



**FINAL REPORT
LEGAL SERVICES CORPORATION
Office of Compliance and Enforcement**

**Legal Aid of Northwest Texas, Inc.
Compliance Review
March 11 - 15, 2013**

Recipient No. 744050

I. EXECUTIVE SUMMARY

Finding 1: LANWT's automated case management system ("ACMS") is insufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded.

Finding 2: LANWT's intake procedure does not support compliance related requirements.

Finding 3: LANWT's financial eligibility policy requires minor revision and sampled cases evidenced non-compliance with 45 CFR § 1611.5(b).

Finding 4: Sampled cases evidenced substantial compliance with the asset documentation requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.4.

Finding 5: Sampled cases evidenced non-compliance with 45 CFR §§ 1626.6, 1626.7 and 1626.12.

Finding 6: Sampled cases evidenced substantial compliance with the requirements of 45 CFR § 1611.9 (Retainer agreements).

Finding 7: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

Finding 8: Sampled cases evidenced substantial compliance with the requirements of 45 CFR § 1620.4 and § 1620.6(c) (Priorities in use of resources).

Finding 9: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6, Legal Assistance Documentation Requirements. However, as a number of sampled cases failed to contain a description of the legal assistance provided to the client, corrective action by LANWT is required.

Finding 10: Sampled cases evidenced LANWT's application of the CSR case closure categories is inconsistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011).

Finding 11: Sampled cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.3, Timely Closing of Cases. However, as a number of sampled cases were inactive, improvement is required.

Finding 12: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, Single Recording of Cases. However, as six (6) sets of duplicates were identified, corrective action by LANWT is required.

Finding 13: Review of LANWT's policies and timekeeping records and interviews with the full-time attorneys who have engaged in the outside practice of law evidenced compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

Finding 14: Review of LANWT's cases and policies, as well as a limited review of LANWT's fiscal records and interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities).

Finding 15: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Finding 16: A review of LANWT's organizational chart, observations of the physical locations of LANWT's offices, and interviews with staff indicate that LANWT is in compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity).

Finding 17: LANWT is in substantial compliance with 45 CFR Part 1614 (Private attorney involvement).

Finding 18: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with 45 CFR § 1627.4 (Membership fees and dues). However, an examination of LANWT's relationship with the Dallas Volunteer Attorney Program, as well as its transfer of TIG No. 0446 funds to Texas Legal Services Center evidenced non-compliance with 45 CFR § 1627.3(a)(1).

Finding 19: Review of LANWT's policies, interviews with management and staff, as well as a limited review of fiscal and other records, evidenced compliance with the 45 CFR Part 1635 (Timekeeping requirements).

Finding 20: Sampled cases, as well as interviews with management and staff, evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Finding 21: Review of LANWT's policies, as well as interviews with management and a review of LANWT's semi-annual reports, evidenced compliance with the requirements of 45 CFR Part 1612.

Finding 22: Review of sampled cases, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions).

Finding 23: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1617 (Class actions).

Finding 24: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1632 (Redistricting).

Finding 25: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings).

Finding 26: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Finding 27: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

Finding 28: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1639 (Welfare Reform).

Finding 29: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced substantial compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing)

Finding 30: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of LSC statutory prohibitions against abortion related legal assistance (LSC Act, § 1007(a)(8); 42 USC § 2996f(b)(8)), school desegregation litigation (LSC Act, § 1007(a)(9); 42 USC § 2996f(b)(9)), and Military Selective Service Act or desertion related legal assistance (LSC Act, § 1007(a)(10); 42 USC § 2996f(b)(10)).

Finding 31: LANWT is in substantial compliance with the Accounting Guide for LSC Recipients (2010 Ed.) ("LSC Accounting Guide") as it maintains adequate supporting documentation of payments and corresponding reviews and approvals. However, deficiencies in its internal controls, governing body oversight, and Accounting Manual were noted.

Finding 32: Interviews and a limited review of TIG-related activities, practices, and documents relating to TIG No. 04466 evidenced compliance with 2004 TIG grant assurance Nos. 6 and 10 but non-compliance with 45 CFR Part 1627. Moreover, LANWT failed to properly document costs and activities related to this TIG.

Finding 33: Interviews and a limited review of TIG-related activities, practices, and documents relating to TIG No. 04467 evidence compliance with 2004 TIG grant assurance Nos. 6 and 10 and applicable LSC regulations, rules, and guidelines.

II. BACKGROUND OF REVIEW

On March 11 – 15, 2013, the Legal Services Corporation’s (“LSC”) Office of Compliance and Enforcement (“OCE”) conducted an on-site Compliance Review (“CR”) at Legal Aid of Northwest Texas, Inc. (“LANWT”). The purpose of the visit was to assess the recipient’s compliance with the LSC Act, regulations, and other applicable LSC guidance such as Program Letters, the Accounting Guide for LSC Recipients (2010 Ed.) (“LSC Accounting Guide”), the LSC Property Acquisition and Management Manual (“PAMM”), and grant conditions. The visit was conducted by a team of 11 attorneys, three (3) fiscal analysts, and (1) management analyst. Eight (8) of the attorneys and two (2) of the fiscal analysts were OCE staff members; the remaining members of the team were temporary employees.

Overview of LANWT

LANWT is a non-profit legal services organization providing free civil legal services to low-income residents in the LSC service area TX-14.¹ The service area encompasses 105,524 square miles, or 110 counties in northern and western Texas, and a poverty population of 858,702. See <http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb1.asp>.

LANWT is headquartered in Ft. Worth, and maintains offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford, and Wichita Falls. LANWT also maintains outreach locations at social service centers, hospitals and homeless shelters, and conducts a number of clinics throughout its service area. LANWT has a staff of 183, including a Chief Executive Officer (“CEO”), a Deputy Director, a Director of Litigation, a Chief Financial Officer (“CFO”), an Accountant, an Accounting Operations Manager and four (4) accounting assistants, a Human Resource Director, a Communications Director, a Director of Development and a Grants Development Coordinator, an Information Technology (“IT”) Manager, a Network Coordinator and a Webmaster, 12 Managing Attorneys, eight (8) Supervising Attorneys, 77 staff attorneys, a contract attorney, 17 paralegals, an Equal Justice Volunteer Program (“EJVP”) Supervisor and seven (7) EJVP coordinators, four (4) intake specialists/interviewers, and 39 other staff. During the visit, OCE visited all of LANWT’s 15 offices and interviewed the CEO, the Deputy Director, the CFO and members of his staff, several of the Managing, Supervising and staff attorneys, paralegals and intake specialists/interviewers, as well as several of the other staff.

In 2010, LANWT received a basic field award from LSC totaling \$8,712,148.00; in 2011, it received \$8,352,006.00; and in 2012, it received \$7,127,621.00. Total LSC funding for the years 2010, 2011, and 2012 was \$9,778,190.00, \$9,958,439.00, and \$8,415,610.00, respectively. Aggregate funding from all sources in those same years was \$18,798,468.00, \$18,845,700.00, and \$17,691,002.00, respectively. See <http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb3.asp>. In 2005, LSC awarded LANWT two (2) Technology Initiative Grants (“TIG”) - TIG No. 04466 in the amount of \$52,037.00, and TIG No. 04467 in the amount of \$32,037.00. Both of the TIGs were closed at the time of the visit.

¹ LANWT was formed on March 1, 2003 when LSC re-configured the service areas of Legal Services of North Texas and West Texas Legal Services.

For 2010, LANWT reported 23,936 closed cases in its CSR data submission to LSC. For 2011, it reported 22,593 closed cases, and 21,587 were reported for 2012. See <http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb4.asp>. In those same years, LANWT's self-inspection error rates were 5.5%, 8%, and 4.9%, respectively. From year to year, exceptions were noted with respect to CSR Handbook (2008 Ed., as amended 2011), §§ 3.2, 3.3, 5.3, 5.5, and 5.6.

Prior to the visit, LANWT provided OCE with a statement of its priorities for the years 2010, 2011, 2012, and 2013. Consistently, the statements list LANWT's priorities as family, housing, health, elderly, children/youth issues, public benefits, education, employment, individual rights, community and economic development, probate, and consumer. In 2010, 69% of all closed cases reported by LANWT were family law cases. Housing accounted for 10% of all closed cases; consumer, 6%; income maintenance, 4%; employment, 3%; and individual rights, 2%. Education, juvenile and health combined for slightly more than 1%. In 2011, family law accounted for approximately 64% of all of the closed cases that LANWT reported to LSC. Housing accounted for 14%; consumer, 6%; income maintenance, 5%; employment, 3%; and individual rights, 2%. Education, juvenile and health combined for slightly more than 1%. In 2012, family law accounted for approximately 63% of all closed cases reported by LANWT; housing, 13%; consumer, 7%; income maintenance, 4%; employment 2%; and individual rights, 2%. Education, juvenile and health combined for slightly more than 2%. In any given year, approximately 82% of all cases reported by LANWT are closed as limited legal assistance, including counsel and advice or limited action. The remaining 18% are closed as extended legal assistance including court or agency decision, negotiated settlement with or without litigation, or other extensive service.

Overview of the Compliance Review

OCE's on-site visit was designed and executed to assess LANWT's compliance with basic client eligibility, intake, case management, regulatory and statutory requirements, and to ensure that LANWT correctly implemented the CSR Handbook (2008 Ed., as amended in 2011) during the period January 1, 2010 and January 31, 2013 (the "review period"). Specifically, the team assessed LANWT's compliance with the following regulatory requirements: 45 CFR Part 1611 (Financial eligibility); 45 CFR Part 1626 (Restrictions on legal assistance to aliens); 45 CFR §§ 1620.4 and 1620.6 (Priorities in use of resources); 45 CFR § 1611.9 (Retainer agreements); 45 CFR Part 1636 (Client identity and statement of facts); 45 CFR Part 1604 (Outside practice of law); 45 CFR Part 1608 (Prohibited political activities); 45 CFR Part 1609 (Fee-generating cases); 45 CFR Part 1610 (Use of non-LSC funds, transfers of LSC funds, program integrity); 45 CFR Part 1614 (Private attorney involvement); 45 CFR Part 1627 (Subgrants and membership fees or dues); 45 CFR Part 1635 (Timekeeping requirement); former 45 CFR Part 1642 (Attorneys' fees);² 45 CFR Part 1630 (Cost standards and procedures); 45 CFR Part 1612 (Restrictions on lobbying and certain other activities); 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions); 45 CFR Part 1617 (Class actions); 45 CFR Part 1632

² On December 16, 2009, the enforcement of this regulation was suspended and the regulation was later revoked during the LSC Board of Directors meeting on January 30, 2010. During the instant visit, LSC's review and enforcement of this regulation was therefore only for the period prior to December 16, 2009.

(Redistricting); 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings); 45 CFR Part 1637 (Representation of prisoners); 45 CFR Part 1638 (Restriction on solicitation); and 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, or mercy killing). In addition, the team assessed LANWT's compliance with certain statutory requirements, namely, 42 USC 2996f § 1007 (Abortion, school desegregation litigation and Military Selective Service Act or desertion), and evaluated whether LANWT's policies and procedures compared favorably to the elements outlined in the LSC Accounting Guide, Chapter 3 - Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System. The team also conducted a limited evaluation of LANWT's management and use of its TIG awards to assess compliance with certain applicable LSC requirements.

In preparation for the visit, by letter dated January 10, 2013, OCE requested that LANWT provide certain materials, including copies of its financial eligibility policies and intake procedures during the review period, its board approved priorities during the review period, a list of all clinics operated by LANWT during the review period, its Part 1604 policy and a list of all attorneys who were engaged in the outside practice of law during the review period, LANWT's indirect cost allocation methodology, a list of all attorneys who are/were employed by both LANWT and an organization that engages in restricted activities during the review period, a list of all funding sources and codes, and a list of all persons and/or organizations to whom LANWT transferred LSC and/or non-LSC funds during the review period.

The letter also requested that LANWT provide a list of cases reported to LSC in its 2010 CSR data ("closed 2010 cases"), a list of cases reported to LSC in its 2011 CSR data ("closed 2011 cases"), a list of all cases closed in 2012 ("closed 2012 cases"), a list of cases closed between January 1 and January 31, 2013 ("closed 2013 cases"), and a list of all cases that remained open as of January 31, 2013 ("open cases"). OCE requested that each list should be in alphabetical order by the clients' last name and separate open and closed lists should be generated for each office. In addition, OCE requested that each list contain the client name, the file identification number, the name of the advocate assigned to the case, the opening and closing dates, the CSR case closure category assigned to the case, the funding code assigned to the case, and an indication of whether the case was handled by staff or by a private attorney pursuant to 45 CFR Part 1614. The letter advised LANWT that OCE would seek access to case information consistent with Section 509(h), Pub. L. 104-134, 110 Stat. 1321 (1996), LSC Grant Assurance Nos. 10, 11, and 12, and the LSC *Access to Records* protocol (January 5, 2004). OCE instructed LANWT to notify OCE promptly, in writing, if it believed that providing the requested material, in the specified format, would violate the attorney-client privilege or would be otherwise protected from disclosure. The letter requested that all materials be submitted by close of business Friday, February 8, 2013.

By letter dated February 22, 2013, LANWT agreed to afford OCE access to case information through the use of staff intermediaries. Specifically, LANWT agreed that during the visit it would provide one staff intermediary per OCE reviewer and that the intermediary would disclose to OCE the CSR problem codes assigned to the cases, client names, financial eligibility information, citizenship/alien eligibility documentation, signed retainer agreements, Part 1636 statements, the general nature of the legal assistance provided to the client, and materials otherwise available in the public record, including, but not limited to, pleadings, orders, etc..

Following receipt of the requested materials, OCE commenced a review of the same and proceeded to create a representative sample of cases that the team would review during the visit. OCE distributed the sample proportionately among open and closed cases and among LANWT's various offices. The sample consisted largely of randomly selected cases, but also included cases selected to test for compliance with those CSR instructions relative to timely closings, ACMS data integrity, application of the CSR case closure categories, and duplicate reporting.

During the visit, OCE interviewed upper and middle management, fiscal staff, staff attorneys, paralegals, IT staff, and support staff. OCE assessed LANWT's policies and procedures, its intake, case acceptance, case management and case closure policies and procedures, and tested its automated case management system ("ACMS"). OCE examined the manner in which LANWT involves private attorneys in the delivery of legal assistance to eligible clients and reviewed its compliance with LSC restrictions regarding prohibited political activities, lobbying activities, fee-generating cases, as well as its use of non-LSC funds. OCE also collected a sample of informational pamphlets and brochures. As well, OCE reviewed financial records relevant to the review period and examined LANWT's compliance with the LSC Accounting Guide and its costs standards and procedures. OCE reviewed LANWT's compliance with LSC's timekeeping requirements and its use of LSC funds to pay membership dues and fees. OCE conducted a limited review of LANWT's internal controls, and reviewed LANWT's compliance with LSC's timekeeping requirements and its use of LSC funds to pay membership dues and fees. OCE also had occasion to interview the Chair and Treasurer of the LANWT Board of Directors to assess the level of fiscal oversight exercised by the governing body. OCE also reviewed 1,661 case files during the visit to test LANWT's compliance with LSC regulatory and reporting requirements.³

Throughout the visit, LANWT cooperated fully. Consistent with the February 22, 2013 letter, LANWT afforded access to information in the case files through staff intermediaries. LANWT maintained possession of the files and disclosed the CSR problem codes assigned to the cases, client names linked to case numbers, income and asset information, client signatures as they appeared on citizenship attestations, retainer agreements and Part 1636 statements, alien eligibility documentation, and the general nature of the legal assistance provided to the client, as well as materials otherwise available in the public record, including, but not limited to, pleadings, orders, etc.

During the course of the visit, OCE made every effort to advise LANWT of any compliance issues as they arose. OCE notified members of LANWT's upper and middle management and fiscal personnel of compliance issues identified during the review. At the conclusion of the visit, OCE held a brief exit conference during which OCE advised LANWT of its preliminary findings. During the exit conference, OCE explained to LANWT that the findings were merely

³ Some of the cases contained in the sample, particularly some of the Abilene closed 2010 cases, were in storage and, as such, were not available at the time of the visit. LANWT also identified three (3) cases that could not otherwise be located. *See* Dallas closed 2011 Case No. 11-0929235 and Dallas PAI closed 2010 Case Nos. 10-26528 and 1002247. However, for the most part, time did not permit the team to review all of the cases selected in the sample. Nevertheless, the team made strategic decisions and prioritized the cases that it would review during the visit. Generally, the team focused on open, closed 2013, closed 2012, and closed 2011 cases, respectively. The team also focused its attention on cases closed with extended legal assistance. Consequently, the cases that were not reviewed were largely those closed in 2010 and/or those closed with limited legal assistance.

preliminary, that OCE may make further and more detailed findings in the Draft Report (“DR”), which OCE would issue to LANWT in approximately 60 days. OCE advised LANWT that it would have 30 days to submit its comments to the Draft Report and, as such, it should review the Draft Report critically. LANWT was advised that a Final Report would be issued that would include LANWT’s comments. LANWT was further advised that OCE may request additional documentation or a demonstration that the required corrective action items have been implemented.

During the exit conference, OCE thanked LANWT for its cooperation and advised that the visit disclosed both patterns of compliance and patterns of non-compliance. Specifically, OCE advised LANWT that interviews that were conducted and the materials that were reviewed during the visit, as well as the cases that were reviewed, indicated that LANWT is in compliance with 45 CFR Parts 1608, 1609, 1613, 1615, 1617, 1620, 1627, 1632, 1633, 1636, 1637, and 1643. OCE noted that, with some exceptions, LANWT has adopted policies and procedures designed to ensure compliance as required by LSC regulations. OCE also commented that LANWT’s private attorney involvement (“PAI”) activities are compliant with 45 CFR Part 1614; that PAI oversight and follow-up are fairly well documented in some offices; and that its use of the TIG awards appeared to be consistent with LSC requirements.

However, OCE also advised LANWT that: it must revise its financial eligibility policy; the forms and procedures adopted by LANWT to obtain information to determine financial eligibility lacked uniformity and that many of the forms used by different offices were inconsistent with LSC requirements; instances of eligibility determinations in contradiction to 45 CFR § 1611.3(e) were noted; its process for accounting for PAI costs should be documented in its accounting manual; revisions to its accounting manual to address bank reconciliations, electronic banking, and to its records retention and disposition policy are necessary to comply with the LSC Accounting Guide; contrary to CSR Handbook (2008 Ed., as amended 2011), § 10.1(a)(ii), some of the PAI cases that were reviewed involved legal assistance that was provided by a staff attorney rather than a private attorney; although LANWT is in compliance with 45 CFR Part 1604, there were instances of outside practice that were not identified prior to the visit; one instance was noted in which LANWT mistakenly charged a Part 1612 activity to its LSC fund; fiscal oversight by the governing body has been lax; several cases were reviewed that lacked documentation of LANWT’s consideration of its authorized income exceptions; several cases were reviewed that lacked the requisite Part 1626 documentation; several cases were reviewed that lacked a description of the legal assistance provided to the client; several cases were reviewed that lacked retainer agreements, or contained retainer agreements that failed to identify the nature of the client’s legal issue and/or the services to be provided; several cases were reviewed that were dormant or untimely; and in several instances, LANWT’s application of the case closing codes was inconsistent with the CSR Handbook (2008 Ed., as amended 2011).

LANWT responded favorably to OCE's assessment and advised it will be identifying and implementing additional oversight methods to further increase compliance with the LSC Act, regulations, and other applicable authority.

LANWT is currently under new management, so OCE seized the opportunity at the conclusion of the exit conference, to promote an open dialog between LSC and LANWT, particularly with

respect to LSC regulatory and reporting requirements. LANWT was encouraged to regard LSC as more than a financial resource, but a resource that is available to provide technical assistance regarding LSC's regulatory and reporting requirements as LANWT may from time to time require.

By letter dated August 9, 2013, OCE issued a DR detailing its Findings, Recommendations, and Required Corrective Actions. LANWT was afforded 30 days to review the DR and submit written comments. At LANWT's request, the time for submitting written comments was extended. By letter dated November 22, 2013, LANWT submitted its comments to the DR. With some exceptions, LANWT agreed with the Findings and submitted a Comprehensive Plan of Action ("CPA"). The CPA contemplates a three-step process: an end-to-end analysis of LANWT's strengths and weaknesses in the delivery of legal assistance; followed by a comprehensive revision of the forms and procedures used for case screening, case acceptance, case management, and case closure; and, finally, mandatory training.

LANWT stated that the CPA is designed to address not only the concerns stated in the DR, but also concerns that new management has with the overall delivery of services within the service area, *e.g.*, case selection, prioritization of intake resources, utilization of hotline and clinic resources, case staffing procedures, case review policies and procedures, case closing, statistical reporting, and overall compliance with both LSC and LANWT policies and procedures. Consequently, senior LANWT management has elected to implement program-wide systemic changes designed to better meet the needs of its clients, and ensure greater compliance with LSC regulatory and requirements.

According to LANWT, the most challenging aspect of the CPA will be the training component. LANWT's comments recognize that past efforts may not have achieved optimal effectiveness. For that reason, LANWT has opted for a different approach and will select a team of trainers to visit each branch office to conduct on-site training. The trainers will be the same from office to office, thereby ensuring a level of consistency in the instruction provided. Attendance at training will be mandatory and staff will be required to certify that they have read and understand the policies and procedures being implemented.

LANWT accepts that management must take a more active role in the oversight of service delivery, and while it cannot handle the cases, it can shoulder the administrative burdens of public interest law, thus allowing staff to focus on serving the needs of the clients. LANWT stated that management will find ways for LANWT to do targeted outreach to at-risk populations; communicate with both funders and advocates to pinpoint trends before they become legal problems; identify federal, state, and local partners to assist in the delivery of services; and explore other means of systemically aiding low-income Texans in its service area.

LANWT commented that one measure of the success of its efforts will be the self-inspection process conducted in the first quarter of 2014. Similarly, periodic case reviews and statistical reviews by management should also reveal trends in compliance.

LANWT stated that effecting these changes will require a team effort that includes a commitment from senior management to revise and train, and the dedication of the staff to

implement the changes. LANWT stated that it will engage staff from the outset by communicating the necessity for the changes and how they impact LANWT, thus ensuring successful implementation. LANWT stated that it is committed to providing the highest quality legal assistance to the maximum number of clients.

OCE has carefully considered LANWT's comments and has made such revisions as it deems appropriate. LANWT's comments are reflected in this Final Report and have been attached as an appendix hereto.

III. FINDINGS

Finding 1: LANWT's current automated case management system ("ACMS") is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded.

Recipients are required to utilize an automated case management system ("ACMS") and related procedures which will ensure that information necessary for the effective management of cases is accurately and timely recorded in a case management system. Such systems and procedures must ensure that management has timely access to accurate information on cases and the capacity to meet funding source reporting requirements. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.1. Recipients are also required to institute procedures for ensuring management review of case information for accuracy and completeness. These procedures must include a method of review to ensure that the cases are timely closed, are not reported more than once in the same year, and fairly represent the volume and types of cases that the recipient provided during the grant year. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.4. Additionally, recipients are required to establish a method in their ACMS that will de-select case files for CSR reporting that were opened as LSC-eligible, but are not reportable to LSC as cases. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.5.

The ACMS currently in use by LANWT is LegalServer, a web based case management system that offers secure remote access via the Internet and features customized modules to satisfy LANWT's requirements. LANWT advised that, consistent with CSR Handbook (2008 Ed., as amended 2011), § 3.4, all case service information is reviewed prior to submission to LSC. During the visit, LANWT demonstrated the capacity of LegalServer by generating reports according to client name, casehandler, problem code, adverse party, length of time that a case has been opened, etc. LANWT also demonstrated LegalServer's ability to provide case history, to upload and retrieve related documents, as well as its ability to track both the progress of a case and casehandler time.

