV2 Number:

Order Summary: Shopping Cart ID: 103740442



Merchandise: \$329.99
Promotional Savings: \$0.00
Estimated FedEx Home Delivery Shipping: \$15.99
Estimated Sales Tax: \$28.54
Estimated Total Order: \$374.52

You can review the details of your order below.

Billing Info

BRITNEY JACKSON
1312 Live Oak
Houston, TX 77003-4432

Shipping Method

FedEx Home Delivery

Item Description	Quantity	Availability	Price	Total
PowerShot SX200 IS Red SKU: 3511B001AA	1	In-Stock	You Pay: \$329.99 Was: \$349.99 Price Drop: \$20.00	\$329.99

Merchandise: \$329.99
Promotional Savings: - \$0.00
Shipping: \$15.99
Sales Tax: \$28.54
Order Total: \$374.52



Purchase Order

CHECK REQUEST, VOUCHER REVIEW AND APPROVAL

**LONE STAR
LEGAL AID**

1415 Fannin Street,
3rd Floor
Houston, Texas 77002
Phone: 713-652-0077

Employee: Nelda Campos

Date: 5/18/09

Vendor Name: Dell Marketing L.P.

Amount: \$ 1,482.15

Purpose of Expense: 3 Inspiron 1210 Laptops

Vendor Number: 6272

Account Number: 031551118

Invoice Number: X07572 W71

Invoice Date: 5/7/09

Due Date: 6/16/09

EXPENSE VERIFICATION: Sheng MAY 26 2009

Finance/Executive: _____ Date: _____

Executive Approval: R. Sohns MAY 26 2009 Date: _____

Approved without comment ☐

Approved with comments below ☐

LOCATION	DISTRIBUTION ALLOCATION	GL NUMBER
	YES <input type="checkbox"/> NO <input type="checkbox"/>	

FUND	SITE	COST	GL	AMOUNT
01	07	00	6006	

CHECK APPROVAL

Executive Approval: _____

Date: _____

Executive Approval: _____

Date: _____

KI/chkreq/08/2004

UPON \$1000 EXPENSED



This is your INVOICE

Page: 1 of 2

FID Number: 74-2616805
 Sales Rep: CORY FREEMAN
 For Sales: (800)981-3355
 Sales Fax: (800)433-9527
 For Customer Service: (800)981-3355
 For Technical Support: (800)981-3355
 Dell Online: <http://www.dell.com>

Customer Number: 031551118
 Purchase Order: LSLAPO20090007
 Order Number: 724304047
 Order Date: 04/24/09

Invoice Number: **XD7572W71**

Invoice Date: 05/07/09
 Payment Terms: NET DUE 30 DAYS
 Due Date: 06/06/09
 Shipped Via: FEDEX GROUND
 Waybill Number: 134619855728852

SOLD TO:

LONE STAR LEGAL AID
 NICK ALTIZER
 3RD FL
 1415 FANNIN ST
 HOUSTON, TX 77002-2763

SHIP TO:

NICK ALTIZER
 LONE STAR LEGAL AID
 1415 FANNIN ST
 HOUSTON, TX 77002

PLEASE REVIEW IMPORTANT TERMS & CONDITIONS ON THE REVERSE SIDE OF THIS INVOICE

Order	Shipped	Item Number	Description	Unit	Unit Price	Amount
3	3	224-1751	Inspiron 1210, Intel Atom Processor Z520, 1.33GHz, 512K L2 Cache	EA	494.05	1,482.15
3	3	311-9437	Obsidian Black Color with Gloss Finish	EA	0.00	0.00
3	3	311-9436	1GB,DDR2,533MHZ (onboard)	EA	0.00	0.00
3	3	320-7303	12.1 inch widescreen TrueLife Display (1280x800)	EA	0.00	0.00
3	3	320-7302	Intel Graphics Media Accelerator 500	EA	0.00	0.00
3	3	341-7863	60G, 1.8inch, 4200RPM PATA Hard Drive	EA	0.00	0.00
3	3	421-0195	Genuine Windows XP Home Edition,Eng	EA	0.00	0.00
3	3	420-8223	Dell Video Chat	EA	0.00	0.00
3	3	420-7622	Dell Support Center Software 32 Bit 2.0	EA	0.00	0.00
3	3	420-9191	Box.net online backup and file sharing 1.0	EA	0.00	0.00
3	3	412-0689	Image Restore	EA	0.00	0.00
3	3	330-3382	DELL RESOURCE XP DVD:BACK-UP 1210	EA	0.00	0.00
3	3	310-8624	You have chosen a Windows XP System	EA	0.00	0.00
3	3	421-0323	Windows Live Search, Multiple User Interface	EA	0.00	0.00
3	3	410-1883	ADOBE READER 9.0 MULTI- LANGUAGE	EA	0.00	0.00
3	3	311-9467	Non-WWAN Base in Black	EA	0.00	0.00
3	3	430-3255	Wireless 802.11g Mini Card	EA	0.00	0.00
3	3	313-7048	Integrated 1.3M Pixel Webcam	EA	0.00	0.00
3	3	410-2093	Norton Internet Security#153 2009 15 Months	EA	0.00	0.00
3	3	312-0803	48WHr Lithium-Ion Battery (6-cell)	EA	0.00	0.00
3	3	420-7281	No Pre-installed Productivity Software	EA	0.00	0.00

FOR SHIPMENTS TO CALIFORNIA, A STATE ENVIRONMENTAL FEE OF UP TO \$25 PER ITEM WILL BE ADDED TO INVOICES FOR ALL ORDERS CONTAINING A DISPLAY GREATER THAN 4 INCHES. PLEASE KEEP ORIGINAL BOX FOR ALL RETURNS. COMPREHENSIVE, ONLINE CUSTOMER CARE INFORMATION AND ASSISTANCE IS A CLICK AWAY AT WWW.DELL.COM/PUBLIC-ECARE TO ANSWER A VARIETY OF QUESTIONS REGARDING YOUR DELL ORDER.

