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**BY FACSIMILE AND US MAIL**

February 17, 2009

Ben Thomas Cole II, Executive Director  
North Mississippi Rural Legal Services, Inc.  
5 County Road 1014  
P.O. Box 767  
Oxford, MS 38655

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**Re: Follow-Up to On-Site Visit, Recipient # 625040**

Dear Mr. Cole:

I would first like to thank you and the North Mississippi Rural Legal Services, Inc. (NMRLS) staff for the courtesy and cooperation extended to the Legal Services Corporation's (LSC) Office of Compliance and Enforcement (OCE) Follow-up team of January 27-28, 2009. Second, I write to inform you that based on the information provided by the Follow-up team, OCE has determined that NMRLS' actions taken in response to LSC's Final Report, issued on July 18, 2008, sufficiently address the concerns expressed therein.

As you will recall, OCE in conjunction with the Office of Program Performance (OPP) had conducted an on-site Joint Quality Review of Casework and Systems Review of NMRLS in October 2007. OCE identified several issues and required corrective actions designed to assist NMRLS in complying with the LSC Act, regulations, and applicable instructions. In the July 18, 2008 Final Report (hereinafter Final Report), there were seven items slated for corrective action. NMRLS has addressed all of these corrective action items. During the on-site Follow-up review, OCE reviewed 64 case files. Below are OCE's findings from the review.

**Corrective Action Items**

- 1. Draft and implement a procedure for the consistent and systematic review of MVLP and PAI open and closed cases.**

During the 2007 review, OCE noted that a significant number of MVLP cases reviewed contained inadequate status reports which contained little to no information on the status of cases which effectively caused the program not to comply with 45 CFR Part 1614. Although there were oversight procedures in place, the review revealed that the procedures failed to be sufficiently implemented; therefore, the program was not complaint.

In its comments to the Draft Report (DR), NMRLS indicated they had implemented an updated PAI sub-grant agreement to include the existing operating procedures including requirements of placing or returning the case within 90 days, quarterly status reports from the MVLP lawyer, follow-up calls and letters with non-responsive lawyers, and case review by NMRLS' Director of Litigation and the MVLP Coordinator.

The 2009 Follow-up review evidenced that NMRLS has taken corrective action by drafting and implementing a procedure for the consistent and systematic review of MVLP and PAI open and closed cases. Additionally, case review revealed the use of these updated procedures.

**2. Request from MVLP written detailed status updates of open cases.**

During the 2007 review, OCE found that a significant amount of the cases handled by MVLP contained status reports with little to no information on the actual status of cases which effectively caused these cases to not comply with 45 CFR Part 1614.

In its comments to the DR, NMRLS provided OCE with a copy of a newly implemented PAI/MVLP open case review and status report policy and procedure. Additionally, NMRLS provided OCE with a copy of an e-mail requesting detailed status reports from MVLP.

The Follow-up review evidenced that NMRLS has taken corrective action which ensures that all open MVLP cases contain the appropriate amount of information in order for the cases to comply with 45 CFR Part 1614.

**3. Ensure that language allowing an applicant to attest to his/her citizenship is removed from the retainer agreement.**

During the 2007 review, OCE determined that the language in the citizen attestation which stated, "I certify that (CHECK ONE) I AM \_\_\_ AM NOT\_\_\_ a citizen of the United States of America" did not comply with the requirements of CSR Handbook (2001 Ed.) and needed to be stricken from the form.

In its comments to the DR, NMRLS indicated they had had adopted and distributed a revised retainer agreement which complies with the CSR Handbook (2001 and 2008 Ed.) and this was confirmed during the follow-up review.

**4. Ensure that the retainer agreement includes two separate signature blocks; one signature to enable the client to indicate agreement to the scope and terms of service; the other to permit the client to attest to citizenship.**

During the 2007 review, OCE discovered that the retainer agreement contained one signature block for the terms of the retainer agreement and another attesting to citizenship, which complied with the CSR Handbook (2001 Ed.), however failed to comply with CSR Handbook (2008 Ed.).

In its comments to the DR, NMRLS stated that they had adopted and distributed a revised retainer agreement that complies with the CSR Handbook (2008 Ed.) and that the previous retainer agreement has been taken out of circulation. This was confirmed during the Follow-up review.