Based on a comparison of the information yielded by the ACMS to information contained in the cases that were reviewed during the visit, LANWT's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded. With few exceptions, the file information disclosed by LANWT during the visit was consistent with the information contained in the case lists. *See* Plainview open Case No.11-0914860 (inconsistent funding code), Plainview open Case No.12-0970094 and Plainview open PAI Case No. 11-0877098 (inconsistent problem code), Odessa closed 2013 Case No. 13-0995764 (inconsistent case closing code), Plainview closed 2013 Case No.13-0995498 (inconsistent household size), Plainview open PAI Case No. 12-0965993 and Dallas closed 2011 Case No. 1023907 (inconsistent open date), and Lubbock open PAI Case No. 12-0979523 (inconsistent information ACMS listed the case as open, but the file indicated it was closed in 2012).⁴

⁴ OCE also noted several instances in which legal assistance was provided to the client prior to the open date that appeared on the case lists. *See, e.g.*, Abilene open Case No. 12-0943903, McKinney open Case Nos. 11-0887328, 12-0925834, 12-0984373 and 1013434, Wichita Falls open Case Nos. 12-0951452, 11-0899095, 12-0981775, 13-0995600, 12-0962658, 12-092596 and 13-0993608, San Angelo closed 2013 Case Nos. 12-0990439 and 12-

In 2011, LANWT converted its ACMS from Practice Manager to LegalServer. During the entrance conference, LANWT advised that the data transfer from Practice Manager to LegalServer was somewhat problematic and that it experienced problems converting the closed 2010 and closed 2011 data. For example, the lists of cases reported to LSC by LANWT in its 2010 and 2011 CSR data submission contained cases that were closed with various “reject” codes, but were designated as CSR eligible. *See, e.g.*, Amarillo closed 2010 Case No. 1031425, Brownwood closed 2010 Case No. 1020156, Dallas closed 2011 Case Nos. 11-0894106 (closed as “Q,” but designated CSR eligible) and 11-0889208 (closed as “Ax,” but designated as CSR eligible), and Weatherford closed 2011 Case No. 11-0894456 (closed as “X,” but designated as CSR eligible).

LANWT explained that its previous ACMS contained a number of “reject” codes that were used to de-select cases that were opened as LSC-eligible but are not reportable to LSC as cases.⁵ LANWT assured the team that such cases had not been reported to LSC in its CSR data submission. Rather, LANWT believes that in the process of transferring its data, LegalServer defaulted all of the responses in the “CSR Eligible” column to “yes”.⁶

In the week following the on-site visit, OCE confirmed that the “reject” codes would not have been accepted by LSC. As such, those cases that appeared on the case lists with “reject” codes were not reported to LSC. Following the visit LANWT provided a list of cases reported to LSC in its 2010 and 2011 CSR data submissions. The lists lack any cases closed with any of the “reject” codes, and the number of cases contained on the lists is more consistent with LSC’s CSR

0990668, Amarillo closed 2012 Case No. 11-0914600, Midland closed 2011 Case No. 1100556, and San Angelo closed 2012 Case No. 1106772. In each instance, the files indicated that counsel and advice was provided to the client, either by the Legal Aid Line or by a clinic and that the case was then forwarded as “pending” to the appropriate branch office for further assistance. If the branch office accepts the case for further assistance, the date of acceptance is the “open” date and the ACMS is annotated accordingly. LANWT may wish to consider modifying this practice so that the open date reflected in the ACMS coincides with the date that the clinic of the Legal Aid Line provides the client with counsel and advice.

⁵ The Practice Manager “reject” codes included:

- AG - Information only
- M - CSR ineligible incorrect information at intake, over asset limit
- M1 - CSR ineligible incorrect information at intake, over income limit
- N - Ineligible client because of Immigration Status
- N-1 - No show
- O - Referred without providing legal assistance
- P - Prohibited case type (criminal, class action, etc.)
- R - Ineligible because matter outside priorities
- S - Not in LANWT service area (not eligible or no assistance provided)
- T - Eligible, but rejected due to conflict of interest
- U - Already represented (no advice given)
- V - Insufficient merit to open (no advice or assistance given)
- W - Insufficient resources (no assistance provided)
- X - Insufficient documentation or data to report as eligible
- Xa - Withdrew before legal assistance provided
- Xb - Incorrect non-financial information at intake
- Xd - Duplicate case
- Xf - Required documentation not present

⁶ LANWT also advised that the transfer corrupted some of the income eligibility data.

data.⁷ It is assumed that the inconsistency is due in part, or whole, by the migration problems experienced by LANWT during the transition from Practice Manager to LegalServer. Unfortunately, the LANWT server which stored Practice Manager is no longer functioning so the original case data is no longer accessible.

LANWT advised that with two (2) exceptions, the Practice Manager codes are no longer active.⁸ The two (2) remaining active reject codes supplement the four mandatory “yes” or “no” questions which appear in LegalServer’s case closing sequence. The four questions are: (1) Legal assistance is documented (including written correspondence received by applicant); (2) Case is closed A, AW, B, or BW⁹ . . . OR a retainer is in the file OR it is a PAI case; (3) Case is closed A, AW, B, or BW AND all contact was telephonic OR citizenship form or alienage documentation is in the file; and (4) Case is closed timely. A negative answer to any one of the questions de-selects the case. But, since a retainer agreements is not an element of CSR reporting, a “no” answer to the second question should not result in de-selection. Accordingly, LANWT was advised to eliminate the second question.

However, the closed 2012 and closed 2013 case lists also contained cases that were closed with one of the reject codes that continued to be designated as CSR eligible. *See, e.g.*, McKinney closed 2013 Case No. 12-0959349 (closed as “N-1,” but designated CSR eligible), Waxahachie closed 2013 Case No. 12-0987219 (closed as “Xa,” but designated CSR eligible), Dallas closed 2012 Case No. 901477 (closed as “N,” but designated CSR eligible), Waxahachie closed 2012 Case Nos. 12-0963707 (closed as “O,” but designated CSR eligible), 11-0899849 (closed as “N-1,” but designated CSR eligible) and 12-0957031 (closed as “W,” but designated CSR eligible). *Contra, e.g.*, McKinney closed 2013 Case Nos. 12-0963040 and 12-0924044, and Waxahachie closed 2012 Case Nos. 11-0907053, 12-0954458, and 12-0965700 (all closed with “reject” codes, but designated CSR ineligible).¹⁰ Considering the use of LANWT’s reject codes and the case closing sequence, it is unclear why the cases noted above continued to be designated as CSR eligible. In its response to the Draft Report, LANWT was directed to explain why cases closed with a reject code continue to be designated as CSR eligible in its ACMS.

Additionally, OCE observed cases in which the ACMS recorded the client’s income as zero, but the case files indicated an income amount other than zero. *See* Amarillo open Case Nos. 13-0995004 and 12-0943414, and Amarillo closed 2013 Case No. 11-0914106.

⁷ For 2011, LANWT reported 22,593 closed cases. In response to OCE’s January 10, 2013 scheduling letter, LANWT provided a list that contained 22,814 closed cases. Following the on-site visit, LANWT provided a list of cases reported to LSC in its 2011 CSR data that contained 22,532 cases. For 2010, LANWT reported 23,936 closed cases. In response to OCE’s scheduling letter, LANWT provided a list that contained 25,585 closed cases. Following the on-site visit, LANWT provided a list of cases reported to LSC in its 2010 CSR data that contained 23,970 cases.

⁸ The two (2) exceptions are the “M” and “X” series codes. These codes are active in LegalServer and are intended to enable LANWT to de-select case files from CSR reporting.

⁹ AW” and “BW” are codes developed by LANWT. They are equivalent to “counsel and advice” and “limited action” and are short for “advice only due to limited resources (needed representation)” and “brief service only due to limited resources (needed representation),” respectively.

¹⁰ As well, the team reviewed at least one case that was designated CSR ineligible, but was actually a reportable case. *See* Denton closed 2012 PAI Case No. 11-0897438.

In response to the DR, LANWT agreed that its current ACMS is sufficient to ensure that the information necessary for the effective case management is accurately and timely recorded. LANWT also agreed that a number of cases that were assigned “reject” codes still showed as CSR eligible in the case lists that were provided to OCE prior to the visit. LANWT explained that LegalServer has two (2) ways of rejecting a case. First, LegalServer does not consider a request for legal assistance as a case until the request is designated as “open” either for extended or limited service. When a request is rejected somewhere in the intake process, it is never sent to a “closing” screen as it was never “opened”. Since CSR eligibility is determined when the case is closed, no request that has been rejected prior to opening will show as CSR eligible. The problem then, is when a case is “opened” and later rejected. Once a request becomes a case, it must then be “closed” and assigned a closing code (which includes several rejection codes). During this process, the case is analyzed for CSR eligibility, and some cases were improperly marked as CSR eligible because they seemed to meet the CSR criteria (the case was not a duplicate, the case had proper citizenship documentation, and the case demonstrated legal services provided prior to the case being discovered as ineligible). The case handler should have marked the CSR eligibility questions as “no” because those questions only apply to cases in which the client received extended services, limited services, or advice and counsel. Once the case was determined to be a reject, no question should have been answered “yes” as the questions do not apply to rejected cases. In reviewing this issue, LANWT has determined that it will be a better procedure to reject cases by changing their disposition from “open” back to “pending” and then proceeding directly to the reject process. In that way, the case will go back to being a matter, and when rejected from the pending status, will not trigger the CSR eligibility questions. This is a training issue, and is a part of the CPA LANWT is implementing to address compliance issues.

LANWT noted that in the methodology prepared by the new management team for reporting CSR information, one of the limiting fields in LegalServer is the case closing code. That field can be set to exclude certain codes. In preparing the 2013 CSR, the methodology calls for all “reject” codes to be excluded from the CSR, so that even if a rejected case was erroneously coded as CSR eligible, it would not make the final CSR report.

LANWT also commented that it has eliminated the question concerning retainer agreements in the LegalServer case closing sequence.

Based on OCE’s review of LANWT’s comments, Required Corrective Action Nos. 1 and 2 are closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its LegalServer training, including copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

Finding 2: LANWT’s intake procedure does not support compliance related requirements.

In making financial eligibility determinations regarding individual applicants, LSC regulations require that recipients make a reasonable inquiry regarding the sources of the applicant’s income,

income prospects, and assets. The regulations further require that recipients adopt simple intake forms and procedures to obtain and record income and asset information in a manner that promotes the development of the attorney-client relationship. *See* 45 CFR § 1611.7.

During the visit, the team discussed LANWT's intake procedures with various intake personnel, including the CEO, Managing Attorneys, Supervising Attorneys, staff attorneys, paralegals, intake supervisors, and intake receptionists in each of LANWT's 15 offices. Additionally, the team reviewed the forms – electronic and otherwise - adopted by LANWT to obtain information necessary to the determination of both financial and citizenship/alien eligibility, and its case management/supervision practices. Although there is more than a fair amount of consistency in the way that LANWT screens for eligibility, staff's practices and understandings vary from office to office and are inconsistent with compliance requirements.

Office Intake

LANWT offers applicants a variety of portals to access legal services, including telephone, walk-in, community outreach, clinics, home visits, and the Legal Aid Line. LANWT does not currently offer on-line intake application system. According to interviews with upper and middle management and intake staff, LANWT receives more requests for legal assistance by telephone than in person, *i.e.*, walk-in applicants.

The intake procedures and forms were fairly consistent from office to office. Each office has a well-publicized toll-free intake number and, while some offices reported a higher incidence of walk-ins, absent an emergency, all applicants for legal assistance are seen by appointment. Whether via telephone or walk-in, typically, persons seeking legal assistance from LANWT are pre-screened to ensure that their legal issue is within the area served by the particular office, is one that is not prohibited, and is within LANWT's priorities. The pre-screen typically includes inquiries related to citizenship/alien eligibility, conflicts, and duplication. In addition, LANWT conducts a financial eligibility pre-screen, including inquiries related to household size, total household income, and total household assets. All such information is captured on an abbreviated intake form.¹¹ In several offices, the pre-screen questionnaires, by themselves, would be insufficient to document an applicant's financial eligibility. In particular, none of the questionnaires documented LANWT's consideration of the applicant's income prospects as required by 45 CFR § 1611.7(a)(1); *see also*, OLA Advisory Opinion # AO-2009-1006

¹¹ The McKinney, Midland, and Weatherford offices do not use a pre-screen form. Rather, the more detailed intake application is completed. In the Amarillo, Lubbock, and Waxahachie offices, the applicant is pre-screened by opening a "pre-screen intake" in the ACMS. This pre-screen intake collects basic demographic information and screens for conflicts, duplication, citizenship/alien eligibility, and financial eligibility. ACMS drop-down menus are used as a guide during the financial pre-screen. Interviews with the receptionist demonstrated that appropriate eligibility questions are asked and simultaneously entered into the ACMS. Applicants who may appear slightly over-income or who need to gather alien eligibility documentation are still scheduled for an appointment and are asked to provide the necessary alien eligibility documentation at the time of their appointment, at which time they complete a full intake application. The receptionists have the authority to tell applicants who are clearly not eligible that they do not qualify for services.

(September 3, 2009), and some of the questionnaires failed to capture any asset information.¹² The ACMS does, however, contain an appropriate income prospects inquiry.¹³

If there is no conflict, the request is not prohibited or a duplicate, and the applicant appears to be eligible, LANWT schedules the applicant for an appointment, either at one of its various clinics or with one of its staff attorneys.¹⁴ Appointments are scheduled until all available daily appointment slots are filled. Applicants who telephone an office after all appointments have been scheduled are given the option of calling back to schedule an appointment or calling the Legal Aid Line. In most offices, one or more staff attorneys and/or paralegals are scheduled to handle emergency intakes each week and will conduct intake interviews with applicants requiring immediate assistance once they are screened for eligibility. Questions about an applicant's eligibility – financial or otherwise - are resolved by the intake supervisor or the Managing Attorney. Applicants with conflicts or issues that LANWT may not handle are sent rejection letters.

When the applicant arrives for his/her appointment – whether at the office or one of the clinics - he/she is provided an intake application. The application requests information concerning the applicant, *i.e.*, name, Social Security Number, alien number, date of birth, occupation, language, ethnicity, address, veteran status, etc., the applicant's household size, the applicant's income and the income of other household members, household assets, fixed debts and obligations, medical expenses, child care costs, medical insurance, employment related transportation expenses, and information about the adverse party. The application does not, however, request information regarding income prospects.

Once the applicant has completed the application, he/she is seen by one of the persons assigned to intake.¹⁵ This person then reviews the information contained in the application with the applicant and the applicant's responses are entered into LegalServer. The prompts in LegalServer require the user to enter information concerning citizenship/alien eligibility, household size, income, assets, and income prospects.¹⁶ As well, the prompts and drop-down menus facilitate eligibility screening and ensure that staff make appropriate inquiry. Six-way conflict and duplicate case checks are conducted at the beginning of an intake interview, after essential applicant and opposing party information is obtained, utilizing the ACMS. Citizenship and alien eligibility screening is then conducted, with proper documentation being obtained for in-person applicants. The ACMS contains a drop-down menu to facilitate alien eligibility screening. Financial eligibility screening, including income prospects, follows, with drop-downs

¹² The team noted that the forms have changed over the years, but even the most current version that was reviewed during the visit failed to document LANWT's consideration of the applicant's income prospects.

¹³ The question in the ACMS states, "Do you have reason to believe that your income is likely to change significantly or in the near future." The user must select yes or no; there is no default and it is a mandatory question.

¹⁴ LANWT advised that applicants who are scheduled for appointments at one of LANWT's various clinics are generally applicants with legal issues that LANWT routinely refers to those attorneys participating in its private attorney involvement efforts, namely family law issues.

¹⁵ The Dallas, Denton, Ft. Worth, and Lubbock offices have intake receptionists and intake paralegals that complete the intake. In the Wichita Falls office, intake is completed by the paralegals and staff attorneys.

¹⁶ LegalServer calculates the applicant's percentage of the FPG and for those applicants whose income is greater than 125% of the FPG but less than 200% of the FPG, LegalServer contains a drop-down that corresponds to the authorized exceptions adopt by LANWT in its financial eligibility policy. It also contains a drop-down that lists all of the alien categories contained in the appendix to Part 1626.

utilized to facilitate the screening for various income and asset sources. The ACMS is programmed to calculate applicant income FPG percentages as well as asset eligibility. If the information entered into the ACMS shows an applicant's income as being between 125-200% of the FPG, the ACMS automatically directs the user to a drop-down menu of 45 CFR § 1611.5 income exceptions titled "1611 Factors." Additional ACMS screens collect demographic information related to ethnicity, marital status, living arrangements, language, disabilities, etc., as well as information related to the applicant's legal issue. There are no defaults with respect to those fields that concern client eligibility.

In many offices, the person assigned to intake is authorized to reject applicants who appear ineligible due to income or assets. Similarly, the intake staff are authorized to inform an applicant if there is a conflict, or if they are not eligible. If an applicant is unhappy with the eligibility determination of intake staff, the Managing Attorney will speak with them. After all of the information obtained has been entered into the ACMS, and the applicant has satisfied the citizenship/alien eligibility documentation requirements, those applicants who are eligible are seen by the staff attorney or paralegal scheduled to meet with applicants for that morning or afternoon. With the exception of the Legal Aid Line, no level of legal assistance is provided prior to the applicant's meeting with the staff attorney or paralegal.

Except for the fact that they are not pre-screened, the same procedures also apply for walk-in applicants. Non-emergency walk-ins are screened for eligibility and case type and are given an appointment, either with one of the staff, or at one of the clinics. Emergencies, defined as the homeless, victims of domestic violence, and persons with imminent deadlines, are seen by an attorney or paralegal the same day.

Legal Aid Line is a centralized intake and legal assistance line. In many instances, applicants who contact one of the branch offices, either in person or by telephone, with a non-emergency legal matter are referred to the Legal Aid Line. The Legal Aid Line is staffed by attorneys in the Dallas office and is available throughout LANWT's service area, except for Dallas and Ft. Worth. The Managing Attorney of the Legal Aid Line explained that due to budget cuts and an increased demand for service in the Dallas and Ft. Worth areas, beginning January 1, 2013, Dallas and Ft. Worth callers are directed to other intake portals, *i.e.*, the clinics or the Dallas or Ft. Worth toll-free intake numbers.

The manner of determining eligibility by Legal Aid Line differs only slightly from the process previously described. Callers to the Legal Aid Line are screened for eligibility using LegalServer and their responses are contemporaneously entered into the ACMS. If there is no conflict and the caller's legal issue is not prohibited, is within LANWT's priorities, and the caller is eligible, the staff attorneys assigned to the Legal Aid Line provide limited legal assistance.

Clinics and Outreach Intake

LANWT also conducts on-site eligibility screenings at various clinic and outreach locations. Some of the clinics are non-LSC funded, and some are issue specific, *i.e.*, domestic violence, veterans' issues, etc. The clinics are advertised on LANWT's website, as well as in flyers distributed to court clerks, advertisements in local publications, and emails to private attorneys

who have expressed an interest in receiving such information. Generally speaking, attendance at the clinics is by appointment.

In some instances, the clinics are staffed by LANWT, while in others the clinics are staffed by a combination of LANWT staff and private attorneys. The intake process typically involves participants signing in upon their arrival at the clinic. The participants are then greeted by an LANWT staff member who advises them of the types of cases that LANWT is prohibited from taking and LANWT's priorities. In most instances, clinic participants are screened for conflicts and eligibility prior to the clinic, but LANWT is typically able to conduct comprehensive eligibility screenings, including a conflicts and duplication check, via remote access to the ACMS, with citizenship/alien eligibility screening and documentation obtained on-site. If internet access is unavailable, eligibility screening is conducted using the LANWT application form, and for clinics conducted during office hours, conflicts are screened by telephone with office staff conducting the conflict check on the ACMS. Some clinic locations fax completed paper intake forms to the branch office prior to the scheduled clinic. Following the intake screening, the applicant is provided limited legal assistance.

The decision of whether to accept a case for legal assistance beyond that provided at the clinic is made at the weekly staffing meeting, and the applicant is informed of case acceptance in the manner described *infra*. At the conclusion of the clinic, all of the manual intake forms, along with all other client documents, are brought back to the office and scanned into the ACMS.

Case Acceptance

While the Legal Aid Line staff reviews all intakes daily, all other offices advised that intakes are staffed weekly. At the Legal Aid Line, the daily review includes an evaluation of the applicant's eligibility and a determination of whether the case should be closed with the limited legal assistance provided by Legal Aid Line or whether it should be referred to one of LANWT's branch offices. If Legal Aid Line determines to refer the case to one of the branch offices, all of the information entered into the ACMS is transmitted to that office. Although the Amarillo office relies heavily on the Legal Aid Line as its method of intake, the Abilene, Lubbock, Midland, Odessa, Plainview, and San Angelo offices reported receiving very few referrals from the Legal Aid Line.

The branch offices hold weekly case staffing meetings. Regardless of the fact that the applicant may have received limited legal assistance at the time of their appointment with the branch office staff attorney or paralegal, all intakes, whether referred through the Legal Aid Line or conducted by one of the branch offices, remain "pending" until after the branch office weekly case staffing meetings. These meetings offer not only an opportunity to discuss the legal issues presented by recent applications and the appropriate level of legal assistance to be provided, but are also used to discuss referrals from the Legal Aid Line as well as developments in existing cases. Managing Attorneys and staff discuss the facts of each case and make a determination regarding whether the case should be accepted, rejected, rejected for extended service (for cases where limited service was provided on the intake date), or referred for PAI. Typically within a week of the meeting, the branch office will advise the applicant, in writing, of its determination. Applicants who are accepted for assistance beyond the limited legal assistance provided by the

attorney or paralegal are provided a retainer agreement and, as appropriate, LANWT's Part 1636 form. The applicant is instructed to execute the forms and return them to LANWT within a time certain. Failure to do so results in LANWT closing the case at the level of legal assistance provided by the attorney or paralegal at the appointment.

If, on the other hand, the applicant's case is of the type that is typically handled by, or should otherwise be referred to, one of LANWT's PAI components, the case is referred to the appropriate PAI component for review and the applicant is so informed. If the case is successfully referred to one of LANWT's PAI components, the ACMS is annotated accordingly and the case is then electronically transferred to appropriate PAI component.

Training

All intake staff interviewed stated that training is provided on a regular basis. Several intake personnel stated, within the past six (6) months, they have received instruction on financial and citizenship/alien eligibility requirements. The intake supervisor in Ft. Worth stated that she meets regularly with intake personnel and, where necessary, makes revisions to the procedures used to determine eligibility. As well, the Managing Attorney in the Ft. Worth office stated that all intake personnel receive a two (2) day training on LegalServer and CSR requirements.

Case Management/Supervision

Each of the branch offices reported periodic case reviews with staff attorneys to ensure timeliness and provide support to staff attorneys, as needed.¹⁷ The Managing Attorneys indicated that the reviews focus on both open and recently closed cases. The reviews are used to assess the timeliness, duplication, and proper file documentation. Managing Attorneys reported the use of the ACMS "open case reports," to view all open cases, and "90 day reports," to view all files that have not had any time entered in 90 days.

Staff attorneys are responsible for signing case closing letters, assigning case closure categories, and completing a closing sheet for each assigned case. The closing sheet summarizes the legal services provided to the client and includes a checklist questionnaire regarding CSR eligibility elements which must be approved and signed by the Managing Attorneys before the file is closed in the ACMS. Once the closing sheet is approved by the Managing Attorney, it is closed in the ACMS.