*Goods received.
 User - to be determined*



DETACH AT PERF AND RETURN WITH PAYMENT

MAKE CHECK PAYABLE/REMIT TO:

DELL MARKETING L.P.
 PO BOX 676021
 C/O DELL USA L.P.
 DALLAS, TX 75267-6021

Invoice Number: XD7572W71
 Customer Name: LONE STAR LEGAL AID
 Customer Number: 031551118
 Purchase Order: LSLAPO20090007
 Order Number: 724304047

Ship. &/or Handling	\$	0.00
Subtotal	\$	1,482.15
Taxable	Tax:	
\$ 0.00	\$	0.00
ENVIRO FEE	\$	0.00
Invoice Total	\$	1,482.15

Ship. &/or Handling	\$	0.00
Subtotal	\$	1,482.15
Taxable	Tax:	
\$ 0.00	\$	0.00
ENVIRO FEE	\$	0.00
Invoice Total	\$	1,482.15
	\$	
	\$	
Balance Due	\$	1,482.15
Amt. Enclosed	\$	

000XD7572W7100000001482158300315511184



This is your INVOICE

Page: 2 of 2

FID Number: 74-2616805
Sales Rep: CORY FREEMAN
For Sales: (800)981-3355
Sales Fax: (800)433-9527
For Customer Service: (800)981-3355
For Technical Support: (800)981-3355
Dell Online: <http://www.dell.com>

Customer Number: 031551118
Purchase Order: LSLAPO20090007
Order Number: 724304047
Order Date: 04/24/09

Invoice Number: **XD7572W71**
Invoice Date: 05/07/09
Payment Terms: NET DUE 30 DAYS
Due Date: 06/06/09
Shipped Via: FEDEX GROUND
Waybill Number: 134619855728852

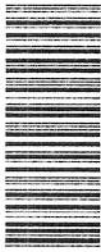
83 01 0 01 01 N

SOLD TO:

LONE STAR LEGAL AID
NICK ALTIZER
3RD FL
1415 FANNIN ST
HOUSTON, TX 77002-2763

SHIP TO:

NICK ALTIZER
LONE STAR LEGAL AID
1415 FANNIN ST
HOUSTON, TX 77002



4805110800564803

PLEASE REVIEW IMPORTANT TERMS & CONDITIONS ON THE REVERSE SIDE OF THIS INVOICE

Order	Shipped	Item Number	Description	Unit	Unit Price	Amount
3	3	992-4437	*Dell Hardware Warranty Plus Re turn To Depot, Extended Year(s)	EA	0.00	0.0
3	3	992-4438	*Dell Hardware Warranty Plus Re turn To Depot, Initial Year	EA	0.00	0.0
3	3	985-5951	*Mail-In Service, 24x7 Technical Support, 1YR Extended	EA	0.00	0.0
3	3	991-3870	*Mail-In Service, 24x7 Technical Support, Initial Year	EA	0.00	0.0
3	3	900-8221	*Warranty Support, 1 Year Extended	EA	0.00	0.0
3	3	960-2780	*Warranty Support, Initial Year	EA	0.00	0.0
3	3	430-3257	Bluetooth 2.1 module via USB I/F with EDR	EA	0.00	0.0
		System Service Tags	1DQ3QJ1, GCT3QJ1, D6N3QJ1			





Lone Star Legal Aid
1415 Fannin Street, 3rd floor
Houston Texas 77002-7632
713-652-0077

PURCHASE ORDER

LSLA -PO- 2009-0007

Contact: Nick Altizer 713-982-1987

DATE	April 24, 2009
TO:	Dell Computer Corporation
	Attention: Cory Freeman
	800-274-0696 x7269848
MAILING ADDRESS	
	One Dell Way
	Round Rock, TX 78682

SHIP TO:
Lone Star Legal Aid, Inc.
1415 Fannin Street 3rd Fl
Houston, TX 77002
Attention: Nick Altizer
BILL TO:
Lone Star Legal Aid
1415 Fannin 3 rd floor
Houston, Texas 77002-7632

ITEM	DESCRIPTION	QUANT	UNIT COST	TOTAL
1	Dell G2410 Flat Panel Quote 458492074	1	\$260.13	\$260.13
2	Dell E2209W Flat Panel Quote 485709428 <i>Inv # XD6R JMM 66</i>	2	\$169.00	\$338.00
3	Dell Inspiron Mini 12 Quote 485709604	3	# \$534.88	\$1,604.64
4	Dell Inspiron Mini 9 Quote 485713082	3	\$443.93	\$1,331.79
5				\$0.00
SALES TAX EXEMPT		TOTAL		\$3,534.56

Dell Customer Number 31551118

FOR BUSINESS OFFICE USE
<i>30th MAY 26 2009</i>
Director of Finance Approval
Executive Approval
Charge to Account Number

Inspiron 1210 = 494.05 * 3 = 1,482.15
Monitor for 1210 = 26.09 * 3 = 78.27
Carrycase for 1210 = 14.74 * 3 = 44.22
1,604.64


[Signature]
Authorized Signature

4/24/2009
Date

Authorized Signature

Date

Serving the East Region of Texas Since 1948
Angleton, Beaumont, Bellville, Belton, Bryan, Galveston, Houston, Longview, Nacogdoches, Paris, Texarkana, Tyler, Waco

 LSC — A United Way Agency



IT Purchase Request and Review

****All Single Purchases Over \$500 Before S&H Must be Accompanied By a PO****

Employee: Nick Altizer

Date: 4/24/2009

**LONE STAR
LEGAL AID**

1415 Fannin Street,
3rd Floor
Houston, Texas 77002
Phone: 713-652-0077

Vendor Name: Dell Approx. Amount: \$3,534.56
Purpose of Expense: 3 FP Monitors and 6 Dell Mini Laptops