**5. Ensure that staff is screening all applicants for citizenship or alien eligibility.**

During the 2002<sup>1</sup> and 2007 reviews, an NMRLS intake staff member indicated that they could determine whether an applicant was a citizen “by the sound of their voice” which was not compliant with the applicable LSC Regulations or the CSR Handbook.

In its comments to the DR, NMRLS indicated they immediately and permanently removed from intake duties the staff member who did not properly screen applicants for citizenship. NMRLS stated they had determined that this involved only one staff person and not the entire intake staff.

During the 2007 visit, OCE requested that NMRLS provide the total number of cases in which the identified staff member conducted intake since the previous OCE visit in November of 2002. NMRLS informed OCE that the staff member conducted 1334 intakes between October 1, 2004 and October 19, 2007, however, they were unable to determine the number of intakes conducted by the staff member in question between the dates of November 13, 2002 and September 30, 2004. NMRLS indicated that they conducted a review of all 1334 cases and determined that 206 case files contained a signed citizenship attestation forms and the remaining 1128 cases were telephone hotline intake cases closing with the closing codes of “counsel and advice” or “brief service.” Of these 1128 cases, NMRLS was informed they could not include cases closed in 2007 in the 2007 CSR data to LSC.

In response to OCE’s corrective action, NMRLS indicated that they had submitted a revised 2007 CSR report to LSC, thus excluding a total of 140 cases of 1128

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<sup>1</sup> OCE had conducted an on-site Case Service Report/Case Management Review (CSR/CMS) of NMRLS on November 2002.

telephone hot line intake cases that were closed with the closing codes of “counsel and advice” or “brief service”.

The 2009 Follow-up review evidenced that NMRLS has taken corrective action by ensuring that intake staff is screening all applicants for citizenship.

- 6. Utilize actual costs, rather than budget amounts, or an appropriate ratio, when determining the percentage to be used in the allocation of indirect costs. Appropriate ratios could be PAI salaries divided by total program salaries or PAI closed cases divided by total program closed cases. See 45 CFR § 1614.3(e)(1)(i).**

Documents reviewed disclosed that NMRLS has taken action to correct the deficiencies found during the 2007 review by using the PAI closed cases over the program’s total cases closed to determine the percentage used to allocate the indirect PAI costs.

- 7. In order to comply with the stipulations in the accounting guide for LSC recipients, NMRLS needs to:**

- a) Continue to strengthen oversight and control over their bank reconciliations.**

Documents reviewed indicate that NMRLS has taken action to correct deficiencies found during the 2007 review by having the fiscal manager conduct periodic training to implement the bank reconciliation procedures.

- b) Improve the timeliness and accuracy of the bank reconciliations to the general ledger. This should happen on a monthly basis and should be conducted by an individual who has no access to cash, is not a check signer, and has no cash bookkeeping duties to increase the likelihood that irregular disbursements and recording errors are timely discovered. Furthermore, the reconciliation should be reviewed and signed off on by a responsible individual, duly documented by signature and date.**

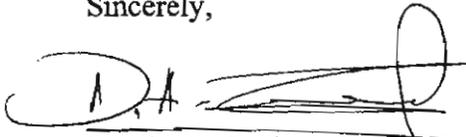
Review of the bank reconciliations of October through December 2008 indicates that NMRLS has taken action to correct the deficiencies found during the 2007 review by having the bank reconciliations performed in a timely manner by an individual with no access to cash bookkeeping. This individual is required to sign and date when the review occurred and when the general ledger was balanced.

Ben Thomas Cole II, Executive Director  
North Mississippi Rural Legal Services, Inc.  
February 17, 2009  
Page - 5

In addition to the findings above, the Follow-Up review revealed that the contract utilized for PAI attorneys contained language that permitted the attorneys to collect attorney's fees in violation of 45 CFR Part 1642. During the visit the program provided OCE with a revised contract which had the attorney fee language deleted and indicated they would draft an addendum for existing contracts which are currently in circulation. Case review revealed no instances where a PAI attorney was awarded or requested attorney's fees.

In summary, NMRLS has sufficiently addressed the problems found during the 2007 review. Thank you once again for your cooperation and for immediately addressing these issues. Please do not hesitate contacting myself at (202) 295-1520 or Craig Dober at (202) 295-1523 if you have any questions or concerns.

Sincerely,

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

Danilo A. Cardona, Director  
Office of Compliance and Enforcement

Cc: Willie J. Perkins, Sr.  
Board Chairperson