The Managing Attorneys conduct open case review with staff attorneys approximately three (3) times per year. They will use the ACMS to pull up each staff attorney's open cases, and will sort them oldest to newest, prior to meeting with each staff attorney. Each Managing Attorney also conducts an "end of year review" in order to ensure that cases are timely closed before the end of the year.

¹⁷ With one (1) exception, the branch offices reported that they conduct quarterly reviews. The one (1) exception reported that such reviews are held every four (4) months. All of the branch offices reported that they conduct an "end of year" review.

Issues and Concerns

Although the intake practices were fairly consistent from office to office, a number of compliance concerns were noted during the visit. For example, the offices use a mix of forms that collect varying amounts of information necessary for a determination of eligibility. Although all of the information necessary to LANWT's financial and citizenship/alien eligibility determination is ultimately entered into its ACMS, it is, perhaps, the use of the different forms that lead to the different screening practices.

Specifically, the Midland, Odessa, and San Angelo offices use an intake form that lists various income sources. Consequently, these offices ask applicants whether they derive any income from any of the various sources. In contrast, the Abilene office, which uses a form that does not list various income sources, does not make such inquiry.¹⁸ Indeed, in some offices OCE observed a noticeable number of cases involving clients with no income and few assets. LANWT staff members were interviewed regarding the integrity of the LANWT intake screening process and were asked to explain the households that remained at zero income for an extended period that did not receive or apply for public benefits. Some staff explained that under LANWT's definition of household, LANWT can accept an unmarried person who is supported by someone with whom they live. However, the income of the person(s) with whom the applicant lives is not consistently considered. In many instances, if the income of all persons in the household had been considered, the applicant may not have been eligible for LSC funded legal assistance.

LANWT defines "household" as:

those persons living together and related by blood or law to the applicant whom the applicant has a legal responsibility to support; or those persons who, if not related by blood or law, live together on a long-term basis and have shared living expenses.

However, "living together on a long-term basis" and "shared living expenses" appear to be applied differently in different offices. It was not apparent that LANWT has developed any clear definition of "long-term," *i.e.* whether "long-term" is weeks, months, years, etc. Consequently, it is questionable whether all offices make reasonable inquiry regarding all sources of household income as required by LSC regulations.

As mentioned previously, none of the pre-screen questionnaires documented LANWT's consideration of the applicant's income prospects as required by LSC regulations, and some of them failed to capture any asset information.

Further, while LANWT has adopted unreimbursed medical expenses and medical insurance premiums as an authorized exception, the more detailed intake application lists "medical expenses" and "medical expenses paid in the last 30 days." Similarly, although the financial

¹⁸ Additionally, the Abilene office's pre-screen questionnaire requests information about the applicant's income, but not the household income.

eligibility policy exempts “vehicles used for transportation,” the ACMS exempts “1 car per working member of the household.”

Also of concern is the fact that LANWT’s intake application lists food stamps as an income source. Although the ACMS excludes the value of an applicant’s food stamp allotment from its calculation of income, LANWT is advised that income does not include the value of food or rent received in lieu of wages. *See* 45 CFR § 1611.2(i). Moreover, the value of benefits received under the food stamp program may not be considered income or resources for any purpose under any federal, state, or local laws. *See* 7 USC § 2017(b).

As noted *infra*, the Midland office’s use of the “other significant factors” exception is inconsistent with LSC requirements. *See* Finding 4, fn. 22. The authorized exceptions contained in 45 CFR § 1611.5 are specific to the applicant’s financial condition, as opposed to the affordability of legal assistance. Financial eligibility is a threshold determination that focuses exclusively on the applicant’s economic situation, and, in some measure, is personal to the applicant. The relative merit of the applicant’s legal issue, the consequences to the applicant if legal assistance is denied, even the existence or non-existence of other affordable legal assistance are important considerations, however, they are not appropriate considerations in determining an applicant’s financial eligibility.

Another concern, which was noted in the Abilene office, was the use of LANWT’s “Verification of Eligible Alien Status” form. The team was advised that the form was developed for staff use but, until December 2012, the applicant completed and signed the form. Although the Abilene office also advised that the documentation submitted by the applicant is photocopied and maintained, LANWT is reminded that, unlike applicants claiming US citizenship who may simply attest to their citizenship, LSC regulations impose a burden on recipients to review the documentation submitted by aliens seeking representation in order to verify their eligibility. The form developed by LANWT is sufficient to document LANWT’s compliance with LSC requirements, but it must be used properly.

Intake personnel in the Waxahachie office stated that when the applicant’s income is below 125% of the FPG, income prospects are not screened. The San Angelo office records the value of all assets – exempt and non-exempt – while other offices record only the value of non-exempt assets. Contrary to 45 CFR § 1611.3(e) and LANWT’s financial eligibility policy, intake personnel in the Abilene, Midland, Odessa, and San Angelo offices advised that the income and assets of the alleged perpetrator of domestic violence are indeed considered if such perpetrator is still in residence, or continues to pay bills. In the McKinney office, applicants whose income does not exceed 200% of the FPG are considered eligible without considering any of LANWT’s authorized exceptions.

As well, the team noted that the list of non-exempt assets that is contained in the forms was generally inconsistent with the list of non-exempt assets that appears in the ACMS, and that the list of non-exempt assets appearing in the ACMS was not necessarily consistent with the list of non-exempt assets that appears in LANWT’s financial eligibility policy.

Finally, the team was advised that in some instances, applicants who appear in person at one of LANWT's branch offices are permitted to telephone the Legal Aid Line, where they receive limited legal assistance by telephone, but are not required to provide Part 1626 documentation.

Absent special circumstances, recipients are required to obtain signed citizenship attestations or to verify eligible status through the review of appropriate documentation for persons who appear in person to seek services from the recipient even if the recipient chooses to provide that service to those clients via telephone. *See* OLA Advisory Opinion AO-2009-1002 (June 10, 2009).

Each of the aforementioned practices is inconsistent with the regulatory and reporting requirements, and guidance provided by LSC. A better practice, and one more consistent with LSC requirements, is to develop a simple and uniform intake form for use in obtaining information from individuals and groups necessary to an informed financial eligibility determination. In developing such form, LANWT should be guided by 45 CFR § 1611.7(a)(1), which requires that recipients make reasonable inquiry regarding sources of income, household income, income prospects, and the total value of household assets. It should also ensure consistency between its financial eligibility policy, its ACMS, and its forms. Non-exempt assets and authorized exceptions appearing in the financial eligibility policy should appear in both the ACMS and on the intake form. Thereafter, LANWT was advised it should develop intake procedures to ensure the consistency of financial eligibility determinations office to office, and ensure the consistent use of the intake form. The development of the forms and procedures should then be followed by program-wide training to ensure that all staff are familiar with the requirements of a compliant intake system, including ensuring a clear and consistent application of its definition of "household," particularly with regard to those in shared living situations, and ensuring proper application of its authorized exceptions.

In response to the DR, LANWT stated that it agreed in part with this Finding. Specifically, LANWT stated its belief that its current intake procedures need to be reviewed with an eye toward greater uniformity regarding the use of forms and the implementation of policies and procedures designed to ensure compliance with LSC regulations. LANWT expressed its opinion that the policies and procedures it has adopted, both prior to the OCE visit and in response to the DR, are sufficient to ensure compliance with LSC regulations. According to LANWT, it is a matter of clearly communicating those policies and procedures to branch managers and staff, and then providing comprehensive training to all staff, so that everyone is following the required procedures.

Regarding the instruction contained in the DR relative to LANWT's intake form, LANWT has revised its intake form. LANWT stated that the revised form was created using the ACMS as a template and the form now tracks the inquiries in the ACMS as closely as possible. LANWT stated that staff will be instructed that older intake forms should not be used for intake purposes. LANWT should advise OCE as the date on which this action took or will take place.

LANWT submitted a copy of the form with its response to the DR. The revised form contains inquiries regarding household size, household income, source(s) of income, income prospects, the total value of the household's assets, and household expenses. In addition, the form appears to be consistent with the financial eligibility policy that was operative at the time of the visit.

The references to “medical expenses” and “medical expenses paid in the last 30 days” have been eliminated, and food stamps are no longer listed as a source of income.

LANWT also submitted a copy of its modified “Office Intake Procedures” which designates LegalServer as the primary intake platform. The procedures specifically instruct staff that the pre-screening form is not the intake form. Although the form should be completed, it is not to be used to confirm eligibility. The pre-screen is used to identify those who are clearly ineligible and, thereby, ensure that appointment slots are reserved only for those that are potentially eligible. When it becomes necessary to use a hard copy application, staff have been instructed to use the revised LAWNT Intake Application Form. The procedures require that intake workers make reasonable inquiry into household size, household income and income prospects, and household assets. The procedures require that all such information be entered into LegalServer.

The procedures also address the need for Part 1626 documentation and instructs staff consistent with OLA Advisory Opinion AO-2009-1002 (June 10, 2009).

Based on LAWNT’s response to the DR and OCE’s review of the revised Intake Application and the modified Office Intake Procedures, Required Corrective Action Nos. 3, 4, 5, 6, and 7 are closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of the of its CPA, particularly at it related to Required Corrective Action Nos. 5, 6 and 7. LANWT’s response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

Finding 3: LANWT’s financial eligibility policy requires minor revision and sampled cases evidenced non-compliance with 45 CFR § 1611.5(b).

Recipients may provide legal assistance supported with LSC funds only to individuals whom the recipient has determined to be financially eligible for such assistance. *See* 45 CFR § 1611.4(a). Specifically, recipients must establish financial eligibility policies, including annual income ceilings for individuals and households, and record the number of members in the applicant’s household and the total income before taxes received by all members of such household in order to determine an applicant’s eligibility to receive legal assistance.¹⁹ *See* CSR Handbook (2008 Ed., as amended 2011), § 5.3. For each case reported to LSC, recipients shall document that a determination of client eligibility was made in accordance with LSC requirements. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.2.

In those instances in which the applicant’s household income before taxes is in excess of 125% but no more than 200% of the applicable FPG and the recipient provides legal assistance based on exceptions authorized under 45 CFR § 1611.5(a)(3) and 45 CFR § 1611.5(a)(4), the recipient shall keep such records as may be necessary to inform LSC of the specific facts and factors relied on to make such a determination. *See* 45 CFR § 1611.5(b), CSR Handbook (2008 Ed., as amended 2011), § 5.3.

¹⁹ A numerical amount must be recorded, even if it is zero. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.3.

For CSR purposes, individuals financially ineligible for assistance under the LSC Act may not be regarded as recipient “clients” and any assistance provided should not be reported to LSC. In addition, recipients should not report cases lacking documentation of an income eligibility determination to LSC. However, recipients should report all cases in which there has been an income eligibility determination showing that the client meets LSC eligibility requirements, regardless of the source(s) of funding supporting the cases, if otherwise eligible and properly documented. *See* CSR Handbook (2008 Ed., as amended 2011), § 4.3.

Prior to the visit LANWT submitted its financial eligibility policy to OCE. In consultation with the Office of Legal Affairs (“OLA”), OCE reviewed the policy and determined that it was generally compliant with Part 1611. The policy establishes an annual income ceiling that is not greater than 125% of the FPG and contains language consistent with 45 CFR § 1611.3(e). LANWT has also adopted authorized exceptions to its annual income ceiling which are consistent with 45 CFR § 1611.5. In the event that an applicant is determined eligible on the basis of LANWT’s consideration of any of the authorized exceptions, the policy requires documentation of the basis for the eligibility determination. Such documentation must include the facts relied on in making the eligibility determination. The policy further requires that LANWT maintain these records in order to report on the number of applicants who receive a waiver. LANWT has developed a specific form that staff may complete and submit to the CEO for his/her written approval prior to the determination of eligibility and acceptance of an applicant’s case.

Consistent with 45 CFR § 1611.6, the policy also permits LANWT to provided legal assistance to groups, corporations, associations or other entities upon a showing that the group, corporation, association or other entity lacks, and has no practical means of obtaining, funds to retain private counsel, and the group has as a principal activity the delivery of services to persons in the community who would be financially eligible for LSC funded legal assistance and the assistance sought related to such activity, or the group, or the organizing or operating body of the group, is primarily composed of persons who would be financially eligible for LSC funded legal assistance. As well, the manner of determining the financial eligibility of a group, corporation, association or other entity is consistent with 45 CFR § 1611.6(b) and requires that LANWT consider the resources available to the group, *i.e.*, income, income prospects, assets and obligations, and, for principal activity groups, whether the financial and other socioeconomic characteristics of those served by the group are consistent with those of persons financially eligible for LSC funded legal assistance, and the assistance sought relates to such activity, or, for groups primarily composed of financially eligible persons for LSC funded legal assistance, whether the financial and other socioeconomic characteristics of those served by the group are consistent with those of persons financially eligible for LSC funded legal assistance. The policy also requires that LANWT collect information that reasonably demonstrates that the group, corporation, association or other entity meets the eligibility criteria.

However, one section of the policy that is inconsistent with LSC regulations permits financial eligibility to be established by reference to an applicant’s receipt of benefits from a governmental program for low-income individuals and families. Indeed, LSC regulations permit recipients to determine an applicant to be financially eligible without making an independent determination of income or assets, but only if the applicant’s income is derived solely from a governmental

program for low-income individuals or families and the recipient's governing body has determined that the income standards of the governmental program are at or below 125% of the FPG. *See* 45 CFR § 1611.4(c). Conceivably, the language of LANWT's policy would permit a financial eligibility determination for applicants whose income includes, but is not limited to, the governmental benefit program.

Based on the foregoing discussion, LANWT was required to revise its financial eligibility policy to limit the application of the government benefits exception to those applicants whose income is derived solely from a governmental program for low-income individuals or families.

During the visit, OCE also reviewed a significant number of the cases that lacked the income documentation required by LSC regulations and the CSR Handbook. Several of the LSC-funded cases that were reviewed during the visit lacked the income documentation required by 45 CFR § 1611.5(b) and CSR Handbook (2008 Ed., as amended 2011), § 5.3.²⁰ One (1) such exception was Amarillo closed 2013 Case No. 13-0994056, where the client's annual household income was more than 200% of the FPG. The client was not seeking legal assistance to maintain benefits provided by a governmental program for low income individuals and the file lacked a determination by the Executive Director that the client's income was primarily committed to medical or nursing home expenses. LANWT stated that it would de-select the case and determine what caused the error.²¹ The remaining exceptions involved clients whose income exceeded LANWT's annual income ceiling, but lacked documentation of its consideration of any of its authorized exceptions. *See e.g.*, Dallas open PAI Case Nos. 1023326, Abilene closed 2013 Case No. 13-0994189, McKinney closed 2013 Case No. 13-0993656, , Abilene closed 2011 Case No. 12-0952327, McKinney closed 2011 PAI Case No. 110715, Waxahachie closed 2011 Case No. 1023272, and Dallas closed 2010 PAI Case No. 1012768.

Additionally, in Midland closed 2011 Case No 11-0892571 and Midland closed 2011 PAI Case No. 11-0908939 the authorized exception documented in the files was "other significant factors that LANWT has determined affect the applicant's ability to afford legal assistance". When asked to explain the specific facts and factors underlying LANWT's consideration, LANWT responded that due to the cost of private counsel, particularly in family law cases, that the person could not have afforded an attorney.²² *See* Finding 3. Absent the income documentation required by LSC regulations and the CSR Handbook, the above mentioned cases are not

²⁰ Four (4) non-LSC funded files were reviewed during the visit that lacked the income documentation required by CSR Handbook (2008 Ed., as amended 2011), § 5.3. Most of the cases involved clients whose income exceeded LANWT's annual income ceiling and lacked documented consideration of LANWT's authorized exceptions. *See* Brownwood open Case Nos. 12-0930939 and 12-0930910, and Abilene closed 2011 Case No. 1103486. The fourth case involved a group client that had had not been screened for financial eligibility. *See* Plainview open Case No. 12-0943108. During the visit, LANWT stated that the group case would be de-selected. However, it appears that Abilene closed 2011 Case No. 1103486 was reported in LANWT's 2011 CSR data submission in error.

²¹ LANWT is also advised that costs associated with this case may not be charged to its LSC fund.

²² Alternatively, staff in the Midland office stated that they had been instructed to routinely record "\$999.00" in the ACMS to qualify applicants with incomes in excess of LANWT's income ceiling, but not in excess of 200% of the FPG. The staff could not recall where or when such instruction originated, but one member did recall that staff were advised by the central office to cease this practice when the ACMS field was changed to the drop-down box. Others in the office were unaware that such an instruction was issued and believed the practice of recording \$999.00 continued.

reportable.²³ As such, LANWT was encouraged to review these files for information that would support one or more of its authorized exceptions, but absent a determination of financial eligibility made in accordance with LSC regulatory and reporting requirements, was instructed that these files should be excluded from LANWT's future CSR data submissions.

Apart from falling short of LSC's reporting requirements, the failure to maintain the documentation necessary to demonstrate compliance with Part 1611 constitutes a regulatory violation. Part 1611 establishes requirements relating to the financial eligibility of individuals and groups seeking LSC funded legal assistance and recipients' responsibilities in making financial eligibility determinations. One such responsibility is the maintenance of records sufficient to demonstrate compliance with the requirements of Part 1611. Such records requirement is a substantive regulatory requirement that serves to demonstrate the recipient's compliance with the requirements of Part 1611, and failure to obtain, and maintain, such documentation, affects more than reportability, but constitutes a violation of a substantive regulatory requirement.

Therefore, based on the cases reviewed during the visit, LSC finds that LANWT is in violation of 45 CFR §§ 1611.5(b) and 1611.7(b). Accordingly, in response to the DR, LANWT was directed to develop a plan of action designed to ensure compliance with the requirements of 45 CFR §§ 1611.5(b) and provide LSC with same.

In response to the DR, LANWT agreed that revisions to its financial eligibility policy were warranted. LANWT added that although some of the cases cited in this Finding lacked the documentation required by 45 CFR § 1611.5(b), others contained the requisite documentation. LANWT also agreed that comprehensive training, with an emphasis on documentation of financial eligibility, is needed.

Regarding the revisions to its 45 CFR § 1611.4(c) policy, LANWT stated that has revised the policy to clarify that it applies only where the applicant's sole source of income is the government benefit program. Accordingly, Required Corrective Action No. 8 is closed.

As previously discussed, LANWT's CPA contemplates comprehensive training on the need to document financial eligibility, as well as its consideration of authorized exceptions. According to LANWT, the training will be augmented by quarterly case reviews and review of all closed cases. Accordingly, Required Corrective Action No. 9 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

LANWT also responded that it reviewed the cases cited in this Finding to determine whether the necessary documentation was present. In speaking with its Managing Attorneys, LANWT noted that some staff were not certain how to display the eligibility documentation in LegalServer.

²³ Among the above-mentioned cases, Dallas closed 2010 PAI Case Nos. 1012767, and 1012768 were all closed with one of LANWT's reject codes, but only Dallas closed 2012 PAI Case No. 1103856 was designated as CSR ineligible.

Several Managing Attorneys also noted that, in some instances, although the documentation was not recorded in LegalServer, it was present in the hard copy file in the form of an intake application, a questionnaire, or an affidavit of indigence. LANWT stated that of the 26 cases cited in in the Draft Report’s version of this Finding, three (3) had been rejected and erroneously appeared on the list of open cases – a problem attributed to data migration from Practice Manager to LegalServer – and 11 contained the 45 CFR § 1611.5(b) documentation. In support whereof, LANWT submitted the necessary 45 CFR § 1611.5(b) documentation with its response to the DR.

OCE has reviewed the documentation submitted by LAWNT and has revised the DR accordingly.

Finding 4: Sampled cases evidenced substantial compliance with the asset documentation requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.4.

As part of its financial eligibility policies, recipients are required to establish reasonable asset ceilings in order to determine an applicant’s eligibility to receive legal assistance. *See* 45 CFR § 1611.3(d)(1). For each case reported to LSC, recipients must document the total value of assets except for categories of assets excluded from consideration pursuant to its Board-adopted asset eligibility policies.²⁴ *See* CSR Handbook (2008 Ed., as amended 2011), § 5.4.

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

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

As noted previously, LANWT’s financial eligibility policy establishes an asset ceiling. The policy also grants the CEO authority to waive the asset ceiling under unusual circumstances, and contains asset exclusions that are consistent with 45 CFR § 1611.3(d)(2). The policy requires that the waiver be in writing and must include sufficient facts to justify the request for the waiver. The policy further requires that LANWT maintain these records in order to report on the number of applicants who receive a waiver. LANWT has developed a specific form that staff

²⁴ A numerical total value must be recorded, even if it is zero or below the recipient’s guidelines. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.4.

may complete and submit to the CEO for his/her written approval prior to the determination of eligibility and acceptance of an applicant's case.

However, the policy continued to distinguish between liquid and non-liquid assets. As noted above, this distinction was abandoned by LSC in favor of language that focuses more on the availability of the asset and the ease of converting the asset to cash. The language of Part 1611 is intended to require that recipients consider all assets upon which an applicant might draw in obtaining private legal counsel. In revising Part 1611, LSC determined that "liquid" and "non-liquid" characterizations obscured this understanding. Accordingly, the terms were eliminated, *see 70 Federal Register 45545, 45547 (August 8, 2005)*, and LANWT was instructed to do likewise.

With two (2) exceptions, the LSC-funded cases that were reviewed during the visit contained the asset determination required by LSC.²⁵ One of the exceptions was Wichita Falls closed 2012 Case No. 12-0971519. The value of the household assets disclosed by LANWT exceeded LANWT's asset ceiling and the case file lacked any indication that the ceiling had been waived. However, as discussed in Finding 1, this case was closed as "M" and was excluded from LANWT's 2012 CSR data submission.

The second exception was Brownwood open Case No. 12-0986984. The value of the household assets disclosed by LANWT exceeded LANWT's asset ceiling and the case file lacked any indication that the ceiling had been waived. As such, this case may not be included in LANWT's CSR data submission.

Based on the foregoing discussion, LANWT was required to revise its financial eligibility policy to eliminate the distinction between "liquid" and "non-liquid" assets.

In response to the DR, LANWT stated that it has eliminated the distinction between liquid and non-liquid assets in its financial eligibility policy, and LegalServer has been modified to eliminate the portion of the intake that refers to non-liquid assets, so that only a single asset eligibility check is required.

LANWT submitted a copy of its revised financial eligibility policy as an attachment to its comments. Based on LANWT's comments and review of the revised financial eligibility policy, Required Corrective Action No. 10 is closed.

²⁵ Two (2) non-LSC funded cases were reviewed during the visit that lacked the asset documentation required by CSR Handbook (2008 Ed., as amended 2011), § 5.4. The first case involved a client whose assets exceeded LANWT's asset ceiling and lacked any indication that the ceiling had been waived. *See* Brownwood open Case No. 12-0966120. The second case involved a group client that had had not been screened for financial eligibility. *See* Plainview open Case No. 12-0943108. During the visit, LANWT stated that this case would be de-selected.

Finding 5: Sampled cases evidenced non-compliance with 45 CFR §§ 1626.6, 1626.7 and 1626.12.

The level of documentation necessary to evidence citizenship or alien eligibility depends, in part, on the nature of the services provided. With the exception of brief advice or consultation by telephone, which does not involve continuous representation, LSC regulations require that all applicants for legal assistance who claim to be citizens execute a written attestation. *See* 45 CFR § 1626.6. Aliens seeking representation are required to submit documentation verifying their eligibility. *See* 45 CFR § 1626.7. In those instances involving brief advice and consultation by telephone, which does not involve continuous representation, LSC has instructed recipients that the documentation of citizenship/alien eligibility must include a written notation or computer entry that reflects the applicant's oral response to the recipient's inquiry regarding citizenship/alien eligibility. *See* 45 CFR §§ 1626.6(a) and 1627.7(a); *see also*, CSR Handbook (2008 Ed., as amended 2011), § 5.5. In the absence of the foregoing documentation, assistance rendered may not be reported to LSC. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.5.