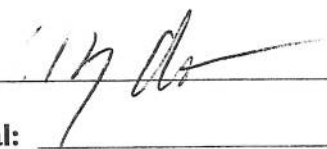
P.O. Number: LSLA-PO-2009-0007
Multiple Site Distribution? Unknown

EQUIPMENT TO BE PURCHASED

COUNT	ITEM	SITE	USER	FUND	AMOUNT
1	Dell G2410 FP Monitor	Houston	MBlackburn		\$ 260.13
2	Dell E2209W FP Monitors	Hou/Nac	SPR/RCampbell		\$ 338.00
3	Dell Inspiron Mini 12	Houston	TBD		\$1,604.64
3	Dell Inspiron Mini 9	Houston	TBD		\$1,331.79

ADDITIONAL INFORMATION

24" FP to Mike Blackburn due to large format needs of applications. 22" FP to RCampbell as replacement to failing old FP. RCampbell also does large format work. Spare 22" may go to PFurrrh. Dell will start shipping Dell Latitude Minis in August with XP Professional, making it a viable ultra-portable laptop for LSLA. We need to determine the best configuration as this new technology may well drive laptops into the hands of staff attorneys and certain support personnel. These Minis will be test driven by IT, Sr Mgmt and certain staff members who have expressed an interest in the devices.

IT Approval: 

Date: 4/24/2009

Executive Approval: _____

Date: _____

DELL**QUOTATION**

QUOTE #: 485709604

Customer #: 31551118

Contract #: 48ABO

Customer Agreement #: DIR-SDD-890-TX

Quote Date: 4/24/09

Date: 4/24/09 3:05:11 PM

Customer Name: LONE STAR LEGAL AID

TOTAL QUOTE AMOUNT:	\$1,604.64		
Product Subtotal:	\$1,604.64		
Tax:	\$0.00		
Shipping & Handling:	\$0.00		
Shipping Method:	Ground	Total Number of System Groups:	1

GROUP: 1	QUANTITY: 3	SYSTEM PRICE: \$494.05	GROUP TOTAL: \$1,482.15
Base Unit:	Inspiron 1210, Intel Atom Processor Z520, 1.33GHz, 512K L2 Cache (224-1751)		
Processor:	Obsidian Black Color with Gloss Finish (311-9437)		
Memory:	1GB,DDR2,533MHZ (onboard) (311-9436)		
Monitor:	12.1 inch widescreen TrueLife Display (1280x800) (320-7303)		
Video Card:	Intel Graphics Media Accelerator 500 (320-7302)		
Hard Drive:	60G, 1.8inch, 4200RPM PATA Hard Drive (341-7863)		
Operating System:	Genuine Windows XP Home Edition,Eng (421-0195)		
Operating System:	Dell Video Chat (420-8223)		
Operating System:	Dell Support Center Software 32 Bit 2.0 (420-7622)		
Operating System:	Box.net online backup and files sharing 1.0 (420-9191)		
Operating System:	Image Restore (412-0689)		
Operating System:	DELL RESOURCE XP DVD,BACK-UP 1210 (330-3382)		
Operating System:	You have chosen a Windows XP System (310-8624)		
Operating System:	Windows Live Search,Multiple User Interface (421-0323)		
TBU:	ADOBE READER 9.0 MULTI- LANGUAGE (410-1883)		
Sound Card:	Non-WWAN Base in Black (311-9467)		
Processor Cable:	Wireless 802.11g Mini Card (430-3255)		
Documentation Diskette:	Integrated 1.3M Pixel Webcam (313-7048)		
Bundled Software:	No Pre-installed Productivity Software (420-7281)		
Factory Installed Software:	Norton Internet Security#153 2009 15 Months (410-2093)		
Feature	48WHr Lithium-Ion Battery (6-cell) (312-0803)		
Service:	Dell Hardware Warranty Plus Return To Depot, Extended Year(s) (992-4437)		
Service:	Dell Hardware Warranty Plus Return To Depot, Initial Year (992-4438)		
Service:	Mail-In Service, 24x7 Technical Support, 1YR Extended (985-5951)		
Service:	Mail-InService, 24x7 TechnicalSupport, Initial Year (991-3870)		
Service:	Warranty Support,1 Year Extended (900-8221)		
Service:	Warranty Support,Initial Year (960-2780)		
	Bluetooth 2.1 module via USB I/F with EDR (430-3257)		

SOFTWARE & ACCESSORIES			
Product	Quantity	Unit Price	Total
Case Logic 13in Laptop Attache - Laptop carrying case (A1182097)	3	\$14.74	\$44.22
Dell Travel mouse with Bluetooth technology, Dell Mobile Precision Workstation and Latitude, Customer Kit (310-9157)	3	\$26.09	\$78.27
Number of S & A Items: 2		S&A Total Amount: \$122.49	

SALES REP:	Cory Freeman	PHONE:	1800-274-0696
Email Address:	Cory_Freeman@Dell.com	Phone Ext:	7250057

For your convenience, your sales representative, quote number and customer number have been included to provide you with faster service when you are ready to place your order. Orders may be faxed to the attention of your sales representative to 1-866-607-6914. You may also place your order online at <http://www.dell.com/qto>.

This quote is subject to the terms of the agreement signed by you and Dell, or absent such agreement, to Dell's Terms of Sale.

Prices and tax rates are valid in the U.S. only and are subject to change. Taxes reflected on quotes are estimates and may vary from tax shown at invoicing based on the actual ship to address.

****Sales/use tax is a destination charge, i.e. based on the "ship to" address on your purchase order. Please indicate your taxability status on your PO. If exempt, please fax exemption certificate to Dell Tax Department at 1-888-863-8778, referencing your customer number. If you have any questions regarding tax please call 800-433-9019 or email Tax_Department@dell.com.****

All product and pricing information is based on latest information available. Subject to change without notice or obligation.

LCD panels in Dell products contain mercury, please dispose properly. Please contact Dell Financial Services' Asset Recovery Services group for EPA compliant disposal options at US_Dell_ARS_Requests@dell.com. Minimum quantities may apply.