Prior to 2006, recipients were permitted to provide non-LSC funded legal assistance to an alien who had been battered or subjected to extreme cruelty in the United States by a spouse or parent, or by a member of the spouse's or parent's family residing in the same household, or an alien whose child had been battered or subjected to such cruelty.²⁶ Although non-LSC funded legal assistance was permitted, such cases could not be included in the recipient's CSR data submission. In January 2006, the Kennedy Amendment was expanded and LSC issued Program Letter 06-2, "Violence Against Women Act 2006 Amendment" (February 21, 2006), which instructs recipients that they may use LSC funds to provide legal assistance to ineligible aliens, or their children, who have been battered, subjected to extreme cruelty, is the victims of sexual assault or trafficking, or who qualify for a "U" visa. LSC recipients are now allowed to include these cases in their CSRs.

LANWT's Advocacy Manual contains its policy on citizenship/alien eligibility. The policy is consistent with Part 1626 and incorporates LSC Program Letters 05-2 and 06-2. Additionally, LANWT has developed a citizenship attestation that is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5. For eligible aliens, it is LANWT's practice to photocopy the documentation provided by the applicant or, when no photocopier is available, LANWT uses a form, to be completed by the person conducting the intake, which identifies the document submitted by the applicant to verify his/her eligibility, the issuing agency, the alien/immigration number appearing on the document, and the dates of validity appearing on the document.²⁷ According to the Advocacy Manual, all 45 CFR Part 1626 documentation must be scanned into LegalServer.

A significant number of the cases that were reviewed during the visit lacked the citizenship/alien eligibility documentation required by 45 CFR §§ 1626.6 and 1626.7 and CSR Handbook (2008 Ed., as amended 2011), § 5.5. *See e.g.*, , Brownwood open PAI Case No. 0923697, Ft. Worth

²⁶ *See* Kennedy Amendment at 45 CFR § 1626.4.

²⁷ However, as noted in Finding 2, in the Abilene office, the "Verification of Eligible Alien Status" form was completed and signed by the applicant until December 2012.

open Case No. 12-0953360,²⁸ , Waxahachie closed 2013 Case No. 12-0990100, Dallas closed 2012 Case No. 1000162, Dallas closed 2012 PAI Case No. 11-0924521, McKinney closed 2012 Case Nos. 12-0927891 and 12-0927897, Waxahachie closed 2012 Case No. 12-0984657, Waxahachie closed 2012 PAI Case Nos. 11-0883682 and 11-0881197, Brownwood closed 2011 Case Nos. 11-0898672,²⁹ , Dallas closed 2010 Case No. 10000129, Waxahachie closed 2011 Case No. 1023272, and Waxahachie closed 2010 Case No. 420738.³⁰ Absent the requisite Part 1626 documentation, none of these cases are reportable.

However, apart from falling short of LSC's reporting requirements, the failure to maintain the documentation necessary to demonstrate compliance with Part 1626 constitutes a regulatory violation. Part 1626 is designed to assist recipients in ensuring the eligibility of persons seeking legal assistance. The requirement is integral to LSC's program of verification, which is essential to the realization of the intent of the Congress in enacting the restrictions on federally funded legal assistance to ineligible aliens. The documentation serves to demonstrate a recipient's compliance with LSC regulations, and failure to obtain, and maintain, such documentation constitutes a violation of a substantive regulatory requirement.

Therefore, based on the cases reviewed during the visit, LSC found that LANWT was in violation of 45 CFR §§ 1626.6, 1626.7 and 1626.12. Accordingly, in response to the Draft Report, LANWT was directed to develop a plan of action designed to ensure compliance with the requirements of 45 CFR §§ 1626.6, 1626.7 and 1626.12 and provide LSC with same.

In its response to the DR, LANWT stated that the CPA is designed, in part, to ensure compliance with Part 1626's documentation requirements. As previously indicated, the CPA contemplates comprehensive training on all phases of intake, including documentation of citizenship/alien eligibility. The CPA also contemplates providing guidance, including a checklist, to staff responsible for case closing and/or case review. Additionally, LANWT's modified Office Intake Procedures requires appropriate Part 1626 documentation for all in-person intake, including those instances contemplated by OLA Advisory Opinion AO-2009-1002 (June 10, 2009).

Based on OCE's review of the CPA, Required Corrective Action No. 11 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

LANWT also stated that it reviewed the cases cited in the DR and found that a number of them contained either signed citizenship attestations, or documentation of alien eligibility. LANWT

²⁸ In this case, LANWT was appointed guardian *ad litem* to represent the interests of a minor child. This case involved legal assistance

²⁹ Although this case lacked a citizenship attestation, LANWT submitted materials demonstrating the client was born in the United States. While the materials do not meet the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.5 and are not the types of documentation contemplated by 45 CFR § 1626.6(b)(1), they are sufficient to demonstrate LANWT's compliance with 45 CFR § 1626.3.

³⁰ Additionally, cases were reviewed that contained undated, or untimely dated, attestations. *See* Plainview closed 2013 Case Nos. 12-0964453 and 13-0994190, Plainview closed 2012 Case No. 11-0889608, and Waxahachie closed 2011 Case No. 1009397.

agreed, however, that ideally such documentation should have been in the ACMS and that further training is both necessary and prudent. According to LANWT, the number of corrections demonstrates substantial compliance with 45 CFR §§ 1626.6, 1626.7 and 1626.12. Nonetheless, LANWT agreed that a significant number of cases were still deficient.

OCE reviewed the eligibility documentation submitted with LANWT's response and has revised the DR accordingly.

Finding 6: Sampled cases evidenced substantial compliance with the requirements of 45 CFR § 1611.9 (Retainer agreements).

Pursuant to 45 CFR § 1611.9, recipients are required to execute a retainer agreement with each client who receives extended legal services from the recipient. The retainer agreement must be in a form consistent with the applicable rules of professional responsibility and prevailing practices in the recipient's service area and shall include, at a minimum, a statement identifying the legal problem for which representation is sought, and the nature of the legal service to be provided. *See* 45 CFR § 1611.9(a).

The retainer agreement is to be executed when representation commences or as soon thereafter is practical and a copy is to be retained by the recipient. *See* 45 CFR §§ 1611.9(a) and (c). The lack of a retainer does not preclude CSR reporting eligibility. Cases without a retainer, if otherwise eligible and properly documented, should be reported to LSC.

With four (4) exceptions, all of the cases that were reviewed during the visit that required a retainer agreement contained one.³¹ The exceptions were McKinney closed 2013 Case No. 12-0984004, Brownwood closed 2012 Case No. 11-0918500, McKinney closed 2012 Case No. 12-0975969, and Waxahachie closed 2010 Case No. 420738.

However, a number of cases were reviewed in which the retainer agreement failed to contain a statement identifying the nature of the legal services to be provided. *See, e.g.*, Brownwood open Case Nos. 12-0950529, 12-0930834, 12-0960997 and 12-0978405, Waxahachie open Case Nos. 12-0970119, 11-0895351, 12-0978569, 12-0983760 and 12-0957336, Weatherford open Case Nos. 12-0973869 and 12-0973869, McKinney closed 2013 Case No. 12-0944470, McKinney closed 2012 Case No. 12-0928200, Brownwood closed 2011 Case Nos. 1026265 and 1032542, and Waxahachie closed 2010 Case No. 724607. In each of these instances, the retainer agreements identified the nature of the client's legal problem, but failed to identify the nature of the service to be provided. When questioned, LANWT indicated that if, for example, the word "divorce" was written on the retainer, it was interpreted to mean that LANWT would assist the client until such time as a decree of dissolution was obtained. But, because LANWT's retainer states that representation does not include litigation in any form unless specifically stated, a clear statement identifying the nature of the service to be provided is necessary to clarify the expectations of the client and LANWT's obligation.

³¹ In two (2) of the cases that were reviewed during visit, the nature of the client's legal issue changed. LANWT appears to have updated its ACMS to reflect the change, but not the retainer agreement. *See* Lubbock Open File No. 716367 and Plainview Open File No. 12-0927580.

The retainer is more than a regulatory requirement. It is also a key to clarifying the expectations and obligations of both client and recipient, thus assisting in a recipient's risk management. Although the cases reviewed during the visit demonstrated substantial compliance with this regulatory requirement, in response to the DR, LANWT was directed to develop a plan of action designed to ensure compliance with the requirements of 45 CFR §§ 1611.9 and provide LSC with same.

In its response to the DR, LANWT stated that the CPA is designed, in part, to ensure compliance with 45 CFR § 1611.9. In particular, the CPA contemplates training on LSC's retainer agreement requirement, emphasizing that the retainer is a contract between LANWT and its client. According to LANWT, reminding advocates of the importance of the retainer as it relates to the legal services provided is key to ensuring a properly completed and executed retainer agreement.

LANWT also responded that it reviewed the cases cited in the DR as lacking a statement identifying the nature of the service to be provided. LANWT agreed that the retainers should have provided more detail regarding the nature of the legal assistance to be provided. Accordingly, LANWT drafted a policy specific to retainer agreements to be included in its policies and procedures manual.

Based on OCE's review of the CPA and the retainer agreement policy, Required Corrective Action No. 12 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

In its response to the DR, LANWT also commented that after reviewing the cases cited in the DR, it was able to locate the retainer agreements in two (2) of the cases that were cited as lacking retainers. LANWT provided copies of the missing retainers and, consequently, OCE has revised Finding 6.

Finding 7: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

LSC regulations require that recipients identify by name each plaintiff it represents in any complaint it cases, or in a separate notice provided to the defendant, and identify each plaintiff it represents to prospective defendants in pre-litigation settlement negotiations. In addition, the regulations require that recipients prepare a dated, written statement signed by each plaintiff it represents, enumerating the particular facts supporting the complaint. *See* 45 CFR §§ 1636.2(a)(1) and (2). Recipients are also required to adopt written policies and procedures to guide its staff in complying with Part 1636, and are required to maintain records sufficient to demonstrate their compliance.

The statement is not required in every case. It is required only when a recipient makes a complaint in a court of law or otherwise initiates or participates in litigation against a defendant, or when a recipient engages in pre-complaint settlement negotiations with a prospective defendant. *See* 45 CFR § 1636.2(a).

LANWT has adopted a written policy that is contained within its Advocacy Manual. The policy is consistent with Part 1636. Additionally, LANWT has developed a form to document its compliance with Part 1636. The form contains a space within which a client may enumerate the particular facts supporting his/her complaint. The form is then signed and dated by the client.

All persons interviewed stated that all applicants for legal assistance are required to complete a statement of facts. LANWT further stated that staff are made of aware the requirement through the Advocacy Manual, which is provided to each employee and is also available on LANWT's intranet, Sharepoint.

With four (4) exceptions, the cases that were reviewed during the visit that required a Part 1636 statement of facts contained one. The exceptions were Abilene open Case No. 1029806, Brownwood open Case No. 12-0942517, Ft. Worth closed 2013 Case No. 13-0997848 and Brownwood closed 2012 Case No. 11-0918500.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that it reviewed the cases cited in this Finding and was also unable to locate the Part 1636 statements in the four (4) cases cited herein. LANWT acknowledged the need for comprehensive training for all staff and noted that Part 1636 is part of the focused policy review and will be a topic for the program-wide training.

Based on LANWT's response to the DR, OCE has determined that no further action is warranted.

Finding 8: Sampled cases evidenced substantial compliance with the requirements of 45 CFR § 1620.4 and § 1620.6(c) (Priorities in use of resources).

LSC regulations require that recipients adopt a written statement of priorities that determines the cases which may be undertaken by the recipient, regardless of the funding source. *See* 45 CFR § 1620.3(a). Except in an emergency, recipients may not undertake cases outside its priorities. *See* 45 CFR § 1620.6.

Prior to the visit, LANWT provided OCE with a statement of its priorities for the years 2010, 2011, 2012, and 2013. Consistently, the statements list LANWT's priorities as family, housing, health, elderly, children/youth issues, public benefits, education, employment, individual rights, community and economic development, probate, and consumer. Staff that were interviewed during the visit indicated their familiarity with LANWT's priorities.

With one (1) exception, all of the cases that were reviewed during the visit were within LANWT's priorities. The one (1) exception was Amarillo closed 2012 Case No. 12-0942316, where the client was advised regarding an action to retrieve personal property. The case was assigned CSR Problem Code "94" – tort – and does not appear to fall within any of LANWT's priority categories.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that priorities will also be a part of the focused policy review and a topic for the program-wide training.

Based on LANWT's response to the DR, OCE has determined that no further action is warranted.

Finding 9: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6, Legal Assistance Documentation Requirements. However, as a number of sampled cases failed to contain a description of the legal assistance provided to the client, and corrective action by LANWT was required.

LSC regulations specifically define "case" as a form of program service in which the recipient provides legal assistance. *See* 45 CFR §§ 1620.2(a) and 1635.2(a). Consequently, whether the assistance that a recipient provides to an applicant is a "case," reportable in the CSR data, depends, to some extent on whether the case is within the recipient's priorities and whether the recipient has provided some level of legal assistance, limited or otherwise.

If the applicant's legal problem is outside the recipient's priorities, or if the recipient has not provided any type of legal assistance, it should not report the activity in its CSR. For example, recipients may not report the mere referral of an eligible client as a case when the referral is the only form of assistance that the applicant receives from the recipient. *See* CSR Handbook (2008 Ed., as amended 2011), § 7.2.

Recipients are instructed to record client *and* case information, either through notations on an intake sheet or other hard-copy document in a case file, or through electronic entries in an ACMS database, or through other appropriate means. For each case reported to LSC such information shall, at a minimum, describe, *inter alia*, the level of service provided. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.6.

With 20 exceptions, the cases that were reviewed during the visit contained a description of the legal assistance provided to the client. *See* Denton open Case Nos. 13-0996241 and 12-0990379, Wichita Falls open PAI Case No.12-0991553, Brownwood closed 2013 Case No. 12-0991624,³²

³² In its response to the DR, LANWT provided materials demonstrating that it merely provided this applicant with a *pro se* packet. Providing a pamphlet or brochure is legal information and not legal assistance. *See* CSR Handbook

McKinney closed 2013 Case No. 12-0984004,³³ Brownwood closed 2012 Case No. 12-0961417, Ft. Worth closed 2012 Case No. 12-0969142, McKinney closed 2012 Case No. 12-0975969, Brownwood closed 2011 Case Nos. 11-0918235 and 1102902, Ft. Worth closed 2011 Case Nos. 11-0898340 and 11-0903531,³⁴ McKinney closed 2011 Case No. 1100830, San Angelo closed 2011 Case Nos. 9922684 and 1102701, Wichita Falls closed 2011 Case No. 11-0906983, Brownwood closed 2010 Case Nos. 1007606 and 1009638, McKinney closed 2010 Case No. 1026956, and Waxahachie closed 2010 Case No. 420738. Absent a description of the legal assistance provided to the client, none of these cases are reportable.³⁵

The requirement that cases reported to LSC contain a description of the legal assistance provided to the client demonstrates the level of effort by the recipient on behalf of the client and supports the case closure category. Additionally, the legal assistance documentation requirement ensures the accuracy of the CSR reports by ensuring that those cases included in the recipient's CSR data submission actually involved some level of legal assistance provided by the recipient to the client. Based on the cases that were reviewed during the visit, LANWT's application of the CSR case closure categories is inconsistent with this reporting requirement.

Accordingly, in response to the DR, LANWT was directed to develop a plan of action designed to ensure compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6 and provide LSC with same.

In its response to the DR, LANWT stated that it has long had a policy requiring documentation of the legal assistance provided to the client, including guidance on how and where to enter the documentation in LegalServer. The policy has been re-emphasized in LANWT's modified Office Intake Procedures and is also a focus of the CPA.

The modified Office Intake Procedures instruct staff that applications for legal assistance that are not rejected must contain an intake note entered into LegalServer. Among other things, the note must contain a separate paragraph at the end of the case note entitled "Advice" or "Advice Given." The advice must be specific to the client's case and should be detailed enough that a third party can clearly discern the advice provided.

(2008 Ed., as amended 2011), § 2.3. Legal assistance is specific to the client's unique circumstances and involves a legal analysis tailored to those circumstances. *See* CSR Handbook (2008 Ed., as amended 2011), § 2.2.

³³ OCE has reviewed the notes submitted by LAWNT, but is not persuaded that they contain a description of the legal assistance provided to the client.

³⁴ OCE has reviewed the notes submitted by LAWNT, but is not persuaded that they contain a description of the legal assistance provided to the client.

³⁵ Several other cases that lacked a description of the legal assistance provided to the client had already been identified for exclusion from LANWT's CSR data submission. *See, e.g.*, Dallas open Case Nos. 12-0992442 and 12-0985068, Dallas closed 2013 Case No. 12-0975037, Brownwood closed 2013 Case Nos. 12-0985560, 13-0994040, 12-0989056 and 12-0985429, Denton closed 2012 Case Nos. 12-0956792 and 12-0928727, Odessa closed 2012 Case No. 12-0927311, Dallas closed 2011 Case Nos. 11-0894106, Denton closed 2011 Case No. 11-0889375 and 11-0889208, Midland closed 2011 PAI File No. 907825, San Angelo closed 2011 PAI File Nos. 11-0894372 and 11-0891693, Waxahachie closed 2011 Case No. 1107309, and Dallas PAI closed 2010 Case No. 1019320. No legal assistance was provided in any of these cases. Each was closed using one of the reject codes and most were designated as CSR eligible. However, a review of the case lists provided by LANWT following the on-site visit indicates that few, if any, were actually reported to LSC.

The CPA contemplates training on what “advice” is, and how to document and retrieve the same in LegalServer. Staff are to be trained on how to document the legal assistance in LegalServer and how to retrieve the same. As well, Managing Attorneys will be required to perform quarterly reviews of all cases, including PAI. Such review is designed, in part, to ensure compliance with LSC regulatory and reporting requirements, including documentation of the legal services provided.

Based on LANWT’s response to the DR and OCE’s review of the modified Office Intake Procedures and the CPA, Required Corrective Action No. 13 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT’s response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

LANWT also reviewed the cases cited in the DR’s version of this Finding and noted that, of the cases originally referenced, two (2) of the cases were rejected and seven (7) others contained documentation of the legal assistance provided to the clients. OCE has reviewed the materials submitted by LANWT and has revised the DR accordingly.

Finding 10: Sampled cases evidenced LANWT’s application of the CSR case closure categories is inconsistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011).

The CSR Handbook defines the categories of case service and provides guidance to recipients on the use of the closing codes in particular situations. Recipients are instructed to report each case according to the type of case service that best reflects the level of legal assistance provided. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.1.

With 25 exceptions, the cases that were reviewed during the visit demonstrated that LANWT’s application of the CSR case closure categories is consistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011). *See* McKinney closed 2013 Case Nos. 13-0995327 and 13-0997208 (closed as “counsel and advice,” but the levels of assistance disclosed by LANWT were more consistent with “limited action”); Denton closed 2013 Case No. 11-0894551 (closed as “agency decision,” but the level of assistance disclosed by LANWT was more consistent with “court decision”); Abilene closed 2011 File No. 815642 (closed as “court decision,” but the level of assistance disclosed by LANWT was more consistent with “negotiated settlement with litigation”); Wichita Falls open PAI Case No. 12-0963952, Plainview closed 2013 Case No. 12-0975382, Wichita Falls closed 2013 PAI Case No. 11-0890987, Abilene closed 2012 File No. 1007547, and Abilene closed 2011 File No. 907785 (closed as “court decision,” but the level of assistance disclosed by LANWT was more consistent with “extensive service”); Denton closed 2013 Case No. 12-0985755, Denton PAI Closed 2013 File No.12-0933368, Brownwood closed 2012 Case No. 12-0938539, and Wichita Falls closed 2012 Case No. 12-0970921 (closed as “other,” but the levels of assistance disclosed by LANWT were more consistent with “counsel and advice”); Denton closed 2013 Case No. 13-0997895, Weatherford closed 2013 Case No. 12-0976521, Brownwood closed 2012 Case No. 11-0911056, and Wichita Falls closed 2010 Case

No. 1026536 (closed as “other,” but the levels of assistance disclosed by LANWT were more consistent with “limited action”); Denton closed 2013 Case No. 11-0912068 (closed as “other,” but the level of assistance disclosed by LANWT was more consistent with “court decision”); McKinney closed 2013 Case No. 12-0984004, Waxahachie closed 2013 PAI Case No. 11-0910590, Brownwood closed 2011 Case No. 1026265, Waxahachie closed 2011 Case No. 822326, and McKinney closed 2010 Case No. 1016634 (closed as “other,” but the level of assistance disclosed by LANWT was more consistent with “extensive service”); and Odessa closed 2012 Case Nos. 12-0956494 and 12-0933760 (closed as “extensive service,” but the levels of assistance disclosed by LANWT were more consistent with “limited action”). After explaining why another case closing categories was more appropriate, all of the intermediaries acknowledged that they understood why the assigned code was incorrect. The review team also advised intermediaries that the CSR frequently asked questions were available online as a resource in the future.

One case that was reviewed, Dallas closed 2011 Case No. 1107191, was closed as “client withdrew.” LANWT is advised that LSC abandoned “client withdrew” as a case closing category in January 2008. While LANWT may choose to adopt “client withdrew” for such purposes as it may deem necessary, cases closed using such category may not be reported to LSC.

As well, the team reviewed cases that were closed as “other,” but lacked any documentation of legal assistance provided to the client and, consequently, were de-selected. *See, e.g.*, Lubbock closed 2012 Case No. 12-0987984 and San Angelo closed 2011 Case No. 9922684. LANWT is advised that neither CSR case closing category “other,” nor any of the other CSR case closing categories, may be used as reject codes. CSR case closure categories may only be used for cases that meet all of the CSR reportability requirements. *See* CSR Handbook (2008 Ed., as amended 2011), Chapters II and V.

As noted in Finding 1, LANWT uses “reject” codes to aid in the de-selection of cases that were opened as LSC-eligible, but are not reportable as cases. However, the team observed that in some instances the “reject” codes have been applied to cases that are, indeed, reportable. More often than not, the “reject” code was applied after the branch office declined to provide further assistance to an eligible client who received limited legal assistance from the Legal Aid Line or a clinic. *See, e.g.*, Odessa closed 2012 Case No. 12-0955883, Odessa closed 2012 PAI Case No. 11-0922107, San Angelo closed 2012 Case No. 12-0968107, San Angelo closed 2012 PAI Case No. 11-0914853, and Denton closed 2010 PAI Case No. 1002310. In reviewing these cases, the team discerned no reason why they could not be closed at the level of legal assistance provided by the Legal Aid Line or clinic and reported within the CSR submission.

The accuracy of the case closure category is a reporting requirement that is designed to reflect the level of effort by the recipient on behalf of the client. LSC regards the accuracy of the case closure categories as integral to the accuracy of the CSR reports. To the extent that both LSC and its recipients have an interest in the accuracy of the CSR reports, recipients should endeavor to ensure that the cases included in its CSR data submission accurately reflect the level of assistance provided in each case. Based on the cases that were reviewed during the visit,

LANWT's application of the CSR case closure categories is inconsistent with this reporting requirement.

Accordingly, in an effort to ensure compliance with CSR Handbook (2008 Ed., as amended 2011), Chapter VIII, the DR required LANWT to provide LSC with an explanation of the actions it intends to take to ensure that its application of the CSR case closure categories is consistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011). The DR also recommended that LANWT review its application of its "reject" codes, particularly with respect to cases referred from the Legal Aid Line or the clinics, to ensure proper application of the reject codes and to ensure that reportable cases are not de-selected by the branch office to which the case is referred.

In its response to the DR, LANWT stated that, after reviewing the cases cited in this Finding, its senior management team concluded that LANWT's use of the CSR case closure categories is not as consistent as LANWT would like. Consequently, the application of the CSR case closure categories is also a focus of the CPA. In particular, the CPA contemplates training staff to use the highest level of assistance and ensuring consistent use of case closure categories, both in terms of cases and among offices.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 14 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

Finding 11: Sampled cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.3, Timely Closing of Cases. However, as a number of sampled cases were inactive, improvement was required.

To the extent practicable, programs shall report cases as having been closed in the year in which assistance ceased, depending on case type. Cases closed as CSR Limited Service Closure Categories A and B shall be reported as closed in the grant year in which the case was opened, except that cases opened after September 30 may be reported either in the year that the case was opened or the following year, and cases containing a determination to hold the case open should be closed in the grant year in which assistance on behalf of the client is completed. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(a). Cases closed as CSR Extended Service Closure Categories F through L shall be reported as having been closed in the grant year in which assistance on behalf of the client was completed. In the absence of an entry in the ACMS or file noting case closure or stating a reason why the case should be held open into the following year, work shall be deemed completed on grant year after the last assistance on behalf of the client is noted in the file. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(b). Additionally, LSC regulations require that systems designed to provide direct services to eligible clients by private attorneys must include, among other things, case oversight to ensure timely disposition of the cases. *See* 45 CFR § 1614.3(d)(3).

Only five (5) of the cases that were reviewed during the visit were untimely closed. *See* Brownwood closed 2013 Case No. 12-0985560, Dallas closed 2012 Case No. 0927084, Abilene closed 2011 Case No. 906786, Abilene closed 2011 PAI Case No. 805820, and Midland closed 2011 PAI Case No. 822686. However, 14 of the open cases that were reviewed were inactive. *See* Abilene open Case No. 12-0943717 (client advised in May 2012, but has since failed to return information necessary to pursue further action); Dallas open Case No. 0814079 (opened June 2008; last recorded activity was in June 2009; no indication that further assistance contemplated); Denton open Case No. 12-0959945 (opened July 2012 and closed March 2013; LANWT disclosed that client assisted with pro se divorce in October 2012; no further activity reflected in file); Denton open Case No. 1104019 (opened in February 2011; last recorded activity was in May 2012; no indication that further assistance contemplated); *see also*, Dallas open PAI Case Nos. 825682, 1010061, 807928, and 601861, Denton open Case No. 12-0947926, Lubbock open Case Nos. 703556, 911326, 11-0903812, and 12-0956148, and McKinney open Case No. 12-0925834.³⁶ As such, all of these files should be administratively closed in such a manner as to be excluded from future LAWNT CSR data submissions.

Timely closing of cases is a reporting requirement that is designed to ensure that the cases reported in a given reporting period reflect the effort of the recipient in that reporting period. To the extent that both LSC and its recipients have an interest in the accuracy of the CSR reports, recipients should endeavor to ensure that the cases included in its CSR data submission reflect its efforts during that reporting period.

Although the cases that were reviewed during the visit demonstrate that LANWT is substantially compliant with LSC reporting requirements, in an effort to ensure compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.3, it was recommended that LANWT periodically generate case management reports of its open cases to ensure that they remain active.

In its response to the DR, LANWT stated that in addition to training on CSR issues for all staff, senior management has already provided training for the branch managers and supervising attorneys to show them how to track potentially dormant cases. Supervisors have also been instructed on how to track both the entry of notes and time in cases so that case handlers can be made aware when cases are not being properly worked on. Increased emphasis on regular case reviews with case handlers should also address some of these concerns. LANWT commented that senior management is committed to keeping case handlers focused on their obligations to their clients.

Based on LANWT's response to the DR, OCE has determined that no further action is warranted.

³⁶ Abilene open Case No. 1017241 and Dallas open Case No. 1029999 were also inactive, but LAWNT had already identified these cases for exclusion from its CSR data submission prior to the visit.

Finding 12: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, Single Recording of Cases. However, as five (5) sets of duplicates were identified, corrective action by LANWT is required.

Through the use of automated case management systems and procedures, recipients are required to ensure that cases involving the same client and specific legal problem are not recorded and reported to LSC more than once. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.2.

When a recipient provides more than one type of assistance to the same client during the same reporting period, in an effort to resolve essentially the same legal problem, as demonstrated by the factual circumstances giving rise to the problem, the recipient may report only the highest level of legal assistance provided. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.2.

When a recipient provides assistance more than once within the same reporting period to the same client who has returned with essentially the same legal problem, as demonstrated by the factual circumstances giving rise to the problem, the recipient is instructed to report the repeated instances of assistance as a single case. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.3. Recipients are further instructed to report related legal problems of an eligible client as single case when the recipient attempts to resolve the related legal problems simultaneously through a single legal process. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.4.

Five (5) sets of duplicates were identified among the cases that were reviewed during the visit. *See* McKinney closed 2012 Case Nos. 12-0959720 and 12-0971224 (legal assistance to the same client, relative to the same issue within a brief period of time); Abilene closed 2012 Files No. 11-0918144 and 12-0939790 (legal assistance to the same client, relative to the same legal issue); Brownwood closed 2011 Case Nos. 1107209 and 1107222 (legal assistance to the same client with the same legal issue, except that no assistance was provided in the latter case); Ft. Worth closed 2011 Case Nos. 11-0879242 and 11-0884181 (related legal issues resolved under a single civil action number); and Wichita Falls closed 2011 Case Nos. 11-0906983 and 11-0912386 (legal assistance to the same client relative to related legal issues within a brief time frame). In each instance, both cases within each set were included in LANWT's CSR data submissions to LSC.

Recipients are instructed to ensure that cases involving the same client and the same, or a related, legal problem are not recorded and reported to LSC more than once as part of a continuing effort by LSC to ensure the accuracy of the CSR reports. To the extent that both LSC and its recipients share an interest in the accuracy of the CSR reports, recipients should endeavor to ensure that the single reporting of cases as required by CSR Handbook (2008 Ed., as amended 2011), § 3.2 and §§ 6.1 – 6.5.

Although the cases that were reviewed during the visit demonstrate that LANWT is substantially compliant with LSC reporting requirements, in an effort to ensure full compliance with LSC reporting requirements, LANWT was required to develop a plan of action designed to ensure compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2 and §§ 6.1 – 6.5 and provide LSC with the same.

In its response to the DR, LANWT stated that duplication is also a focus of the CPA. According to the CPA, the Director of Administration, in conjunction with the Deputy Director and the Director of Litigation, will conduct reviews of programmatic data in January and July to spot potential compliance issues prior to data compilations for submission to LSC. LANWT stated this process is already in place and once the details of these reviews are finalized, one of the Directors will contact the branch managers individually to discuss the data specific to that office. Additionally, the CPA calls for comprehensive training for all staff on all aspects of the CSR Handbook.

LANWT also stated that one set of duplicates that was cited in the Finding was actually a case that LANWT took to trial and later defended on appeal. OCE has revised the DR accordingly.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 15 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of these aspects of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

Finding 13: Review of LANWT's policies and timekeeping records and interviews with the full-time attorneys who have engaged in the outside practice of law evidenced compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

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

Consistent with 45 CFR § 1604.3(a), LANWT has developed a policy and procedure governing outside employment, including the outside practice of law. Subject to approval by LANWT's CEO, the policy and procedure permits full-time attorneys to engage in the outside practice of law in those instances set forth at 45 CFR §§ 1604.4 (c)(1), (2), and (3). The policy requires that attorneys who may be interested in engaging in outside practice must submit a standard form entitled "Request for Outside Practice of Law" for approval by the CEO. Among other things, the form requires that the attorney identify the type of case, the attorney's relationship with the client, and the anticipated date of conclusion of the requested outside practice. The form also requires the attorney to provide written notification to LANWT's Human Resources ("HR") department at the conclusion of the authorized outside practice.

Prior to the visit, LANWT provided a list of all attorneys who have, or had, engaged in the outside practice of law during the period January 1, 2010 through January 31, 2012. The list included the attorney's full name, the office to which such attorney was assigned, the nature of the outside practice, and the name of the person that approved the outside practice. Based on

interviews with all the attorneys listed and currently employed by LANWT, LANWT is in compliance with the requirements of 45 CFR Part 1604.

However, there were instances noted in which LANWT did not conform to its own policy. Specifically, four (4) of the attorneys that were interviewed during the visit neglected to provide written notification to Human Resources at the conclusion of their authorized outside practice. As well, three (3) of the attorneys that were interviewed during the visit disclosed instances of authorized practice that were not included on the list provided by LANWT.

Based on the foregoing, LSC recommended that LANWT take such administrative measures as appropriate to ensure compliance with its own outside practice of law policy.

In its response to the DR, LANWT stated that there were lapses in the application of its outside practice of law policy and it has investigated such lapses. Moreover, the policy has been reviewed and revised, and the updated version will be included in LANWT's new policy manual. LANWT added that it will likely implement an electronic means of tracking both new and existing requests for outside practice, which will indicate the date that approval was granted and the date that Human Resources is notified that the outside practice is closed. This will facilitate management follow-up on requests that remain open for extended periods of time.

Finding 14: Review of LANWT's cases and policies, as well as a limited review of LANWT's fiscal records and interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities).

LSC regulations prohibit recipients from expending grants funds or contributing personnel or equipment to any political party or association, the campaign of any candidate for public or party office, and/or for use in advocating or opposing any ballot measure, initiative, or referendum. Nor may recipients employ any political test or qualification in making decisions or performing any function under the LSC Act. *See* 45 CFR § 1608.3. Recipient employees may not intentionally identify LSC or the recipient with any partisan or non-partisan political activity, or with the campaign of any candidate for public or party office. *See* 45 CFR § 1608.4.

The regulation also prohibits staff attorneys from using official authority or influence for the purpose of interfering with or affecting the result of an election or nomination for office, whether partisan or nonpartisan, and may not directly or indirectly coerce, or attempt to coerce, command, or advise any recipient to pay, lend, or contribute anything of value to a political party, committee, organization, agency or person for political purposes. Nor may such attorney be a candidate for partisan elective office. *See* 45 CFR § 1608.5. While engaged in legal assistance activities, staff attorneys may not engage in political activities, any activity to provide voters with transportation to the polls, or to provide similar assistance in connection with an election, or any voter registration activity. *See* 45 CFR § 1608.6.

LANWT has developed a written policy to guide its staff in complying with Part 1608. The policy is contained within its Advocacy Manual and is consistent with 45 CFR Part 1608. All

staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Additionally, new hires are required to agree, in writing, to abide by the policy. Both the CEO and Interim Deputy Director stated that LANWT does not employ any political test or qualification in making decisions, nor has it contributed or made available any funds, personnel, or equipment to any political party, any political campaign, or any effort advocating or opposing a ballot measure, initiative, or referendum. The staff that were interviewed during the visit indicated their familiarity with the policy and 45 CFR Part 1608. None of the staff that were interviewed during the visit were aware of LANWT's involvement in any political activity.

A vendor/payee file generated from the LANWT's accounting system, representing 2,320 persons and entities who received payments from the recipient during the period 2010 through 2012 was reviewed for identifiable disbursements to political entities. Additionally, pages and links from the LANWT on-line web-site (www.lanwt.org) and a search of on-line news articles mentioning LANWT were reviewed for indications of relationships with political candidates, activities or entities. No indication of prohibited political activities was found.

None of the cases that were reviewed during the visit indicated LANWT's involvement in any such activity. Similarly, the printed materials available in LANWT's offices consisted of self-help and informational brochures. None of the brochures or pamphlets contained content that was inconsistent with Part 1608.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that it intends to review its Part 1608 policy and procedures as part of its effort to create a separate LANWT policy manual. It further stated that Part 1608 will also be a part of the comprehensive training provided to all staff.

Finding 15: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Except as provided by LSC regulations, recipients may not provide LSC funded legal assistance in any case which, if undertaken on behalf of an eligible client by an attorney in private practice, reasonably might be expected to result in a fee for legal services from an award to the client, from public funds or from the opposing party. *See* 45 CFR §§ 1609.2(a) and 1609.3. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1609, and are required to maintain records sufficient demonstrate their compliance. *See* 45 CFR § 1609.6.

Recipients may provide LSC funded legal assistance in such cases where the case has been rejected by the local lawyer referral service, or two private attorneys; neither the referral service nor two private attorneys will consider the case without payment of a consultation fee; the client is seeking, Social Security, or Supplemental Security Income benefits; the recipient, after

consultation with the private bar, has determined that the type of case is one that private attorneys in the area ordinarily do not accept, or do not accept without pre-payment of a fee; the Executive Director has determined that referral is not possible either because documented attempts to refer similar cases in the past have been futile, emergency circumstances compel immediate action, or recovery of damages is not the principal object of the client's case and substantial attorneys' fees are not likely. *See* 45 CFR §§ 1609.3(a) and 1609.3(b). LSC has also prescribed certain specific recordkeeping requirements and forms for fee-generating cases. The recordkeeping requirements are mandatory. *See* LSC Memorandum to All Program Directors (December 8, 1997).

LANWT has adopted a written policy concerning fee-generating cases. Although the restriction stated in the policy is not limited to LSC funded legal assistance, it is consistent with Part 1609. The policy is contained within LANWT's Advocacy Manual and includes a section that addresses the receipt of attorneys' fees in a manner consistent with 45 CFR § 1609.4. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. The staff that were interviewed during the visit indicated their familiarity with the policy and Part 1609. None of the staff that were interviewed during the visit were aware of LANWT's involvement in any fee-generating cases.

None of the cases that were reviewed during the visit involved legal assistance with respect to a fee-generating case.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that it intends to review its Part 1609 policy and procedures as part of its effort to create a separate LANWT policy manual. It further stated that Part 1609 will also be a part of the comprehensive training provided to all staff.

Finding 16: A review of LANWT's organizational chart, observations of the physical locations of LANWT's offices, and interviews with staff indicate that LANWT is in compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity).

Part 1610 was adopted to implement Congressional restrictions on the use of non-LSC funds and to assure that no LSC funded entity engage in restricted activities. Essentially, recipients may not themselves engage in restricted activities, transfer LSC funds to organizations that engage in restricted activities, or use its resources to subsidize the restricted activities of another organization.

The regulation contains a list of restricted activities. *See* 45 CFR § 1610.2. They include lobbying, participation in class actions, representation of prisoners, legal assistance to aliens, drug related evictions, and the restrictions on claiming, collecting or retaining attorneys' fees.

Recipients are instructed to maintain objective integrity and independence from any organization that engages in restricted activities. In determining objective integrity and independence, LSC looks to determine whether the other organization receives a transfer of LSC funds, and whether such funds subsidize restricted activities, and whether the recipient is legally, physically, and financially separate from such organization.

Whether sufficient physical and financial separation exists is determined on a case by case basis and is based on the totality of the circumstances. In making the determination, a variety of factors must be considered.³⁷ The presence or absence of any one or more factors is not determinative.

Recipients are further instructed to exercise caution in sharing space, equipment and facilities with organizations that engage in restricted activities. Particularly if the recipient and the other organization employ any of the same personnel or use any of the same facilities that are accessible to clients or the public.³⁸ But, as noted previously, standing alone, being housed in the same building, sharing a library or other common space inaccessible to clients or the public may be permissible as long as there is appropriate signage, separate entrances, and other forms of identification distinguishing the recipient from the other organization, and no LSC funds subsidize restricted activity. Organizational names, building signs, telephone numbers, and other forms of identification should clearly distinguish the recipient from any organization that engages in restricted activities. *See* OPO Memo to All LSC Program Directors, Board Chairs (October 30, 1997).

The regulation also prohibits recipients from accepting non-LSC funds greater than \$250.00, unless the recipient provides the source of the funds written notification of the prohibitions and conditions which apply to the funds. *See* 45 CFR § 1610.5.³⁹

³⁷ Factors relevant to the determination include:

- i) the existence of separate personnel;
- ii) the existence of separate accounting and timekeeping records;
- iii) the degree of separation from facilities in which restricted activities occur, and the extent of such restricted activities; and
- iv) the extent to which signs and other forms of identification distinguish the recipient from the other organization.

See 45 CFR § 1610.8(a); *see also*, OPO Memo to All LSC Program Directors, Board Chairs (October 30, 1997).

³⁸ While there is no *per se* bar against shared personnel, generally speaking, the more shared staff, or the greater their responsibilities, the greater the likelihood that program integrity will be compromised. Recipients are instructed to develop systems to ensure that no staff person engages in restricted activities while on duty for the recipient, or identifies the recipient with any restricted activity. *See* OPO Memo to All LSC Program Directors, Board Chairs (October 30, 1997).

³⁹ Generally, notification should be provided before the recipient accepts the funds. Thus, notice should be given during the course of soliciting funds or applying for a grant or contract. However, for unsolicited donations where advance notice is not feasible, notice should be given in the recipient's letter acknowledging the contribution. The notice requirement applies to funds received by recipients as grants, contracts or charitable donations from funders other than the Corporation, which are intended to fund the nonprofit work of the recipient. It does not include funds

Based on a limited review of LANWT's policies and procedures, cash receipts journals, cash disbursements journals, chart of accounts, grants, contracts, LANWT's web page, as well as observations of LANWT's office locations, LANWT does not appear to be engaged in any restricted activities which would present 45 CFR Part 1610 compliance issues. LANWT's chart of accounts has been developed so that funds received by the recipient from sources other than LSC are recorded as separate and distinct receipts and disbursements in a manner that is consistent with 45 CFR § 1610.9. LANWT's Accounting Manager confirmed that direct costs are allocated to a particular grant, to the degree that costs were incurred to achieve the objectives of the grant. Costs that are fund-specific are allocated directly to that funding source, at the transaction level. A limited review of the cash receipt and disbursement journals for the review period identified no inappropriate transfers pursuant to 45 CFR § 1610.7, or expenditures pursuant to 45 CFR § 1610.4, by the recipient of its LSC and non-LSC funds.

During the visit, the team reviewed payments of non-LSC funds from LANWT to Texas Legal Services Center ("TLSC") for the stated purpose of resource development. In 2010 and 2011 LANWT paid TLSC \$15,000.00 per year and, in 2012, this increased to \$35,000.00. The 2012 payment appears to represent payment for 2013. The contract between LANWT and TLSC states, in part, that "the scope of services to be performed by TLSC include research, education, public relations, and outreach efforts to secure non-federal funding to assist and supplement LANWT resource development activities for the provision of Legal Aid services for eligible clients". The contract also provides that in carrying out the agreement, both parties shall comply with all applicable laws, ordinances, and codes. Through review of LANWT's fiscal records it was determined that the payments to TLSC were paid with non-LSC funds. During the visit, LANWT's CFO contacted TLSC and obtained a written confirmation that "project funds are not utilized for activities inconsistent with LSC requirements".

LANWT has established a procedure that ensures that written notification to its funding sources and individual contributors of \$250.00 and over is provided. A limited review was conducted of five (5) donor letters for contributions during 2010 and 2012. A limited review was also conducted of five (5) non-LSC funding sources. In all cases reviewed, the letters LANWT sent to its donors complied with the requirements of LSC regulations. However, as noted in Finding 18, it did not appear that LANWT was providing the required notification to the sources of funds raised through its joint fundraising venture.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that its senior management team is committed to ongoing review of fiscal and financial policies to ensure, not only the proper use of funds, but also to optimize the resources committed to client services. LANWT added that revisions have been made to its Accounting Manual as a result of the Compliance Review, and reported that its CFO and Director of Administration will continuously review the Manual and all accounting policies and procedures to ensure compliance with the regulations.

received from sources such as court payment to attorneys for their work under court appointments; nor does it include payments to the recipient for rent, bank interest, or sale of goods, such as manuals. *See 62 Federal Register 27696 (May 21, 1997).*

Finding 17: LANWT is in substantial compliance with 45 CFR Part 1614 (Private attorney involvement).

LSC regulations require that LSC recipients devote an amount equal to 12.5% of its LSC annualized basic field award to the involvement of private attorneys in the delivery of legal assistance to eligible clients⁴⁰. This requirement is referred to as the private attorney involvement (“PAI”) requirement.

Activities undertaken by the recipient to involve private attorneys in the delivery of legal assistance to eligible clients must include the direct delivery of legal assistance to eligible clients. The regulation contemplates a range of activities, and recipients are encouraged to assure that the market value of PAI activities substantially exceed the direct and indirect costs allocated to the PAI requirement. The precise activities undertaken by the recipient to ensure private attorney involvement are, however, to be determined by the recipient, taking into account certain factors. See 45 CFR §§ 1614.3(a), (b), (c), and (e)(3). The regulations, at 45 CFR § 1614.3(e)(2), require that the support and expenses relating to the PAI effort must be reported separately in the recipient’s year-end audit. For compensated models, the regulations state that attorney’s fees may not exceed 50% of the local prevailing market rate for that type of service. *See* 45 CFR § 1614.3(e)(3).

Further, 45 CFR § 1614.3(d)(3) requires programs to implement case oversight and follow-up procedures to ensure the timely disposition of cases to achieve, if possible, the results desired by the client and the efficient and economical utilization of resources.

Additionally, 45 CFR Part 1614 requires that recipients utilize a financial management system and procedures that document its PAI cost allocations, identify and account for separately direct and indirect costs related to its PAI effort, and report separately the entire allocation of revenue and expenses relating to the PAI effort in its year-end audit.

The CSR Handbook defines a PAI case as the provision of permissible legal assistance by a private attorney participating in the recipient’s PAI program to an eligible client with a legal issue (or set of closely related issues) accepted for assistance in accordance with the requirements of the LSC Act, regulations and other applicable law. *See* CSR Handbook (2008 Ed., as amended 2011), § 10.1. Recipients may record and report the provision of legal assistance by a private attorney as a case only if all of the provision of Chapter II of the CSR Handbook (2008 Ed., as amended 2011) and the requirements of 45 CFR § 1614.3(d) are met, and the legal assistance to the client is provided by a private attorney participating in the recipient’s PAI program. *See* CSR Handbook (2008 Ed., as amended 2011), § 10.1(a).

LANWT’s PAI is twofold, divided between the Equal Justice Volunteer Program (“EJVP”) which is a program wide initiative, and the Dallas Volunteer Attorney Project “DVAP”), a joint project by LANWT and the Dallas Bar Association (“DBA”). Although the EJVP’s program has both a pro bono and a compensated model, at the DVAP, almost all the cases are pro bono cases. In terms of PAI staff, the two biggest offices are the Dallas DVAP - with a Director/Attorney, a Managing Attorney, two (2) Mentoring attorneys, an attorney recruiter, and eight (8) paralegals -

⁴⁰ The term ‘private attorney’ is defined as an attorney who is not a staff attorney. *See* 45 CFR § 1614.1 (d).

and the Ft. Worth Office - with a Supervising Attorney and four (4) paralegals. At the majority of the other offices, the PAI initiative is run by an EJVP Coordinator and the respective office's Managing Attorney.⁴¹

Regarding intake procedures and priorities, LANWT's basic field intake procedures and priorities, are the same for both the EJVP and DVAP.⁴² The majority of the referred cases to the PAI attorneys are family, consumer, probate and housing. Normally, cases appropriate for referral are identified at each office's weekly staffing meetings, where all applications for legal assistance coming from either regular office's intake, LANWT's Legal Aid Line, or the clinics (in which volunteer private attorneys participate) are reviewed for case acceptance. Once the office's Managing Attorney approves the referral, and as soon as the client authorizes LANWT to discuss the case with a volunteer attorney for possible case acceptance, the PAI Coordinator or paralegal will try to find an attorney to accept the case by sending a letter or e-mail to the participating attorneys in the applicable county with information about the case, including basic case type and the name of the opposing party, for the attorney to be able to conduct a conflict check.