Dell has a 30 day return policy for new products purchased directly from Dell. Dell's Total Satisfaction Return Policy may be found at http://www.dell.com/us/en/hied/misc/policy_010_policy.htm.

Shipments to California: For certain products, a State Environmental Fee of up to \$10 per item may be applied to your invoice as early as Jan 1, 2005. Prices in your cart do not reflect this fee. More Info: Refer to URL www.dell.com/environmentalfee.

LSLA
FY10
UNTRACED IT Equipment

Purchase Date	Vendor Name	Check Date	Asset Tag#	Asset Tag#	No. of Tag	Description	Serial#	Quantity	Unit	Total Cost	Location/ Department	Responsible Party	Input To Fundware
3/17/2010	MoreDirect	3/18/2010	8479	na	1	HP LaserJet C8580A482		1	328.49	328.49	Houston-PB	Martha Crook	08/19/10
09/29/10	MoreDirect	10/14/10		na	1	HP LJ P2055dn printer		1	445.27	445.27	Houston-CRI	Sandra Slaus	

Purchase Date	Vendor Name	Check Date	Asset Tag#	Asset Tag#	No. of Tag	Description	Serial#	Quantity	Unit	Total Cost	Location/ Department	Responsible Party	Input To Fundware
1/31/2010	TigerDirect	na		na	1	Canon HG 21 HD Camcorder		1	733.89	733.89	Houston	IT	
2/9/2010	TigerDirect	2/10/2010	2010-0005	na	1	Canon HG 21 HD Camcorder		1	733.89	733.89	Houston	IT	
2/9/2010	Deil	2/10/2010	2010-0005	na	1	Deil M409VX DLP Projector		1	806.65	806.65	Houston	IT	
3/17/2010	MoreDirect	3/18/2010	2010-0016	8553	na	Deil M409VX DLP Projector		1	328.50	328.50	Conroe	Reception Ate	07/22/10
3/17/2010	MoreDirect	3/18/2010	2010-0016	8476	na	HP LaserJet P2035n		1	328.50	328.50	Houston	Eddie Cheng	08/06/10
3/17/2010	MoreDirect	3/18/2010	2010-0016	na	na	4 Port USB DV1 KVM Switch	SCNBR4488	1	335.21	335.21	Houston-IT	Hugo Ortega	na
3/17/2010	MoreDirect	3/18/2010	2010-0016	na	na	4 Port DV/ VGA Monitor Switch	SV431 D020	1	328.74	328.74	Houston-IT	Hugo Ortega	na
4/14/2010	MoreDirect	4/14/2010	na	na	na	Refund							
4/14/2010	Alpha Card	3/24/2010	na	9218	na	ID Card Printer		1	1,223.45	1,223.45	Houston-IT	Hugo Ortega	07/22/10
4/14/2010	Stephens Off	4/7/2010	na	9222	na	Fan, Tower, w/remote		1	139.99	139.99	Houston	Cristina De La	07/22/10
6/29/2010	Troubadour	6/30/2010	2010-0033	95169	na	2-Port trunkvoice/Mylan In Card		1	1,165.74	1,165.74	Houston	Cristina De La	08/20/10
6/29/2010	Troubadour	7/21/2010	na	95170	na	GE SX Transceiver		1	1,165.74	1,165.74	Houston	IT	08/20/10
7/20/2010	MoreDirect	7/21/2010	2010-0039	na	na	Wireless Desktop MK710-U		1	93.75	93.75	Houston	IT	08/20/10
7/20/2010	MoreDirect	7/21/2010	2010-0039	na	na	WD USB Portable External Drive		1	159.49	159.49	Houston	IT	
7/20/2010	MoreDirect	7/21/2010	2010-0039	na	na	WD USB Portable External Drive		1	159.49	159.49	Houston	IT	
7/20/2010	MoreDirect	7/21/2010	2010-0039	na	na	WD USB Portable External Drive		1	159.49	159.49	Houston	IT	
8/25/2010	Office Depot	8/26/2010	na	9241	na	Twyerler, Pro EM-550		1	449.99	449.99	Houston	Cristina De La	10/21/10
8/31/2010	AT & T	8/31/2010	na	95179	na	iPhone		1	199.00	199.00	Houston	Maria Nguyen	12/13/10
9/29/2010	AT & T	9/29/2010	na	95180	na	iPhone 16GB		1	399.00	399.00	Houston	Paul Flum	12/13/10
10/13/2010	Troubadour	10/14/2010	2010-0047	95181	na	Cisco Unified IP Phone 10 units		1	2,162.78	2,162.78	Houston	IT	12/13/10

21 items
Totaling
11,412.00

Purchase Date	Vendor Name	Check Date	Asset Tag#	Asset Tag#	No. of Tag	Description	Serial#	Quantity	Unit	Total Cost	Location/ Department	Responsible Party	Input To Fundware
06/25/10	Canon	06/25/10		na	1	Canon PowerShot SX200 Camera		1	374.52	374.52	Resource Del Britney Jackson		
11/17/10	Deil	11/17/10		na	1	2310.23" Widescreen Monitor		1	160.00	160.00	Houston PAI	Harold Dosselle	

Purchase Date	Vendor Name	Check Date	Asset Tag#	Asset Tag#	No. of Tag	Description	Serial#	Qty	Unit	Total Cost	Location/ Department	Responsible Party	Input To Fundware
07/20/10	Deil	07/21/10		na	1	Deil Studio X18XMBN1		1	1,187.00	1,187.00	Dasseler Rehl/Saundra Brov	11/09/10	
09/26/10	Deil	09/03/10	8481	NA	1	Deil 24" G2410 Flat Panel		1	239.99	239.99	Houston	Nick Alizer	08/12/10
09/26/10	Deil	09/03/10	8481	NA	1	Deil 24" G2410 Flat Panel		1	239.99	239.99	Houston	Nick Alizer	08/12/10