When the case is accepted by a participating private attorney, LANWT sends the client a case acceptance letter informing the client of the attorney's name and telephone number, and advising the client to contact the attorney to make an appointment. The client is also provided an information sheet advising him/her that the attorney's services are free of charge, but that the client may be responsible for courts costs and/or fees. Similarly, LANWT provides information to the attorney concerning LANWT's PAI program - whether pro bono or reduced fee. The attorney is advised relative to claiming attorneys' fees and is requested to provide LANWT with copies of all closing documents, *i.e.*, final orders, at the conclusion of the case. The attorney is also provided forms developed by LANWT and designed to ensure an appropriate level of follow-up and oversight. If the case has been accepted on a reduced fee basis, the attorney is advised of LANWT's hourly rate and is provided an estimate of the amount of time LANWT calculates to complete the case. Attorneys accepting cases on a reduce fees basis are required to submit monthly billings containing an itemized statement indicating the amount of time spent and a description of the services provided. As previously indicated, such attorneys are advised that the final billing must be accompanied by copies of court orders or other dispositive documentation.

The PAI clinics are regularly scheduled, some weekly and others monthly, and are staffed by both LANWT staff attorneys and participating PAI attorneys. Some are general intake, while others are limited to specific topics like wills, bankruptcies, veterans, domestic abuse, divorce, and some are dedicated to pro se filings. Most of the clinics are organized and conducted by the office's EJVP Coordinator, or one of the PAI paralegals, either from the DVAP, or the Ft. Worth office. At the clinics, eligible applicants meet with a participating PAI attorney, who are required to document the assistance provided on the "EJVP Case Review Memo," or its equivalent. The participating attorney is also requested to indicate on the memo his/her willingness to accept the case for further assistance. After the clinic is concluded, all of the

⁴¹ At the Weatherford office there is no PAI coordinator.

⁴² One of the forms used at the one time Dial-A-Lawyer Clinic held by the San Angelo office, was found insufficient for income eligibility screening purposes, but that clinic has not been continued and the form is no longer in use.

applications for services, are entered into the ACMS by the EJVP Coordinator or the clinic organizing PAI paralegal. If there is no problem with the conflict check, each applicant's case will be staffed at the next staffing meeting to determine whether further assistance is warranted.

The responsibility for the oversight of PAI cases is primarily assigned to the EJVP Coordinator in each office, or to one of the PAI paralegals either at the DVAP or the Ft. Worth office. After a case is accepted by a PAI attorney, the case is flagged for follow-up in 60 to 90 days, when the attorney will be contacted by letter, phone or email, to learn the status of the case, and whether the attorney may need any kind of support in relation to the case. In some offices the responsible staff member will check, when available, the status of the case according to the respective county court system website.

When a PAI case is closed, the closing code is selected either by the office EJVP Coordinator or the PAI paralegal, but it will ultimately be reviewed and approved by the office's Managing or Supervising Attorney. Generally, a "Closing Sheet Disposition" form is used. This form is designed to enter brief notes and a case summary, the outcome for the client, benefits/fees/damages for the client or for LANWT. The form includes a checklist of important documents that should be present when closing a case, e.g., Part 1626 documentation, Part 1636 statement, as applicable, final orders, etc. The selected case closing code and the case closing form are reviewed and approved either by the office's Supervising or Managing Attorney.

In accordance with 45 CFR § 1614.4, LANWT has developed an annual PAI plan and budget to meet its PAI requirements. The plan is designed to ensure that LANWT involves private attorneys in the delivery of legal assistance to eligible clients through both pro bono and compensated mechanisms, via their joint projects with local bar associations and contracts with private attorneys and law firms on a reduced fee plan.

They have also established PAI as a cost center in their accounting system (SAGE 100 (MIP) Fund Accounting) and as a time use designation in their Case and Time Management system (PS Technologies LegalServer), which are used to identify and accumulate time and costs related to PAI activity. LANWT utilizes a system for accounting for PAI related costs which generally complies with the requirements of 45 CFR § 1614.3(e), however these procedures are not documented in either of the LANWT Accounting Manuals. For purposes of this review, the Director of Finance provided a written synopsis of the process used to attribute indirect costs to PAI which, though it was undocumented, has been utilized during the review period. A full description of the policies and processes used to allocate PAI direct and indirect costs should be established in the LANWT Accounting Manual.

The PAI program is funded from three (3) sources: LSC Basic funds, Texas Access to Justice's Basic Civil Legal Services ("BCLS"), and joint fundraising with the Dallas Bar Association. The Audited Financial Statements for FYs 2010 and 2011 reported in the "Private Attorney Involvement Schedule of Expenses," expenditures dedicated to the PAI effort in the amount of \$1,416,759.00 and \$1,408,159.00, respectively, which translates to 16.25% and 17% of the total basic field grant for those years. While the 2012 year has not as yet been subject to independent audit, accounting records reflect total PAI costs to be \$1,385,073.00, or 19.4% of LSC basic field.

LANWT correctly allocates the salaries of attorneys and paralegals based on actual time as reported in the ACMS and as required by 45 CFR § 1614.3(e)(1)(i). LANWT has utilized an undocumented indirect cost allocation basis. For purposes of this review, the Director of Finance developed a written synopsis of the process used to attribute indirect costs to PAI which though undocumented has been utilized during the review period.

The PAI cost allocation process as defined for practical purposes may be segregated between the DVAP, and EJVP, a program wide and a reduced fee component. Direct and indirect PAI costs are posted to the General Ledger on a monthly basis. Advocate (attorney and paralegal) salary costs are posted as direct costs based on individual salaries. The Payroll Unit provides the Accounting Unit with data reflecting salary/hours by employee with PAI charged as reported in the ACMS for payroll purposes. The direct PAI salaries are recorded and factored against total salaries in that office to determine the percentage factor to be used for indirect charges in that cost center. An LANWT developed spreadsheet applies the factor by line item and the totals are entered in a cumulative report which is used to make a General Journal entry for the month. The process as developed meets the provisions of 45 CFR § 1630.3(e).

Reduced Fee PAI

The LANWT PAI program operates in-house under the name Equal Justice Volunteer Program (“EJVP”). The EJVP Financial Management Procedures are available to all staff on-line via SharePoint. In several counties LANWT refers cases to private attorneys on a reduced fee basis. The reduced fee is used primarily in very rural areas where there is insufficient pro bono activity.

When a case is assigned to an attorney, an encumbrance is established by the reduced fee hourly schedule based on the type of case. Attorneys are paid \$40/hour based on a PAI fee schedule. The State Bar of Texas and the Texas Access to Justice Foundation have determined that the average hourly rate is \$150.00, a figure used by LANWT for valuation of volunteer attorney time. PAI cases referred to a private attorney are managed by an advocate of the referring office. Case billings by the attorneys reflect time spent and activities performed on each assigned case. Invoices are approved by the assigning advocate and forwarded to the LANWT PAI coordinator who approves and forwards the invoice to accounting for payment. Review of the 2010, 2011, and 2012 vendor files for two randomly selected PAI attorneys found invoices reflected services performed and time charged in six or fifteen minute increments. Each invoice without exception had been approved by the advocate/manager and the PAI coordinator.

Consistent with 45 CFR § 1627.2(b)(1), an examination of the LANWT General Ledgers for 2010, 2011, and 2012 found that in no case did annual payments to any individual attorney in the PAI reduced fee program exceed \$3,000.00, and an examination of LANWT’s 1099 files found that IRS Form 1099 reporting attorney fees of \$600.00 or more had been properly reported.

PAI Case Review

In reviewing the PAI cases, the team noted that 12 of the PAI cases reviewed during the visit involved legal assistance provided solely by LANWT staff attorneys. *See* Denton open PAI Case No. 12-0931841, Ft. Worth closed 2013 PAI Case No. 12-0984244, Dallas closed 2013

PAI Case Nos. 12-0989108, 12-0944053, 12-0989672, 12-0980419, 12-0985894, 13-0994378, 12-0986217, 12-0957913, and 12-0987534, and Denton closed 2010 PAI Case No. 1026742. Although reportable as staff cases, these cases may not be reported as PAI cases.

As well, regarding the effectiveness of LANWT's oversight and follow-up, 14 of the PAI cases that were reviewed during the visit were either dormant or untimely closed. *See* Amarillo open PAI Case No. 11-0910873, Dallas open PAI Case Nos. 825682, 1010061, 807928, and 601861, Denton open PAI Case Nos. 11-0916145 and 12-0947926, Lubbock open PAI Case Nos. 703556, 911326, 11-0903812, and 12-0956148, Plainview closed 2013 PAI Case No. 11-0877098, Abilene closed 2011 PAI Case No. 0805820, and Midland closed 2011 PAI Case No. 0822686.

By conducting periodic case management reports of all open and closed PAI case files, LANWT can ensure that only cases where the legal assistance had been provided by a private attorney are reported as PAI cases. As well, through the use of systematic case management reports and by enforcing its case oversight measures, LANWT can ensure that all reported cases are timely closed and that dormant cases are de-selected.

In its response to the DR, LANWT noted that it has consistently expended more than 12½% on its PAI efforts. Regarding the 12 cases cited in this Finding in which the legal assistance was provided by staff, LANWT explained that such cases generally involve staff who attend a clinic and enter the case data into LegalServer at a later date. LANWT noted that the time billed to the case by the staff person is reported as staff time, not PAI. Nonetheless, LANWT stated that it intends to discuss the issue with its PAI coordinators in an effort to resolve any concerns. As well, the coordinators will receive training on LegalServer so that they can generate the necessary reports and identify any such anomalies.

Based on LANWT's response, Required Corrective Action No. 16 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its discussion with its PAI coordinators, its efforts to resolve the issues noted in this Finding, and the LegalServer training provided to its PAI coordinators. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

Finding 18: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with 45 CFR § 1627.4 (Membership fees and dues). However, an examination of LANWT's transfer of TIG No. 04466 funds to Texas Legal Services Center evidenced non-compliance with 45 CFR § 1627.3(a)(1).

LSC has developed rules governing the transfer of LSC funds by recipients to other organizations. *See* 45 CFR § 1627.1. These rules govern subgrants, which are defined as any transfer of LSC funds from a recipient to an entity under a grant, contract, or agreement to conduct certain activities specified by or supported by the recipient related to the recipient's programmatic activities.

“Programmatic activities” include those that might otherwise be expected to be conducted directly by the recipient, such as representation of eligible clients, or which provides direct support to a recipient’s legal assistance activities or such activities as client involvement, training or state support activities. It does not ordinarily include activities that are covered by a fee-for-service arrangement, such as those provided by a private law firm or attorney representing a recipient’s clients on a contract or *judicare* basis, except that any such arrangement involving more than \$25,000.00 is included. It would also normally excludes activities related to the provision of goods or services by vendors or consultants in the normal course of business if such goods or services would not be expected to be provided directly by the recipient itself, such as auditing or business machine purchases and/or maintenance.

All subgrants must be in writing and must be approved by LSC. In requesting approval, recipients are required to disclose the terms and conditions of the subgrant and the amount of funds to be transferred. Additionally, LSC approval is required for a substantial change in the work program of a subgrant, or an increase or decrease in funding of more than 10%. Minor changes of work program, or changes in funding less than 10% do not require LSC approval, but LSC must be notified in writing. *See* 45 CFR § 1627.3(a)(1) and (b)(3).

Subgrants may not be for a period longer than one (1) year, and all funds remaining at the end of the grant period are considered part of the recipient’s fund balance. All subgrants must provide for their orderly termination or suspension, and must provide for the same oversight rights for LSC with respect to subrecipients as apply to recipients. Recipients are responsible for ensuring that subrecipients comply with LSC’s financial and audit requirements. It is also the responsibility of the recipient to ensure the proper expenditure of, accounting for, and audit of the transferred funds. *See* 45 CFR § 1627.3(b)(1), (b)(2), (c), and (e).

LSC funds may not be used to pay membership fees or dues to any private or nonprofit organization, except that payment of membership fees or dues mandated by a governmental organization to engage in a profession is permitted. *See* 45 CFR § 1627.4. Nor may recipients make contributions or gifts of LSC funds. *See* 45 CFR § 1627.5. Recipients must have written policies and procedures to guide staff in complying with the regulations and shall maintain records sufficient to document the recipient's compliance. *See* 45 CFR § 1627.8.

Based on a limited review of LANWT’s accounting records for the period 2010 through December 31, 2012, LANWT is in full compliance with 45 CFR § 1627.4. All non-mandatory dues and fees are paid with non-LSC funds. However, an examination of LANWT’s relationship with the DVAP revealed that LANWT appeared to have failed to obtain LSC approval for expenditures of LSC funds on behalf of DVAP as required by 45 CFR § 1627.3(a)(1).

As previously mentioned, the DVAP is a joint project by LANWT and the DBA. Essentially, under the terms of a joint agreement executed by the DBA and LANWT’s predecessor, Legal Services of North Texas, DVAP provides PAI case placement services for LANWT and all such cases are reported by LANWT to LSC as PAI cases. In particular, the agreement allows the DVAP to share space within LANWT’s Dallas office and otherwise requires that LANWT commit 12½% of its annualized LSC basic field award applicable to Dallas County to the

operations and activities of the DVAP.⁴³ LANWT also agrees to provide general liability insurance for the DVAP operations and activities related to the Dallas office, and make available professional liability insurance for all staff and volunteer attorneys providing assistance to clients under the DVAP.

The agreement calls for management of the DVAP by a director, who will be appointed by, and serve at the pleasure of, the DBA. The agreement states that such director will be an employee of the DBA assigned to the DVAP. The DVAP is to be staffed by those employees of LANWT and those employees of the DBA assigned to the DVAP by LANWT and the DBA. The DBA commits to provide for all salaries, wages and benefits of DBA employees assigned to the DVAP.

It should also be noted that presently and for several years, LANWT, in conjunction with the DBA and the Dallas Bar Association Community Service Fund (“CSF”), has been involved in an annual fundraising campaign for the DVAP, and from the funds so received a portion is distributed to LANWT to be committed to the DVAP. As a result of the annual fundraising campaign, LANWT received \$224,322.00 in 2010; \$254,496.00 in 2011; and \$292,364.00 in 2012.⁴⁴ However, the review team was unable to find evidence that LANWT was providing the required notification to the sources of funds raised through the joint fundraising venture described above. LANWT must ensure full compliance and documentation concerning the notification to sources of funding of \$250.00 or more requirements of 45 CFR § 1610.5(a) for both direct sources of such funds and for those provided via the joint venture.

Similarly, as discussed in Finding 32, by grant award letter dated Dec. 4, 2004, LSC awarded LANWT TIG No. 04466 in the amount of \$52,037.00.

At the time of the visit, LANWT was unable to provide any written agreement between either it and TLSC, or it and Pro Bono Net. Similarly, LANWT was unable to provide project activity reports or a working budget for the TIG. Moreover, the persons who worked on TIG No. 04466, either at LANWT or TLSC, are no longer employed by either organization. No separate fund accounting for TIG No. 04466 was established, and only copies of the four LSC checks LANWT received as full payment of the grant award of \$50,000 existed.

However, according to the TIG Standard Application signed by LANWT’s CEO May 14, 2004 and the TIG Final Report (April 23, 2010), the grant was to fund a part-time coordinator at Texas Legal Services Center (“TLSC”), who was responsible for the “development and maintenance of content on the statewide website”, which, according to the Final Report, is designed to provide legal information and court forms. The TIG Final Report indicates that \$24,000.00 for salary and benefits to the coordinator in 2008, and \$20,000.00 for salary and benefits to the coordinator in 2009.

While some situations raise questions of whether the scope of content development activity falls with Part 1627, LSC funded content development is generally related to programmatic activities. The provision of legal information is one of the services that LSC clearly intends

recipients to provide with TIG funding for client information and self-help. As such, based on available information, it appears that LANWT's transfer of TIG No. 04466 funds to TLSC to fund a part-time content coordinator whose duties included content development was subject to the requirements of Part 1627.

In its response to the DR, LANWT stated that it intends to review its subgrant policies and procedures to ensure continued compliance with LSC regulations. Regarding TIG No. 04466 and the transfer of funds to TLSC, LANWT stated that it has no documentation beyond that provided to OCE during the visit. Regarding the 45 CFR § 1610.5 comments, LANWT responded that both it and the DBA provide written notice to each contributor of \$250.00 or more. LANWT provided a sample of the notification in its response to the DR.

As to LANWT's relationship with DVAP, LANWT argued that it does not have a subgrant, as that term is defined at 45 CFR § 1627.2(b)(1) with DVAP or the DBA, and disagreed with the conclusion that DVAP is a subrecipient, as that term is defined at 45 CFR § 1627.2(b)(1). As noted in the DR, the DVAP is staffed by DBA employees and LANWT employees. More than half of the DVAP staff are employed by the DBA, including the director, five (5) paralegals, a recruiter, and a data entry/support person. The Managing Attorney, the two (2) mentor attorneys, three (3) paralegals, and a secretary are employed by LANWT. All of the activities of the DVAP are consistent with the LSC Act and regulations.

LANWT argued that as there is no transfer, or payment of LSC funds, there is no subgrant. LANWT argued that unlike the OLA opinions cited in the DR, DVAP is not an entity, nor is it a separate provider of legal services. LANWT stated that it owns the building that houses DVAP. It pays no rent for the space that DVAP occupies. Indeed, by housing DVAP in its Dallas office, LANWT realizes revenue from the annual DBA-LANWT fundraising, which, in turn, is used to defray much of the costs that LANWT does incur in connection with DVAP.

LANWT also argued that not only is there no transfer, but there is also no separate organization. LANWT stated that a common misperception about DVAP is that it is a separate entity. Rather, as stated in the Joint Program Agreement (December 19, 1996), it is a cooperative effort between LANWT and the DBA. LANWT added that DVAP does not exist as a legal entity, it is not incorporated, and it is not registered with the state as a non-profit. It does not have a federal tax ID number. It is merely the name given to LANWT's PAI component in Dallas County, much the same as the EJVP is the PAI component that serves the rest of the LANWT service area. It is staffed by DBA and LANWT employees, although each entity retains control over its own employees.

LANWT argued that the DVAP is among the PAI activities recognized by LSC regulations, namely support provided by a recipient in furtherance of PAI activities, including the use of the recipient's facilities. *See* 45 CFR § 1614.3(b)(2).

In its response, LANWT provided an example of its "Lend-a-Lawyer" program. Under this program, local law firms provide LANWT with one of their full-time associate attorneys for a three month period. The associate remains in the employ of the law firm during the three month period, but is stationed at LANWT providing pro bono legal assistance to eligible clients.

LANWT argues that just as this arrangement does not make the law firm a subrecipient of LANWT, neither should the fact that DVAP is housed at LANWT make it, or the DBA, a subrecipient of LANWT. As stated at 45 CFR § 1627.1, the regulation sets forth rules under which LSC funds may be transferred by recipients to other organizations. The regulations then define “subgrant” as any transfer of LSC funds from a recipient which qualifies the organization receiving such funds as a subrecipient. *See* 45 CFR § 1627.2(b)(2). A “subrecipient” is defined essentially as any entity that accepts LSC funds from a recipient under a grant or contract to conduct certain specified by or supported by the recipient related to the recipient’s programmatic activities. *See* 45 CFR § 1627.2(b)(1). “Transfer” is defined in terms of a payment of LSC funds by a recipient to a person or entity for the purpose of conducting programmatic activities. *See* 45 CFR § 1610.2(g). LANWT argued that because the DVAP does not involve a payment, or transfer, of LSC funds, either to a person or any other separate entity, there is no subgrant. Moreover, LANWT argued that requiring it to obtain LSC approval of its arrangement with the DBA is beyond the purpose of the regulation.

Based on LANWT’s response to the DR, as well as OCE’s consideration of other factors, OCE has revised the DR.

Finding 19: Review of LANWT’s policies, interviews with management and staff, as well as a limited review of fiscal and other records, evidenced compliance with the 45 CFR Part 1635 (Timekeeping requirements).

The timekeeping requirement, 45 CFR Part 1635, is intended to improve accountability for the use of all funds of a recipient by assuring that allocations of expenditures of LSC funds pursuant to 45 CFR Part 1630 are supported by accurate and contemporaneous records of the cases, matters, and supporting activities for which the funds have been expended; enhancing the ability of the recipient to determine the cost of specific functions; and increasing the information available to LSC for assuring recipient compliance with federal law and LSC rules and regulations. *See* 45 CFR § 1635.1.

Specifically, 45 CFR § 1635.3(a) requires that all expenditures of funds for recipient actions are, by definition, for cases, matters, or supporting activities. The allocation of all expenditures must satisfy the requirements of 45 CFR Part 1630. Time spent by attorneys and paralegals must be documented by time records which record the amount of time spent on each case, matter, or supporting activity. Time records must be created contemporaneously and account for time by date and in increments not greater than one-quarter of an hour which comprise all of the efforts of the attorneys and paralegals for which compensation is paid by the recipient. Each record of time spent must contain: for a case, a unique client name or case number; for matters or supporting activities, an identification of the category of action on which the time was spent. *See* 45 CFR § 1635.3(b). The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type. *See* 45 CFR § 1635.3(c).

LANWT’s Advocacy Manual provides guidance to attorneys and paralegals relative to the timekeeping requirement. As noted *supra*, LANWT changed its timekeeping management

system from Practice Manager to LegalServer in two (2) phases in 2011. During phase one, only attorneys and paralegals began keeping their time in LegalServer as of February 4, 2011. Then, the non-attorney administrative staff was added and, by June 27, 2011, all employees began using LegalServer to keep their time.

Timekeeping records for 12 attorneys and eight (8) paralegals for the pay period January 5 – January 18, 2013 were reviewed during the visit. The records indicated time spent as either a case, matter, or supporting activity, and the time allotted was recorded contemporaneously and in increments of not greater than one-quarter of an hour. The timekeeping records were compared to the time and attendance records and showed only one (1) exception. The one exception involved a staff attorney who, rather than recording the amount of time spent on cases, matters, and supporting activities, as delineated in LegalServer, simply recorded an eight (8) hour workday on January 18, 2013. Otherwise, interviews with attorneys and paralegals in the various branch offices disclosed that, consistent with the Advocacy Manual, time is recorded contemporaneously in LegalServer.⁴⁵ Time sheets are approved every two (2) weeks by the Managing Attorneys.

A test of LegalServer's timekeeping capacity demonstrated that it is capable of aggregating time record information on closed and pending cases by problem code.

LSC regulations also require any attorney or paralegal who works part-time for an organization that engages in restricted activities to certify in writing, on a quarterly basis, that he/she has not engaged in restricted activity during any time for which he/she was compensated by the recipient or has not used recipient resources for restricted activities. *See* 45 CFR § 1635.3(d).

LANWT identified one (1) staff attorney in the Dallas office who joined the organization in September 2012, but also worked for an organization that engages in restricted activities. LANWT provided the attorney's third and fourth quarter 2012 certifications which were consistent with LSC regulations.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that it continues to review and revise its policies and procedures, including its timekeeping policies and procedures. Recent training for the Managing Attorneys included demonstrations on how to run spot checks of timekeeping records, how to sort timekeeping by funding code, case and casehandler.

⁴⁵ At least one (1) paralegal stated that she keeps her time in LegalServer, the case file, and on individual time sheets.