02/26/10	Del	03/03/10	6482	NA		1	Del 24" U2410 Flat Panel	WX-D-592M	1	449.00	449.00	Houston	Rupo Ortega	08/12/10
03/17/10	Del	03/18/10	6375	NA		1	Del Latitude E5400 laptop	1NHXXV1	1	1,344.79	1,344.79	Nacogdoches	Don Richards	07/08/10
03/17/10	Del	03/18/10	6432	NA		1	Del Latitude E5400 laptop	2NXXV1	1	1,344.79	1,344.79	Houston/FBI	Laura Flores	07/08/10
03/17/10	Del	03/18/10	8373	NA		1	Del Latitude E5400 laptop	3NXXV1	1	1,344.79	1,344.79	Nacogdoches	Cynthia Wila	07/08/10
03/17/10	Del	03/18/10	8433	NA		1	Del Latitude E5400 laptop	4NXXV1	1	1,344.79	1,344.79	Nacogdoches	Phoncia Cam	07/08/10
03/17/10	Del	03/18/10	8434	NA		1	Del Latitude E5400 laptop	5NXXV1	1	1,344.79	1,344.79	Houston/FBI	Giovanna Thon	07/08/10
03/17/10	Del	03/18/10	8376	NA		1	Del Latitude E5400 laptop	6NXXV1	1	1,344.79	1,344.79	Houston/FBI	Hean Malves	07/08/10
03/17/10	Del	03/18/10	8383	NA		1	Del Latitude E5400 laptop	7NXXV1	1	1,344.79	1,344.79	Bearington	Shirley Maph	07/08/10
03/17/10	Del	03/18/10	8384	NA		1	Del Latitude E5400 laptop	8NXXV1	1	1,344.79	1,344.79	Houston/CU	Debra Wiley	07/08/10
03/14/10	Del	03/18/10	8452	NA		1	Del 780 Desktop	JMKXXV1	1	793.52	793.52	Houston	Training Room	07/22/10
03/14/10	Del	03/18/10	8409	NA		1	Del 780 Desktop	FXWQ3M1	1	0.00	Conroe	Conroe Intern	07/22/10	
03/14/10	Del	03/18/10	8471	NA		1	Del 780 Desktop	HKWQ3M1	1	793.52	793.52	Houston/Fann	Guadalupe N	07/08/10
03/14/10	Del	03/18/10	8422	NA		1	Del 780 Desktop	CN-ORF979Z	1	0.00	Houston-CU	Zelda Hinojos	08/05/10	
03/14/10	Del	03/18/10	8423	NA		1	Del 780 Desktop	JMKWQ3M1	1	793.52	793.52	Houston	IT	
03/14/10	Del	03/18/10	8424	NA		1	Del 780 Desktop	2LWQ3M1	1	0.00	Houston	IT		
03/14/10	Del	03/18/10	8425	NA		1	Del 780 Desktop	3MLQ3M1	1	0.00	Houston/CRU	Sandra Mann	07/08/10	
03/14/10	Del	03/18/10	8416	NA		1	Del 780 Desktop	4LWQ3M1	1	793.52	793.52	Houston/IT	Leslie Motion	07/08/10
03/14/10	Del	03/18/10	8417	NA		1	Del 780 Desktop	5LWQ3M1	1	0.00	Houston/IT	Leslie Motion	07/08/10	
03/14/10	Del	03/18/10	8418	NA		1	Del 780 Desktop	6LWQ3M1	1	0.00	Houston/RTR	Melessa Sabin	07/08/10	
03/14/10	Del	03/18/10	8419	NA		1	Del 780 Desktop	MX-JH0H-70	1	793.52	793.52	Houston/CU	Victor Almaraz	07/08/10
03/14/10	Del	03/18/10	8420	NA		1	Del 780 Desktop	7LWQ3M1	1	0.00	Nacogdoches	Jane Moore	11/16/10	
03/14/10	Del	03/18/10	8421	NA		1	Del 780 Desktop	8LWQ3M1	1	793.52	793.52	Houston/HPU	Strahan Stant	07/08/10
03/14/10	Del	03/18/10	8422	NA		1	Del 780 Desktop	9LWQ3M1	1	0.00	Nacogdoches	Mary Moland	08/12/10	
03/14/10	Del	03/18/10	8423	NA		1	Del 780 Desktop	CLWQ3M1	1	793.52	793.52	Houston/IT	Diana Hope	11/16/10
03/14/10	Del	03/18/10	8424	NA		1	Del 780 Desktop	DLWQ3M1	1	0.00	Houston/IT	Mimi Nguyen	07/08/10	
03/14/10	Del	03/18/10	8425	NA		1	Del 780 Desktop	HLWQ3M1	1	793.52	793.52	Houston/CU	Alma Rodgers	07/08/10
03/14/10	Del	03/18/10	8426	NA		1	Del 780 Desktop	ILWQ3M1	1	0.00	Nacogdoches	Cynthia Willis	07/08/10	
03/14/10	Del	03/18/10	8427	NA		1	Del 780 Desktop	TLWQ3M1	1	793.52	793.52	Houston/Fann	Guadalupe N	07/08/10
03/14/10	Del	03/18/10	8381	NA		1	Del 780 Desktop	4MLWQ3M1	1	0.00	Houston	Training Room	07/08/10	
03/14/10	Del	03/18/10	8382	NA		1	Del 780 Desktop	5MLWQ3M1	1	793.52	793.52	Houston/Fann	Amia Manoniti	07/08/10
03/14/10	Del	03/18/10	8442	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Houston	Training Room	07/08/10	
03/14/10	Del	03/18/10	8417	NA		1	Del 780 Desktop	9MLWQ3M1	1	793.52	793.52	Houston/CU	Anna Martinez	07/08/10
03/14/10	Del	03/18/10	8374	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Don Richards	07/08/10	
03/14/10	Del	03/18/10	8371	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8370	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8429	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8430	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8379	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00	Nacogdoches	Karen Shelton	07/08/10	
03/14/10	Del	03/18/10	8380	NA		1	Del 780 Desktop	9MLWQ3M1	1	0.00				

[illegible]

	09/15/10	Dell	8559	na	1	Dell E770S LCD Flat Panel	CN-UUJZ7N-L	1	0.00	Benton	Nadja Inca	01/05/11
	09/15/10	Dell	8547	na	1	Dell Optiplex 760 Desktop	BFYMON1	1	793.52	Angleton	Salle Godfre	01/05/11
	09/15/10	Dell		na	1	Dell E770S LCD Flat Panel		1	0.00	Houston	IT	
	09/15/10	Dell	8560	na	1	Dell Optiplex 760 Desktop	GFFCMON1	1	0.00	Benton	Rachel Kunal	01/05/11
	09/15/10	Dell	8561	na	1	Dell E770S LCD Flat Panel	CN-UUZT-6-	1	0.00	Benton	Rachel Kunal	01/05/11
	09/15/10	Dell	8545	na	1	Dell Optiplex 760 Desktop	BFTFMONT	1	793.52	Angleton	Michael Reese	01/05/11
	09/15/10	Dell	8546	na	1	Dell E770S LCD Flat Panel	CN-UUUZ7N-L	1	0.00	Angleton	Michael Reese	01/05/11
	09/15/10	Dell	8543	na	1	Dell Optiplex 760 Desktop	GFFCMON1	1	793.52	Beaumont	Sherrl Bodden	12/06/10
	09/15/10	Dell	8531	na	1	Dell E770S LCD Flat Panel	CN-UUJZ7N-L	1	0.00	Bellaire	Linda Eckelb	12/06/10
	09/15/10	Dell		na	1	Dell Optiplex 760 Desktop	DFYMON1	1	793.52	Houston	IT	
	09/15/10	Dell		na	1	Dell E770S LCD Flat Panel		1	0.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Optiplex 760 Desktop	CGFOMON1	1	793.52	Houston	IT	
	09/15/10	Dell		na	1	Dell E770S LCD Flat Panel		1	0.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	B5B9HBN1	1	1,322.00	Houston	Bryan Office	12/06/10
	09/15/10	Dell	8544	na	1	Dell Latitude ES4410 Laptop	B5B9HBN1	1	1,322.00	Bryan		
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	6E8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	2B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	1B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	9B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	8B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	3B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	4B8H6KN1	1	1,322.00	Houston	IT	
	09/15/10	Dell		na	1	Dell Latitude ES4410 Laptop	7B9H6KN1	1	1,322.00	Houston	IT	
	11/04/10	More Direct	95175	na	1	4GB 1066MHz RDIMM memory for R810 servers		1	519.14	Houston	IT	12/13/10
	11/17/10	More Direct	95176	na	1	4GB 1066MHz RDIMM memory for R810 servers		1	485.36	Houston	IT	12/13/10



In the Time of Malhado

By Paul Furrh, Chief Executive Officer¹
Lone Star Legal Aid

In the fall of 1528, the Spanish Explorer Álvar Núñez Cabeza de Vaca and his retinue of eighty men were shipwrecked by the gale-force winds of a hurricane.



They made landfall on a barrier island off the upper Texas coast. The episode survives in legend and in literature. In his book *Adventures in the Unknown Interior of America* (published in 1542), Cabeza de Vaca recounts how his crew named the island “Malhado” which means “doom”

or “misfortune.” The experience left a lasting imprint. Nearly fifteen years later, Cabeza de Vaca devotes an entire chapter to the miseries of the Malhado way of life, which caused the majority of his men to die.

Nearly 500 years later, Hurricane Ike made landfall near the Isla de Malhado early on Saturday, September 13, 2008. Ike wreaked extensive damage on Lone Star Legal Aid’s service area. Thirty-six counties were immediately declared eligible for disaster relief, including FEMA benefits due to windstorm and flood damage. In ordinary times, these counties are home to approximately 1,500,000 income-eligible clients. Lone Star Legal Aid estimates that the number of potentially eligible clients swelled to over 2,000,000, prompted by storm-related conditions ranging from temporary losses of employment due to storm closures to the destruction of housing and businesses. In the wake of the storm, some two million households and businesses—and estimated 4,500,000 people—were without electricity. Thousands of residents were homeless, many crowding into relief shelters. Ice, food, water, and fuel were in short supply in many communities. News reports and pictures from coastal areas in Brazoria, Chambers, Galveston, Harris, Jefferson, and Orange Counties showed widespread, massive destruction.

On Tuesday, September 16, 2008, Lone Star Legal Aid (LSLA) accounted for all staff. No one was injured, but many employees sustained significant damage to

their homes. Six employees’ homes were destroyed. Many LSLA staff members were living under the same conditions as our clients. The next step was to determine the status of our affected offices in Angleton, Beaumont, Galveston, and Houston. The Galveston office was destroyed. Despite these challenges, LSLA quickly mobilized. By the end of the day, LSLA had launched a multi-county Disaster Relief Project for residents recovering from Hurricane Ike. (See accompanying press release.) Recent experience with Hurricanes Katrina and Rita had prepared us.

FEMA opened the first Disaster Relief Centers (DRC) on Friday, September 19, 2008. In many instances, LSLA staff were the first responders at the centers. Local staffers were joined by LSLA attorneys from outlying offices. Volunteer lawyers from local bar associations (including Houston) and most of the State Bar of Texas Sections joined LSLA in this massive effort. Also rallying to help were LSLA’s peers in the legal aid community, including Texas Rural Legal Aid, Legal Aid of NorthWest Texas, Houston Volunteer Lawyers Program, Advocacy, Inc., and Catholic Charities. LSLA accepted a large number of cases from this outreach effort and even today still continues to handle disaster relief claims from Hurricane Ike. To date, LSLA has closed over 10,000 disaster cases and we are still counting.