Finding 20: Sampled cases, as well as interviews with management and staff, evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Prior to December 16, 2009, recipients could not claim, or collect and retain attorneys' fees in any case undertaken on behalf of a client of the recipient, except as otherwise provided by LSC regulations. *See 62 Federal Register 25862 (May 12, 1997).*⁴⁶ However, with the enactment of LSC's FY 2010 consolidated appropriation, the statutory restriction on claiming, collecting or retaining attorneys' fees was lifted. Thereafter, at its January 23, 2010 meeting, the LSC Board of Directors took action to repeal the regulatory restriction on claiming, collecting or retaining attorneys' fees. Accordingly, effective March 15, 2010 recipients may claim, collect and retain attorneys' fees for work performed, regardless of when such work was performed. Enforcement action will not be taken against any recipient that filed a claim for, or collected or retained attorneys' fees during the period December 16, 2009 and March 15, 2010. Claims for, collection of, or retention of attorneys' fees prior to December 16, 2009 may, however, result in enforcement action. *See LSC Program Letter 10-1 (February 18, 2010); see also, 75 Federal Register 21506 (April 26, 2010).*⁴⁷

LANWT has adopted a written policy which permits staff, while engaged in legal assistance activities, to claim, collect and retain attorneys' fees. The policy is contained within its Advocacy Manual, which is provided to all staff. The CEO, Interim Deputy Director, and the staff that were interviewed during the visit indicated their familiarity with the change in LSC regulations. The staff that was interviewed stated that they were not aware of any case in which LANWT had claimed or collected attorneys' fees.

A review of LANWT's financial records and independent audited financial statements revealed that LANWT received no attorney fees during 2010. In 2011, it received four (4) awards totaling \$33,582.00, and in 2012, four (4) awards totaling \$4,700.00. All such fees were found to have been allocated as derivative income to LSC funding.⁴⁸ None of the cases that were reviewed during the visit indicated any activity inconsistent with former 45 CFR Part 1642.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that its policy governing attorneys' fees has been reviewed on two (2) separate occasions, and training has been provided to all case handlers and the Managing Attorneys.

⁴⁶ The regulations defined "attorneys' fees" as an award to compensate an attorney of the prevailing party made pursuant to common law or Federal or State law permitting or requiring the award of such fees or a payment to an attorney from a client's retroactive statutory benefits. *See 45 CFR § 1642.2(a).*

⁴⁷ Recipients are reminded that the regulatory provisions regarding fee-generating cases, accounting for and use of attorneys' fees, and acceptance of reimbursement remain in force and violation of these requirements, regardless of when they occur, may subject the recipient to compliance and enforcement action.

⁴⁸ In addition to attorneys' fees and cost recoveries, LANWT makes an effort to seek *cy pres* awards. *See http://www.lanwt.org/contribute_cypres.asp.* In 2010, 2011, and 2012, LANWT received \$6,618.00, \$64,216.00 and \$7,410.00, respectively.

Finding 21: Review of LANWT's policies, as well as interviews with management and a review of LANWT's semi-annual reports, evidenced compliance with the requirements of 45 CFR Part 1612.

The purpose of this part is to ensure that LSC recipients and their employees do not engage in certain prohibited activities, including representation before legislative bodies or other direct lobbying activity, grassroots lobbying, participation in rulemaking, public demonstrations, advocacy training, and certain organizing activities. This part also provides guidance on when recipients may participate in public rulemaking or in efforts to encourage State or local governments to make funds available to support recipient activities, and when they may respond to requests of legislative and administrative officials. *See* 45 CFR Part 1612. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1612. *See* 45 CFR § 1612.11.

LANWT has adopted a written policy to guide its staff in complying with 45 CFR Part 1612. The policy is contained within its Advocacy Manual and is consistent with 45 CFR Part 1612. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint.

Interviews were conducted with several staff to gauge their understanding and awareness of Parts 1612. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in legislative or administrative advocacy. The CEO and Interim Deputy Director stated that LANWT has had occasion to provide written and oral testimony, but all such occasions have been in response to requests for such information and have all be non-LSC funded.

A review of LANWT's semi-annual legislative activity reports for 2010 and 2011 indicated that LANWT did not engage in any legislative or administrative activities. However, for 2012, LANWT reported communications with the state legislature, or members thereof, in July and December 2012. After requesting and reviewing pertinent information, OCE, by letter dated June 18, 2013, determined that that the contact was not inconsistent with 45 CFR § 1612.6.

There are no recommendations or required corrective actions relative to this Finding.

Finding 22: Review of sampled cases, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions).

Recipients are prohibited from using LSC funds to provide legal assistance with respect to a criminal proceeding. *See* 45 CFR § 1613.3. Nor may recipients provide legal assistance in an action in the nature of a habeas corpus seeking to collaterally attack a criminal conviction. *See* 45 CFR § 1615.1.

LANWT has developed a written policy to guide its staff in complying with Parts 1613 and 1615. The policy is contained within its Advocacy Manual and is consistent with 45 CFR Parts 1613 and 1615. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Both the CEO and Interim Deputy Director stated that LANWT does not provide legal assistance with respect to criminal proceedings, nor does it provide legal assistance in actions collaterally attacking a criminal conviction. As well, interviews were conducted with several staff to gauge their understanding and awareness of Parts 1613 and 1615. The staff that were interviewed were aware of the restrictions and stated that they were not aware of LANWT's involvement in criminal proceedings or any involvement in action collaterally attacking a criminal conviction.

None of the cases that were reviewed during the visit involved legal assistance with respect to a criminal proceeding, or a collateral attack in a criminal conviction.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Parts 1613 and 1615 will also be included in its comprehensive staff training.

Finding 23: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1617 (Class actions).

Recipients are prohibited from initiating or participating in any class action. *See* 45 CFR § 1617.3. The regulations define "class action" as a lawsuit filed as, or otherwise declared by a court of competent jurisdiction, as a class action pursuant Federal Rules of Civil Procedure, Rule 23, or comparable state statute or rule. *See* 45 CFR § 1617.2(a). The regulations also define "initiating or participating in any class action" as any involvement, including acting as co-counsel, amicus curiae, or otherwise providing representation relative to the class action, at any stage of a class action prior to or after an order granting relief. *See* 45 CFR § 1617.2(b)(1).⁴⁹ Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1617. *See* 45 CFR § 1617.4.

LANWT's class action policy is contained in its Advocacy Manual and is consistent with 45 CFR Part 1633. LANWT advised that all staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not - and has not - initiated or participated in any class actions. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1617. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in any class actions.

⁴⁹ It does not, however, include representation of an individual seeking to withdraw or opt out of the class or obtain the benefit of relief ordered by the court, or non-adversarial activities, including efforts to remain informed about, or to explain, clarify, educate, or advise others about the terms of an order granting relief. *See* 45 CFR § 1617.2(b)(2).

None of the cases that were reviewed during the visit involved LANWT's initiation of, or participation in a class action.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1617 will also be included in its comprehensive staff training.

Finding 24: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1632 (Redistricting).

Recipients may not make available any funds, personnel, or equipment for use in advocating or opposing any plan or proposal, or representing any party, or participating in any other way in litigation, related to redistricting. *See* 45 CFR § 1632.3. Recipients are required to adopt written policies to implement the requirements of Part 1632.

LANWT's redistricting policy is contained in its Advocacy Manual and is consistent with 45 CFR Part 1632. The Advocacy Manual is provided to all staff and is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT is not involved in any activities prohibited by 45 CFR § 1632.3. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1632. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in any redistricting activity.

None of the cases that were reviewed during the visit indicated LANWT's involvement in such activity.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1632 will also be included in its comprehensive staff training.

Finding 25: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings).

Recipients are prohibited from defending any person in a proceeding to evict the person from a public housing project if the person has been charged with, or has been convicted of, the illegal sale, distribution, manufacture, or possession with intent to distribute a controlled substance, and

the eviction is brought by a public housing agency on the basis that the illegal activity threatens the health or safety or other resident tenants, or employees of the public housing agency. *See* 45 CFR § 1633.3. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1633, and are also required to maintain records sufficient to document their compliance with Part 1633.

LANWT's policy on representation in narcotics related evictions is contained in its Advocacy Manual and is consistent with 45 CFR Part 1633. LANWT advised that all staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not defend persons charged with, or convicted of, sale, distribution, manufacture, or possession with intent to distribute a controlled substance who are being evicted by a public housing agency on the basis of such illegal activity. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1633. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's defense of any person in a narcotics related eviction.

None of the cases that were reviewed during the visit involved defense of any such eviction proceeding.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1633 will also be included in its comprehensive staff training.

Finding 26: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Recipients may not participate in any civil litigation on behalf of a person incarcerated in a federal, state, or local prison, whether as plaintiff or defendant; nor may a recipient participate on behalf of such incarcerated person in any administrative proceeding challenging the condition of the incarceration. *See* 45 CFR § 1637.3. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1637, and are also required to maintain records sufficient to document their compliance with Part 1637.

LANWT's policy on representation of incarcerated persons is contained in its Advocacy Manual and is consistent with 45 CFR Part 1637. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not provide representation to incarcerated persons. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1637. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in any civil litigation on behalf of a prisoner.

None of the cases that were reviewed during the visit involved participation in civil litigation, or administrative proceedings, on behalf of an incarcerated person.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1637 will also be included in its comprehensive staff training.

Finding 27: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

Recipients and their employees are prohibited from representing, or referring to other recipients, individuals as a result of a face-to-face encounter, or personal encounter via other means of communication such as a personal letter or telephone call, in which the recipient or its employee advised the individual to obtain counsel or take legal action, where the individual did not seek the advice and with whom the recipient has no attorney-client relationship. *See* 45 CFR §§ 1638.2 and 1638.3. Recipients are required to adopt written policies to implement the requirements of Part 1638. *See* 45 CFR § 1638.5.

LANWT's solicitation policy is contained in its Advocacy Manual and is consistent with 45 CFR Part 1638. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not engage in solicitation. As well, interviews were conducted with several staff to gauge their understanding and awareness of 45 CFR Part 1638. The staff that were interviewed were aware of the restriction and stated that they were not aware of solicitation by LANWT or its employees.

None of the cases that were reviewed during the visit indicated LANWT's involvement in such activity.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1638 will also be included in its comprehensive staff training.

Finding 28: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1639 (Welfare Reform).

Except as otherwise provided, recipients may not initiate legal representation, or participate in any other way in litigation, lobbying or rulemaking involving an effort to reform a federal or state welfare system. *See* 45 CFR § 1639.3. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1639. *See* 45 CFR § 1639.6.

LANWT's policy on welfare reform is contained in its Advocacy Manual and is consistent with 45 CFR Part 1639. All staff are provided with a copy of the Advocacy Manual and it is also available on Sharepoint. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not provide legal assistance, or engage in any other type of activity related to welfare reform. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1639. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in any activity related to welfare reform.

None of the cases that were reviewed during the visit indicated LANWT's involvement in such activity.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that Part 1639 will also be included in its comprehensive staff training.

Finding 29: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced substantial compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing)

No LSC funds may be used to compel any person, institution or governmental entity to provide or fund any item, benefit, program, or service for the purpose of causing the suicide, euthanasia, or mercy killing of any individual. Nor may LSC funds be used to bring suit to assert, or advocate, a legal right to suicide, euthanasia, or mercy killing, or advocate, or any other form of legal assistance for such purpose. *See* 45 CFR § 1643.3. Recipients are required to adopt written policies to guide its staff in complying with Part 1643. *See* 45 CFR § 1643.5.

LANWT's 45 CFR Part 1643 policy is contained in its Advocacy Manual. The policy simply states that LANWT cannot provide legal assistance related to a client's attempt to obtain an assisted suicide or euthanasia. The policy falls short of the prohibitions stated in 45 CFR §§ 1643.3(a) and (b).

Interviews with the CEO and Interim Deputy Director indicated that LANWT does not provide legal assistance, or engage in any other type of activity related to assisted suicide, euthanasia or mercy killing. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1643. The staff that were interviewed were aware of the restriction and stated that they were not aware of LANWT's involvement in any activity related to assisted suicide, euthanasia, and mercy killing.

None of the cases that were reviewed during the visit indicated LANWT's involvement in such activity.

Based on the foregoing, LANWT was required to revise its policy consistent with 45 CFR §§ 1643.3(a) and (b).

In its response to the DR, LANWT stated that it has revised its policy to include the prohibitions stated in 45 CFR §§ 1643.3(a) and (b). LANWT included a copy of the revised policy with its comments to the DR. In addition, LANWT stated that Part 1643 will also be included in its comprehensive staff training.

Based on LANWT's comments and a review of the revised policy, Required Corrective Action No. 18 is closed.

Finding 30: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of LSC statutory prohibitions against abortion related legal assistance (LSC Act, § 1007(a)(8); 42 USC § 2996f(b)(8)), school desegregation litigation (LSC Act, § 1007(a)(9); 42 USC § 2996f(b)(9)), and Military Selective Service Act or desertion related legal assistance (LSC Act, § 1007(a)(10); 42 USC § 2996f(b)(10)).

Section 1007(b) (8) of the LSC Act prohibits the use of LSC funds to provide legal assistance with respect to any proceeding or litigation which seeks to procure a non-therapeutic abortion or to compel any individual or institution to perform an abortion, or assist in the performance of an abortion, or provide facilities for the performance of an abortion, contrary to the religious beliefs or moral convictions of such individual or institution. Additionally, Public Law 104-134, Section 504 provides that none of the funds appropriated to LSC may be used to provide financial assistance to any person or entity that participates in any litigation with respect to abortion.

Section 1007(b) (9) of the LSC Act prohibits the use of LSC funds to provide legal assistance with respect to any proceeding or litigation relating to the desegregation of any elementary or secondary school or school system, except that nothing in this paragraph shall prohibit the provision of legal advice to an eligible client with respect to such client's legal rights and responsibilities.

Section 1007(b) (10) of the LSC Act prohibits the use of LSC funds to provide legal assistance with respect to any proceeding or litigation arising out of a violation of the Military Selective Service Act or of desertion from the Armed Forces of the United States, except that legal assistance may be provided to an eligible client in a civil action in which such client alleges that he was improperly classified prior to July 1, 1973, under the Military Selective Service Act or prior law.

LSC's restrictions on abortion related legal assistance, school desegregation, and Military Selective Service Act cases are addressed in LANWT's Advocacy Manual in a manner consistent with the LSC Act. Interviews with the CEO and Interim Deputy Director indicated that LANWT is not involved in any such activity. Staff interviews indicated their familiarity with the statutory restrictions. The interviews disclosed that staff are trained on statutory prohibitions when hired and are provided copies of relevant policies. In addition, program policies are available on SharePoint. Updates to policies are distributed by senior management to local office Managing Attorneys who are responsible for distributing the information to staff.

All of the cases that were reviewed during the visit demonstrated LANWT's compliance with the above LSC statutory prohibitions. Interviews with the CEO and Interim Deputy Director indicated that LANWT does not provide legal assistance, or engage in any other type of activity related to school desegregation, Military Selective Service Act, or abortion. As well, interviews were conducted with several staff to gauge their understanding and awareness of the LSC statutory prohibitions. The staff that were interviewed were aware of the statutory prohibitions and stated that they were not aware of LANWT's involvement in any school desegregation, Military Selective Service Act, or abortion related representation.

Based on the foregoing, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that LSC's statutory prohibitions will also be included in its comprehensive staff training.

Finding 31: LANWT is in substantial compliance with the LSC Accounting Guide as it maintains adequate supporting documentation of payments and corresponding reviews and approvals. However, deficiencies in its internal controls, governing body oversight, and Accounting Manual were noted.

In accepting LSC funds, recipients agree to administer these funds in accordance with requirements of the LSC Act, applicable appropriations acts and any other applicable law, regulations, rules, policies, guidelines, instructions, and other directives of LSC, including, but not limited to, the LSC Accounting Guide, the LSC Audit Guide for Recipients and Auditors (the "Audit Guide"), the CSR Handbook, the PAMM, and any amendments to the foregoing. Applicants agree to comply with both substantive and procedural requirements, including recordkeeping and reporting requirements.

These materials set forth financial accounting and reporting standards for recipients of LSC funds, and describe the accounting policies, records, and internal control procedures to be maintained by recipients to ensure the integrity of accounting, reporting and financial systems. They provide guidance on all aspects of recipient fiscal operations and the LSC Accounting Guide, Appendix VII contains a significantly revised accounting procedures and internal control checklist which provides guidance to programs on how accounting procedures and internal control can be strengthened and improved with the goal of eliminating, or at least reducing as much as reasonably possible, opportunities for fraudulent activities to occur.

The LSC Accounting Guide provides that in establishing an adequate internal control structure, the following items must be considered: competent personnel; clearly defined duties and responsibilities; segregation of duties; establishing independent checks and proofs; and development of an Accounting Manual. *See* LSC Accounting Guide, Appendix VII – Accounting Procedures and Segregation of Financial Duties Worksheet and LSC Program Letter 10-2 (July 1, 2010) “Embezzlement, Fraud, and the Critical Importance of Effective Internal Control.”

The LSC Fundamental Criteria is a listing of the elements of an adequate accounting and financial reporting system. Compliance with the Fundamental Criteria can assist recipient boards with their fiduciary and stewardship obligations and may reduce the possibility of serious ethical, financial and compliance breaches. Good internal controls can improve the effectiveness of the recipient’s operations, the reliability of grantee financial information, compliance with laws and regulations and the safeguarding of assets.

An LSC recipient, under the direction of its governing body, is required to establish and maintain adequate accounting records and internal control procedures. Internal control is defined as a process put in place, managed and maintained by the recipient’s governing body 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.

Accounting/Fiscal Policies and Procedures

Recipients are required to establish and maintain adequate accounting records and fiscal control procedures. Each recipient's governing body has a fiduciary responsibility to the program and is responsible for reviewing and approving accounting and control policies and makes recommendations for changes and improvements. LSC promulgates regulations that govern recipients' use of Corporation funds. These regulations appear in 45 CFR § 1600 et seq. As a condition on their grants, recipients are required to adopt accounting policies and procedures that meet the requirements of these regulations, and to modify those policies and procedures as necessary when any of the regulations are amended or new regulations are issued.

In 2009, LSC’s Office of Inspector General (“OIG”) reported that LANWT’s Accounting Manual was not complete or currently updated. *See Report on Selected Internal Controls – Legal Aid of Northwest Texas RNO 744050*, OIG Report No. AU09-06 (August 2009)

“Report”). The Report acknowledged that the Accounting Manual contained many of the required sections such as cash receipts, petty cash, purchasing, training/travel, payroll, property, cost allocation, and check policies, but lacked policies or sections dealing with items such as internal management reports, budgeting, or contracting for services. Otherwise, the Report found that the Accounting Manual appeared to be a collection of policies and procedures that had been in place at the predecessor grantee.

LANWT has developed an Accounting Manual that is divided into two (2) volumes – Volume 1, “Accounting Manual for Central Administration,” and Volume 2, “Accounting Manual for Branch Offices.” The Accounting Manual for Central Administration includes polices and/or procedures covering General Ledger, internal control, audit, financial reporting to the Board, cash receipts, contract services, grant reports, processing accounts payable, training expense reports, mail, fringe calculations, purchasing, and non-case related volunteer reports. The Accounting Manual for Branch Offices was most recently revised June 14, 2012 and includes polices and/or procedures covering impress accounts, petty cash, trust accounts, check policy, purchasing, repairs, contract services, postage, training and travel, credit cards, payroll, property, and donated services. In addition, LANWT also maintains its Employee Administrative Manual which includes, in part, LANWT’s policies and/or procedures for payroll, information technology, timekeeping and time records, outside practice of law, receipt and recording of contributions, a Part 1640 notice, and a records retention and destruction policy.⁵⁰ Although OCE noted several revisions that were responsive to the OIG Report, there are several significant areas that require attention.⁵¹

Review of LANWT’s fiscal related policies and procedures revealed instances where the policies were not up to date, or failed to address several critical areas. For example, although the Advocacy Manual addressed timekeeping by attorneys and paralegals, there was no policy applicable to other staff. The LSC Accounting Guide, Fundamental Criteria, Sections 3-5.5(a) and 3-5.5(b), and Appendix VII B10, B12, B15, B16, and B18 indicate the necessity for attendance or time records maintained by all employees as an internal control and a hedge against risks. Similarly, as noted *infra*, the Accounting Manual for Central Administration contained an undated section that addressed independent consulting contracts/agreements.⁵² Nor did the accounting manuals address newly instituted electronic banking procedures. OCE also noted that while LANWT had a cash receipts policy and cash receipts processing is addressed in the Accounting Manual for Central Administration, there was no policy regarding the treatment of derivative income and the requirements of 45 CFR § 1630.12 were not defined. Likewise, while the policy segregated agreements according to those that are client-related and those that are program-related, it made no reference to the restriction of payments by funding source, or the

⁵⁰ The CFO advised that LANWT’s policies are made available to its employees on SharePoint.

⁵¹ It was noted that the manuals included revisions and additions, including a section entitled “Internal Management Reporting and Budgeting”, adopted August 19, 2009, and a section on independent consulting contracts/agreements, both of which appear to be in response to the OIG Report.

⁵² The policy preface indicates its purpose is to ensure compliance with OMB Circular A-122 Appendix B. 35(b). However, paragraph 35 relates to “Plant and Homeland Security Costs.” This is presumably an error and should instead reference paragraph 37(b) relating to professional services.

need to comply with LSC Regulations, *i.e.*, 45 CFR §§ 1627.3 or 1630.3, in the event LSC funds are used. Nor is the policy listed in the index and bears no indication of Board approval.⁵³

Accounting Department Staff

LANWT's accounting function is headed by its CFO who maintains overall fiscal and accounting responsibilities. LANWT's fiscal department also consists of its Accounting Manager, Accounting Assistant (grants), Accounting Assistant (purchasing), Accounting Assistant (payables and reporting), and Payroll Clerk. Through interview with LANWT's CEO and CFO it was determined that LANWT's Accounting function has been in transition during the review period. LANWT's longstanding CFO was promoted to Deputy Director in 2011 and a new CFO was hired. In the summer of 2012, the Deputy Director and CEO both left LANWT and, in December 2012, the CFO hired in 2011 also resigned. The current CFO was hired by LANWT effective January 2013. He advised that he previously worked for a legal services program for approximately 25 years between 1980 through 2005 and recently worked for the City of Dallas.

Board Oversight

The LSC Accounting Guide defines a governing body's fiduciary responsibility to the program including the establishment of a Finance Committees which should, at a minimum (subject to any requirements of state law): review and revise budgets and make recommendations to the full board of directors; review monthly financial management reports with the CFO, controller, and/or CPA; review accounting and control policies; review the audited financial statements, management letter, and senior staff's response with staff and auditor; regularly review and make recommendations about investment policies; coordinate board training on financial matters; and act as liaison between the full board and staff on fiscal matters.