Hurricane Ike was the third costliest hurricane in our nation’s history, with \$13.05 billion in property loss claims and damage estimates of as high as \$29.6 billion. The storm left millions without electricity; damaged or destroyed tens of thousands of homes; ruined volumes of personal property; led to significant job and business loss; created a massive need for public benefits; and resulted in 128 casualties. All thirty-six federally declared disaster counties were in LSLA’s service area. LSLA was a first responder after the storm, dispatching staff and volunteers to hard-hit areas to educate survivors about their legal rights to government and public disaster assistance. Attorneys answered disaster



Paul Furrh's damaged house.

legal questions, provided legal advice, and helped eliminate the barriers that prevented victims from receiving disaster aid. Early on, LSLA expanded its initial Ike recovery services to include intake and case handling.

LSLA's massive Hurricane Ike disaster recovery initiative reached across all of LSLA's seventy-two counties. Beginning on Day One after landfall and continuing for months thereafter, the firm engaged in multiple emergency outreach efforts aimed at hurricane survivors, including (1) a Hurricane Hotline; (2) mobile offices at Disaster Recovery Centers (DRCs) and other community events to offer free disaster legal help, assist with public benefits and government aid applications (and eliminate access barriers), and make referrals to other aid organizations; and (3) distribution of more than 60,000 English, Spanish, Chinese, and Vietnamese "MUST KNOW" legal information packets. To illustrate the duration of the effort, LSLA maintained a presence at Galveston DRCs through spring 2009.

LSLA's disaster-related emergency services were essential for hurricane survivors, many of whom were unaware of the deadlines for federal and state assistance and the short application windows for private insurance. By providing the outreach described above, LSLA was able to help many individuals and families secure basic needs (food, housing) and cash assistance before victims lost their eligibility for emergency benefits. As families and communities sought to rebuild, LSLA expanded its disaster relief framework to continue client intake and case handling, in many instances providing extended services to clients first encountered in emergency outreach centers. LSLA committed to providing multi-year long-term recovery assistance. Funding from dedicated Disaster Relief grants enabled LSLA to staff up, hiring teams of additional staff attorneys to provide intensive disaster-recovery legal services without shortchanging other practices and other low-income populations..

Today residents of the Texas Gulf Coast know Cabeza de Vaca's Isla de Malhado as Follett's Island. I know it well because my family has a small beach house there. In an odd twist of circumstances, my family of seven lived full-time in that beach house for eighteen months while our primary residence was being rebuilt post-Ike. The beach house was very well constructed because family and friends built it; the beach house survived the full force of Ike. Our home twelve miles inland was not nearly so lucky, nor were our neighbors'. A third of the other houses on Follett's Island were destroyed, particularly the older structures that predated stringent building codes. Another third of the homes were uninhabitable due to substantial damage. Our beach house needed a new roof, but little else by way of repairs. Our tenure as full-time residents of Follett's Island was like living with the Walton's as you could hear everyone say goodnight at bedtime.

The Malhado way of life is what many victims—and a disproportionate number of legal aid clients—experience after a hurricane or major disaster. It took six weeks to restore electricity on the island. By contrast, most parts of Houston got power back in two to four weeks whereas some rural areas went more than six weeks without electricity. The East Texas coast became the land of blue tarps. FEMA issued them freely to cover damaged roofs. In a memorable conversation, an elderly gentleman that LSLA first met at a DRC near Beaumont told how he had just received a new blue tarp to replace the one he had been issued after Hurricane Rita. In the four years since Hurricane Rita, the damage to his home had not been repaired.

LSLA's press release sets out a sound, practical approach to disaster relief. (*See, p. 24.*) LSLA did everything that was promised in that press release. In addition, LSLA led efforts that ensured the Galveston Housing Authority will rebuild destroyed public housing units and that state, local, city, and county authorities consider the needs of low-income residents in rebuilding after a major disaster. A legal aid firm's services—and its presence—are absolutely essential following a disaster. If your firm is well integrated into your community, you already know where the hot spots are; you know where senior centers, assisted living facilities, and public housing are located. You know where the poor and vulnerable live. You know where the substandard and below code housing is located. You may know these areas better than anyone and can help other service providers who are new to your area.

Disasters come in all shapes and sizes. The Lone Star Legal Aid service area was affected by the BP Oil Spill

Lone Star Legal Aid News Release

Tuesday, September 16, 2008

Lone Star Legal Aid Launches Multi-County Free Legal Help for Residents Recovering from Hurricane Ike

As humanitarian efforts begin for one of the largest natural disasters in Texas history, Lone Star Legal Aid today announces a massive, multi-county free legal outreach initiative for Texans recovering from Hurricane Ike. In cooperation with the Red Cross, community organizations and city officials, Lone Star Legal Aid will begin mobilizing two-person legal teams to work onsite at local shelters and provide free legal advice on FEMA/other government benefits application help, lost/destroyed document problems, evacuee relocation housing and school enrollment questions and other common disaster recovery legal matters. The firm will also distribute thousands of free English/Spanish MUST KNOW legal packets with self-help brochures and important recovery benefit deadline information. As Disaster Recovery Centers operated by FEMA are opened, Lone Star Legal Aid teams will manage Attorney Help Desks at those locations.

A toll-free Hurricane Hotline staffed with disaster legal specialists is now in place to provide free legal help as well as referrals to other critical local resources. The Hurricane Hotline phone number is 800-733-8394 or 713-652-0077.

Lone Star Legal Aid's service area stretches from the Texas-Louisiana state line, all the way down through Matagorda County and up through East Texas. The firm's free services are available to all low-income residents in Texas counties affected by Hurricane Ike. All of the 29 counties declared to be federal disaster areas are in the Lone Star Legal Aid service area.

"We closed more than 10,000 hurricane cases and provided general legal information to over 50,000 people directly affected by Katrina and Rita," according to Paul Furrh, Chief Executive Officer of Lone Star Legal Aid. "Our experience tells us there's a tremendous amount of important information people need early on in the recovery process that they may not find out about until it's too late, like some of the federal and state aid deadlines with extremely short application windows, including some as short as 30 days from now. With so many folks sheltering with the Red Cross and starting to relocate to hotels through FEMA, getting this information out is our first challenge. Once the critical legal information is circulated to all the people affected by Ike, we'll start working on specific individual legal needs. We expect that work to go on for years," said Furrh.

For People Who Need Help

If you need legal help, and you do not see a Lone Star Legal Aid teams at your local shelter or Disaster Recovery Center, or you have limited phone access, the firm will be working with city officials and community organizations, including Spanish and Vietnamese service providers, to identify core areas with high populations of residents affected by Ike, so the firm can provide outreach in your area. The firm has offices in the following locations: Angleton, Beaumont (closed and services rerouted through Houston), Bellville, Belton, Bryan, Galveston (closed and services rerouted through Houston), Houston, Longview, Nacogdoches, Paris, Texarkana, Tyler and Waco.

Disaster victims encounter both immediate and long-term legal problems, such as:

- Housing issues
- Denial of insurance claims
- Problems with a landlord or mortgage company

- Price gouging
- Disaster-related unemployment matters
- Disaster-related food stamp issues
- Social Security and Medicaid
- Auto and life insurance claims
- Evacuation and shelter issues
- Assistance with government disaster aid grant applications
- School enrollment for the children of evacuated families
- Home repair scams
- Hurricane-related property rights and tax problems

People are encouraged to contact the firm if they need help with these emergency legal problems as a result of Hurricane Ike. Legal services are free and available for civil matters.

About Us

Lone Star Legal Aid is a non-profit law firm, operating as the fourth largest legal aid organization of its type in the United States. The firm provides free civil legal assistance to low-income individuals and families who have immediate needs but cannot afford an attorney.

The firm's service area covers one-third of the state, including 72 counties in the eastern and Gulf Coast regions of Texas, and also four counties of southwest Arkansas. The organization is the only full-service civil legal aid provider in the region offering assistance on issues such as spousal and child abuse, access to health care, employment and housing advocacy (including eviction defense), income maintenance, and unlawful trade practices.

About The Disaster Relief Program

With a permanent Disaster Relief Team in place, Lone Star Legal Aid has conducted hundreds of free legal clinics to help East Texas and Gulf Coast residents through legal problems with FEMA and TDHCA grant applications, landlord-tenant issues, health care matters and other legal concerns. The firm has also represented many East Texas homeowners who have fallen victim to hurricane-related home repair scams. We have filed and won cases against contractors and, in some cases, "stormchasers" who received cash payments from FEMA or insurance companies but whose repair work was of little or no significant value. One judgment was for almost \$100,000. To date, the firm has closed more than 10,000 cases related to hurricanes since Hurricanes Katrina and Rita, and reached many more thousands through educational outreach and self-help clinics.

During Katrina and Rita, the firm held more than 500 community clinics, and we plan just as many for Ike.

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and we participate in the BP Gulf Coast Consortium. Texas has sixty-eight counties that have been declared as disaster areas due to a continuous, three-year-long drought. Many of those counties are located in Lone Star Legal Aid's service area. In a related note, there have also been numerous wildfire-declared disasters statewide and in LSLA's service area during 2010, 2011, and 2012. None of these disasters is of the same scale or magnitude as the Hurricane Ike disaster experience, but the fundamentals of disaster relief are similar in

each instance.

Sadly, as evidenced by Hurricane Sandy, we are still in the time of Malhado.

- 1 Paul E. Furrh has been the Chief Executive Officer of Lone Star Legal Aid since 2001, and East Texas Legal Services from 1982 to 2001. Furrh has weathered many a disaster—from hurricanes to tornadoes, fires to oil spills—during his years at the helm. Paul may be reached at PFurrh@lonestarlegal.org.

Lone Star Legal Aid Credit Card Purchases

Date	Vendor	Bank of America Reference Number	Amount (2008)	Amount (2009)	Grand Total
10/08/2008	Airline Ticket for Ms. Charles Wilson to attend 2008 NLADA Conference	55417348283582838400389	\$ 401.00		\$ 401.00
10/08/2008	Airline Ticket for Ashley Keys to attend 2008 NLADA Conference	55417348283582838400397	\$ 401.00		\$ 401.00
12/15/2008	U-Haul to move office furniture from Nacogdoches Branch Office to Houston and Angleton Branch Offices		\$ 343.60		\$ 343.60
11/11/2008	Dolly to move wet files in LSLA Angleton Branch Office	55541868317010182732740 (Home Depot)	\$ 59.76		\$ 59.76
11/18/2008 to 11/23/2008	NLADA Incidentals	05410198324631210018913 05410198325631210019548 05444008326538731983369 05444008327540097602707	\$ 60.00 \$ 40.00 \$ 6.87 \$ 6.87		\$ 113.74
12/10/2008	Holiday Inn for Texas Access to Justice Commission Meeting – TAJF and Supreme Court of Texas		\$ 207.03		\$ 207.03
01/15/2009	Hampton Inn for Texas Access to Justice Commission Meeting – TAJF and Supreme Court of Texas			\$ 107.91	\$ 107.91
01/09/2009	Management Meeting Meal Receipt			\$ 136.75	\$ 136.75
01/29/2009	Self-Inspection Meal Receipt			\$ 86.58	\$ 86.58
01/31/2009	Self-Inspection Meal Receipt			\$ 54.74	\$ 54.74
02/09/2009	Self-Inspection Meal Receipt			\$ 81.68	\$ 81.68
02/20/2009	Self-Inspection Meal Receipt			\$ 72.76	\$ 72.76
02/22/2009	Self-Inspection Meal Receipt			\$ 61.65	\$ 61.65
06/23/2009	Recruitment Meeting Receipt			\$ 63.58	\$ 63.58
TOTALS			\$1,526.13	\$ 665.65	\$2,191.78