The LSC Accounting Guide also recommends that a program have an Audit Committee whose role (subject to any requirements of state law) includes: hiring the auditor; setting the compensation of the auditor; overseeing the auditor's activities; setting rules and processes for complaints concerning accounting practices and internal control practices; reviewing the annual IRS Form 990 for completeness, accuracy, and on-time filing and providing assurances of compliance to the full board; and ensuring the recipient's operations are conducted and managed in a manner that emphasizes ethical and honest behavior, compliance with applicable laws,

⁵³ Nor do the LANWT accounting manuals reflect a policy for allocation of indirect costs to grants or contracts. Where a recipient has only one major function, *i.e.*, the delivery of legal services to low-income clients, allocation of indirect costs may be by a simplified allocation method, whereby total allowable indirect costs (net of applicable credits) are divided by an equitable distribution base and distributed to individual grant awards accordingly. The distribution base may be total direct costs, direct salaries and wages, attorney hours, numbers of cases, numbers of employees, or another base which results in an equitable distribution of indirect costs among funding sources. *See* 45 CFR § 1630.3. However, LANWT has utilized a system for accounting for PAI related costs which generally complies with the requirements of 45 CFR § 1614.3(e). For purposes of this review, the Director of Finance provided a written synopsis of the process used to attribute indirect costs to PAI which has been utilized during the review period. A full description of the policies and processes used to allocate indirect costs should be established in the LANWT Accounting Manual(s).

regulations and policies, effective management of the recipient's resources and risks, and accountability of persons within the organization.

While it is recognized that some boards due to their small size and other considerations will decide not to have a separate audit committee, nevertheless it is generally considered a best practice for governing bodies to have both a finance committee and a separate audit committee. The critical point is that all of the finance and audit committee duties listed above must be performed by a financial oversight committee(s). It is also critical, and considered a best practice, that the financial oversight committee(s) have at least one (1) member who is a financial expert or for the board to have access to a financial expert.⁵⁴

LANWT's maintains a Budget and Audit Committee. It recently installed a new Treasurer in January 2013. The Treasurer also serves as the chair of the Budget and Audit Committee. Based on a limited review of LANWT's policies and through on-site interview with its CEO and the Treasurer, it was determined that this committee performs the vast majority of the responsibilities of a financial oversight committee, as described in the LSC Accounting Guide, Section 1-7, Responsibilities of the Financial Oversight Committee. The CEO advised that the Board is very active and members receive fiscal reports, including cash flow statements, one (1) to two (2) weeks in advance of a Board meeting. However, there were areas of concern relative to the Board's oversight function.

Interviews with the Treasurer and the CEO revealed that there had been a lack of effective communication between the LANWT management and its governing body. Previous management hired a CFO without the knowledge or input from members of the Budget and Audit Committee. Similarly, it was revealed that the Board and its Budget and Audit Committee have not reviewed the fiscal guidelines as detailed in the LSC Accounting Guide since its revision in 2010. Also, the CEO and the Treasurer advised that the Budget and Audit Committee has not been responsible for reviewing the annual IRS Form 990 for completeness, accuracy, and on-time filing and providing assurances of compliance to the full Board. Additionally, the Treasurer and CEO advised that there is not currently a member of the Board or its oversight committee that possesses financial expertise, although the Treasurer advised that he does have an undergraduate business degree.

However, at the time of the visit, LANWT was under new management, which has proposed changes to LANWT's by-laws. The changes are designed to ensure the role of the Budget and Audit Committee in the hiring of future CFOs, delineate the responsibilities of the Budget and Audit Committee, and establish lines of responsibility and communication between management and the Board of Directors. In addition, the CEO advised that he will ensure that the fiscal oversight committee includes review of IRS Form 990 as one of its responsibilities and that someone with financial expertise is brought in to the fiscal oversight committee.

⁵⁴ A financial expert has an understanding of Generally Accepted Accounting Principles ("GAAP") and financial statements, the capacity to apply GAAP in connection with preparing and auditing financial statements, familiarity with developing and implementing internal financial controls and procedures, and the capacity to understand the implications of different interpretations of accounting rules.

Segregation of Duties

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 one individual can initiate, execute, and record a transaction without a second independent individual being involved in the process." *See* LSC Accounting Guide, § 3-4.3.

The Segregation of Financial Duties Worksheet (a matrix of internal controls) that was completed by LANWT's CFO disclosed that LANWT has taken measures to achieve a proper segregation of duties. An analysis of the responses provided by LANWT during the on-site visit to the LSC Segregation of Financial Duties Worksheet ("SFDW"), interviews with LANWT's fiscal staff, and a limited review of LANWT's policies and procedures indicate sufficient staffing assignments and management oversight to provide adequate segregation of fiscal duties and responsibilities. Duties are divided between physical control and the recordkeeping responsibility so that no one individual can independently initiate, execute, and record a financial transaction.

LANWT utilizes the position of Director of Human Resources to establish segregation of duties within the personnel/payroll functions. Upon hire, the Director of Human Resources is responsible for obtaining required employment documents, *i.e.*, IRS Forms W-4, Employment Eligibility Form I-9, etc., and LANWT employment documents, *i.e.*, employment application, resume, direct deposit authorization, etc., and providing and obtaining acknowledgement of LANWT policies, *i.e.*, collective bargaining agreement, LANWT Advocacy Manual, etc.. Employees are required to acknowledge in writing the receipt of such items and agree to access the SharePoint for additional policies and procedures.

All payroll changes from hire, probation, promotion, pay change to termination in its various forms must be submitted by management on a standard "Payroll Change Form," and approved by the Director of Human Resources prior to being routed to accounting. In the case of terminations (voluntary, retirement or otherwise), a Termination Checklist is required to ensure all legal, financial, and labor law requirements are met.

A review of the personnel files of a random selection of six (6) employees found no deviations in the required documentation and approvals.

Travel Reimbursement

LANWT maintains a travel policy which was most recently revised effective April 23, 2012. Employees may request travel advances when completing the Request for Travel form for any out of town travel expenses, as described in the LANWT's travel policy. The policy states, in part, that request must be signed by the employee and approved by their supervisor. If an advance is requested, the employee is sent a check from the Accounting Department and no advances may be issued for less than \$25.00. The employee must submit a "Travel Expense Claim" form with all original receipts related to the travel to their supervisor. In the case of a Managing Attorney and CEO, the Deputy Director must sign the form. The Travel Expense Claim form

must be filled out even if the employee is not owed any money. The claim form must be submitted to the Accounting Department within 30 days after the completion of the trip. If the employee owes LANWT money, a personal check must be attached to the Travel Expense Claim form.

A sample was conducted of travel reimbursements for the CEO and six (6) staff attorneys during the review period. It was determined that, while in most cases the travel reimbursement followed LANWT's travel policy, there were some noted exceptions. For example, OCE noted that the Travel Expense Claim form for travel by LANWT's CEO in October of 2010 had not been approved by the Deputy Director, as required under LANWT's travel policy. This also revealed an internal control weakness in that proper internal controls require a segregation of duties. *See* LSC Accounting Guide, Chapter 3, §§ 3-4(3) and 3-4(4). The DR advised LANWT that the CEO's travel expense reports should be approved by the CEO's supervisor which, in this case, would be LANWT's Board of Directors. Reviews/approvals can be conducted after payments are made in order to ensure timely reimbursement.

Another noted exception involved a travel reimbursement for a staff attorney who attended the 2011 Poverty Law Conference in April of 2011. This attorney received a travel advance dated March 24, 2011 for \$582.00. The Travel Expense Claim Form was submitted June 8, 2011 and showed a zero (0) balance due to the traveler. However, the Accounting Department subsequently determined that the traveler had miscalculated the travel advance and owed LANWT \$66.00. The traveler repaid LANWT with a check dated November 18, 2011. The Accountant disclosed that the travel advance for this trip was not allocated to a specific fund source until after the trip and in December of 2011 was allocated to a non-LSC funding source. Even though this was subsequently not an LSC funded expense, the delay in reimbursement to LANWT by the traveler points to the need for stronger internal control for this area.

Records Retention

LANWT has a written Records Retention and Records Destruction Policy for its business and accounting records which is maintained in LANWT's Employee Administrative Manual. However, the records retention requirements have not been updated since the revision of the LSC Accounting Guide in 2010. Moreover, in some instances LANWT's retention requirements did not conform to the LSC minimum guidelines. The CFO advised that the Administrative Manual was scheduled for revision in the summer of 2013.

A comparison was conducted of LANWT's record retention requirements to the LSC guidelines as contained in the LSC Accounting Guide, Appendix II, Description of Accounting Records – Retention Times for Nonprofit Records. Based on this review, it was determined that LANWT's policy did not conform to the LSC minimum retention guidelines for four (4) types of accounting records. Specifically, LSC recommends that billings for services, employee travel and expense reports, expense bills (source documents), and petty cash records be retained for seven (7) years while LANWT's policy states that these records be retained for four (4) years. Also, the LSC Accounting Guide recommends that records related to timecards and daily reports (after termination) be retained for four (4) years; union agreements, four (4) years; employment applications, two (2) years; and legal correspondence, permanent. However, LANWT's

Document Destruction Policy did not include retention requirements for any of these types of records.

The DR required LANWT to revise its Records Retention and Records Destruction Policy for its business and accounting records to ensure that the specified retention requirements meet at least the LSC's current minimum guidelines as contained in the LSC Accounting Guide, Appendix II, Description of Accounting Records – Retention Times for Nonprofit Records. The CFO and the Director of Human Resources advised that the necessary revisions would be made to ensure that LANWT's Records Retention and Records Destruction Policy conforms to LSC guidelines.

Credit Cards

LANWT maintains a corporate American Express card. The Deputy Director is the sole authorized user, as detailed in LANWT's Credit Card Policy which is included as in the Accounting Manual for Branch Offices, Section 10. The policy states, in part, that the company credit card is mainly used to book hotel and airlines reservations for employees for company travel, but at times it may be necessary to charge other items such as office supplies to the card. The policy further states that payment will be made monthly to avoid finance charges. All supporting documents must be attached to the credit card statement and all documentation and approvals must be sought before payment is made.

An on-site review was conducted of 25 credit card transactions during the review period which included 15 targeted credit card statements and 10 random transactions. This testing of the credit card statements revealed that LANWT maintains receipts associated with all charges and the supporting documentation adequately identifies the purpose of the expenditure. For each of the statements reviewed, all transactions on the statement were assigned a number which corresponded to the supporting receipts and any other correspondence for that item. The supporting documentation was then attached to the statement and maintained in chronological order. Additionally, the accounting staff had notated the applicable branch and funding code on the statement for each charge. The review of the statements revealed that LANWT had paid the balance timely and in full each month and incurred no associated finance charges. Based on this review, it was evident that LANWT has established effective internal controls in support of its credit card account.

Potentially Disallowed Costs

The testing revealed three (3) transactions which required additional follow-up review. First, LANWT used \$18,653.00 in LSC funds to purchase 27 computer scanners for its various offices over the course of 2012. Specifically, LANWT purchased three (3) scanners in March totaling \$1,950.00, 14 in April totaling \$9,763.00, three (3) in May totaling \$2,100.00, one (1) in July totaling \$718.00, five (5) in November totaling \$3,500.00, and one (1) in December totaling \$622.00. LANWT advised that it was not attempting to circumvent the requirements of LSC's Property Acquisition and Management Manual ("PAMM") or 45 CFR § 1630.5(b)(2). LANWT's Accounting Manager and CFO researched these transactions and determined that LANWT originally bought a limited amount of scanners to see how well they would work for LANWT and then they bought more over time so as to have a staggered installation schedule.

Similarly, a review of the depreciation schedule as of December 31, 2012 indicated the purchase of a Tandberg Content Server on January 29, 2010 at a cost of \$19,995.00. Further inquiries showed that the purchase was paid for with LSC funds, even though LANWT failed to seek or obtain prior LSC approval for the acquisition as required by LSC regulations. Absent such approval, the costs described above are subject to disallowance. In its comments to the DR, LAWNT was asked to provide OCE with information showing that had LANWT sought LSC's prior approval in accordance with the PAMM and 45 CFR Part 1630, approval would have been granted, and that the cost is otherwise reasonable and allowable.

The second transaction involved the purchase of clocks which were presented as retirement gifts for long-time employees who were leaving LANWT. The clocks cost \$150.00 each plus engraving. For example, on March 24, 2012, five (5) clocks were purchased for a total of \$874.00. As LSC was still evaluating the allowability of this expenditure at the time the DR was released, LAWNT was directed to provide any additional information relating to these costs, and their allowability, with its comments to the DR.

The third transaction involves the transfer of TIG funds to TLSC as discussed in Finding 18.

Client Trust Accounts

With regard to client trust accounts, the LSC Accounting Guide requires policies and procedures for controlling client trust transactions including receipts, disbursements, and reconciliation. Also, accounting records should be maintained to account for individual balances for each client.

Assessment of LANWT's policies and procedures regarding client trust funds indicate that they meet the LSC requirements. The Accounting Manual for Branch Offices clearly describes the specific controls to be maintained over client trust funds including adequate supporting documentation necessary for client trust fund receipts and disbursement. Further, LANWT has established methods to determine the client trust account balances.

Only five (5) of the branch offices maintain client trust accounts – Abilene, Amarillo, Dallas, Ft. Worth, and McKinney. Each of these offices prepares quarterly reports detailing the individual balance for each client and sends them to the administrative accounting office in Ft. Worth. On a monthly basis reconciliations are performed by the administrative secretary in each of the branch offices, and said reconciliations are approved before sending them to the administrative accounting office. The accountant in Fort Worth reconciles the five (5) client trust account balances with the applicable bank accounts and transaction documents and adjusts the general ledger accounts accordingly.

Property controls

A recipient's property management systems and control procedures should be designed to provide reasonable assurance that assets are not vulnerable to theft, loss, and misuse. All equipment costs should be appropriately recorded in the recipient's financial management system and subsequently in its financial statements. The property management process should

be administered in a way that maintains the integrity of the financial management systems, where every asset acquired is properly received and recorded. Any weakness in this area may result in the inability to fully account for fixed asset purchases and to properly support depreciation amounts and property asset balances. LSC accounting guidelines regarding property state that property should be recorded in a property subsidiary record that includes several specified details of the property items, *i.e.*, description, date acquired, estimated life, and that this record must agree with the general ledger property accounts. *See* LSC Accounting Guide, Chapter 3, Section 3-5.4(c), Cash Disbursements – Recordkeeping: Property Record.

A review of LANWT's accounting for property evidenced that its records and practices meet most of the above stated requirements. LANWT records its property purchases in subsidiary accounting records that contain most of the necessary information. The records include a description of the property, the date it was acquired, the original cost or fair market value (if donated), and the depreciation method. The records did not, however, capture the book value of the asset, or the estimated life of the asset. At the time of the review, the book value was not stated and could only be determined by subtracting the current accumulated depreciation from the acquired value. However, it is important to note that the review of the subsidiary property records balance as of December 31, 2012 was in agreement with the balance of the general ledger property accounts.

LANWT's Property Acquisition and Management Policies and Procedures Manual, which is part of its Accounting Manual for Branch offices, was reviewed. While it is fairly elaborate it is very limited in its application for property control issues since, as the title implies, it is really geared towards property acquisition and the management thereof. In part, it requires that LANWT conduct a physical property inventory at least every two (2) years and that the Managing Attorney is to review and sign the inventory form.

LANWT conducted its last physical property inventory in 2011. In discussions with the Accountant, it became apparent that the now departed former CFO almost single-handedly conducted the last physical inventory spanning from early May until November of 2011. The inventory papers for the branch offices where the property inventory was conducted could not, however, be located.

Under "annual inventory," LANWT's property policy states that the Managing Attorney is to review and sign the property inventory form or computer printout and that the results from the property inventory will be submitted by accounting to the CEO.

The Accountant disclosed that he was unfamiliar with this policy and that he did not think that the 2011 physical property inventory had been signed by the Managing Attorney, nor had it been submitted to the CEO. This represents not only a departure from internal policy but is also an internal control deficiency.

Cash Receipts

Regarding cash receipts, the LSC Accounting Guide requires written accounting policies and procedures that describe the accounting system and assure that similar transactions are processed

consistently; that supporting documentation be saved with the receipts/deposits information; requirements for restrictive endorsements; and prompt deposit whether in person or electronic. *See* LSC Accounting Guide, Appendix VII, Section H1 – H16.

An examination of LANWT's cash receipts policy, contained within the Accounting Manual for Central Administration, indicated that there are not only adequate controls in place, but they are further strengthened by the fact that LANWT does not accept any cash. Lastly, cash receipts reports for the duration of the review period of January 1, 2010 through January 31, 2013 were examined and then compared to the segregation of financial duties worksheet. The comparison revealed no internal control deficiencies within the cash receipts.

Petty Cash

LSC accounting guidelines regarding petty cash discuss the need for a board-approved policy, accounting procedures that include restrictions on petty cash disbursements and reimbursements, properly approved supporting documentation, maintenance on an impress basis, and limited access and physical control over petty cash. Also, cash receipts should not be commingled with the petty cash fund; reconciliation of the petty cash bank account should be done by an employee independent of the petty cash custodian; and periodic surprise count and be part of the annual audit.

A limited review of LANWT's petty cash policy, contained within the Accounting Manual for Branch Offices, indicated that there are strong controls in place for the management of petty cash. Petty cash funds are used in the administrative offices in Fort Worth as well as 10 of the branch offices. The size of the petty cash fund depends on the size of the branch office and ranges from a minimum of \$25.00 to a maximum of \$100.00 for the largest offices (Midland). Lastly, petty cash reconciliations at the end of December 2012 were reviewed and compared to the segregation of financial duties worksheet. The comparison revealed no internal control deficiencies with regard to petty cash.

Bank reconciliations

LANWT's accounting manual contains a bank reconciliation policy. However, OCE's review of a sampling of bank reconciliations demonstrated that the policy is not consistently followed.

During the visit, OCE reviewed bank reconciliations for December 2010 and 2011, January 2011 and 2012, and August 2012 for several LANWT accounts. The review demonstrated that the accounts are reconciled in a timely manner, with each reflecting the corresponding review and approval. However, contrary to LANWT's policy requiring that checks outstanding for more than one (1) year be promptly voided, OCE found five (5) checks dating back to October 2011 which at the time of the account reconciliation had not been voided. *See* Frost Bank check nos. 30500, 30602, 31235, 31275, and 31293. Although each of the checks was eventually voided, they remained outstanding for some 17 months.

Electronic Banking

LANWT uses the “Positive Pay System,” which allows the CFO or the Accounting Manager to electronically transmit a list of checks issued by listing the check date, number, payees, and amount. Checks containing all such information are cleared by LANWT’s bank. Checks lacking any such information generate an exception notice to the CFO. The system provides improved security and timeliness in the cash receipts (electronic deposits) and cash disbursement (positive pay) process. However, this process is not addressed in LANWT’s accounting manuals.

Based on the foregoing discussion, LANWT was required to:

1. Review and update its accounting manuals and related fiscal policies and submit same for OCE review. Such review and update should focus on the areas discussed in this Finding, but should also be guided by the LSC Accounting Guide, Appendix VII, *Accounting Procedures & Internal Control Checklist*;⁵⁵
2. Provide sufficient information to show that the costs of the computer scanners and content server would have met the requirements of the PAMM, particularly Section 3, had LANWT sought approval;
3. Develop a plan of action to ensure that its “annual inventory” is conducted in a manner consistent with its property policy;
4. Develop a plan of action to ensure compliance with its policy regarding checks outstanding for more than one (1) year;
5. Develop a plan for improving governing body fiscal oversight and submit same for OCE review; and
6. Revise its Records Retention and Records Destruction policy for its business and accounting records to ensure that the specified retention requirements meet LSC’s current minimum guidelines as contained in the LSC Accounting Guide, Appendix II, Description of Accounting Records – Retention Times for Nonprofit Records and submit same for OCE review.

In its response to the DR, LANWT stated that it is committed to maintaining proper financial procedures and controls in all fiscal matters. LANWT stated that its CFO and Director of Administration are in the process of reviewing all aspects of its fiscal policies, procedures, and controls.

LANWT stated that, prior to the release of the DR, LANWT senior management participated in an Executive Director Orientation webinar provided by OCE. A part of the discussion focused on LANWT’s accounting manual. Despite other demands, the CFO, who is relatively new, has made some revisions to the manual. LANWT stated that revisions have been made relative to internal management reports, budgeting, electronic banking, payroll and timekeeping, and travel.

⁵⁵ During the visit, the CFO advised that LANWT plans to revise several of its fiscal and administrative policies during 2013. LANWT was encouraged to proceed with these revisions to ensure that the policies and procedures are both current and conform to the guidelines as described in the LSC Accounting Guide.

LANWT's response to the DR included a description of the revisions that had been made thus far. Regarding internal management reporting, the revisions call for timely closing of the books and submission of the financial statements, including balance sheets and statements of revenue and expenses, to the CFO. The CFO will review the reports for accuracy, investigate the major variances and forward the report to the CEO with a narrative summarizing the explanation for the major variances. The CEO will use the reports to ensure that all program resources are used efficiently and effectively. Thereafter, the CEO will forward the reports to the governing body. A monthly statement of cash on hand will be prepared by LANWT's accountant and submitted by him/her directly to the governing body, the CEO, and the CFO not later than the fifteenth of the next month.

In an effort to keep its governing body fully informed of information necessary to its financial oversight responsibilities, LANWT stated that certain reports would be distributed on a monthly basis, including statements of financial position, statements of support, revenue and expenses and a narrative analysis of both such statements, and a statement of cash on hand. Other reports, including the audit, the auditor's management letter, and a program-wide budget, will be provided to the governing body annually. As for budgeting, the revisions describe LANWT's process for developing its budget and the process of tracking expenditures and revenues during the year. The revisions also include step-by-step procedures for electronic banking transactions, LANWT's revised timekeeping policy for non-legal staff, and revision to LANWT's travel policy.

Regarding the purchases of the scanners and the content server, LANWT stated that beyond the materials provided to OCE during the visit, it had no additional documentation to show that either of the purchases would have met the requirements of the PAMM had LSC's prior approval been sought. LANWT did reiterate that the scanners were purchased as part of its decision to eliminate paper records and that no individual purchase exceeded \$10,000.00. It also stated that the server was proprietary in nature and, as such, there was no opportunity to obtain three (3) bids. LANWT explained further that its video conference equipment was Tandberg and that the server was necessary to record conferences, depositions, and video presentations. LANWT stated that the (then) CEO made the decision to purchase the equipment and that otherwise, LANWT followed its normal procurement procedures. LANWT reiterated that all available documentation was presented to OCE during the visit. LANWT acknowledged that it should have obtained prior approval, but offered that the equipment was deemed necessary at the time, the server that was purchased was the only suitable piece of equipment and was available from only one vendor. Moreover, LANWT stated that it has revised its procedures for procurements exceeding \$10,000.00. The revised procedure applies to all LSC-funded purchases in excess of \$10,000.00. The procedure applies to the purchase of individual items as well as aggregate purchases of multiple items for the same project or program within a three (3) month period.

In light of the foregoing, and the fact that the individual cost of the scanners did not exceed \$10,000.00, no further action is required. As for the content server, the information provided by LANWT is sufficient to demonstrate that the purchase would

have met the requirements of the PAMM had it sought LSC's prior approval. LANWT, is, nonetheless, encouraged to adhere to its revised procedures and obtain prior approval when appropriate. LANWT is reminded that, pursuant to 45 CFR § 1630.5(a), it may consult LSC regarding costs.

As to the purchase of the clocks, LANWT responded that it is unable to provide any additional information regarding the expenditure. In its comments to the DR, LANWT stated that current management has no plans to purchase retirement gifts with LSC funds, unless it is certain that the expenditure is an allowable expense.

Regarding LANWT's annual inventory, LANWT responded that its CFO has implemented a policy to modify its property subsidiary records to include the book value of the asset and its estimated life. The annual inventory process has been ongoing as this modification is being made, but LANWT stated that the change will be implemented to cover 2013.

Similarly, LANWT stated it has already modified its property inventory form to accommodate review and sign-off by the Managing Attorneys. The modified form contains a signature line for the office Managing Attorney. LANWT also stated that its accountant has been trained to implement the policy as written. LANWT stated that it was in the process of taking inventory of all offices and its administrative staff is taking measures to ensure that each of the Managing Attorney reviews the inventory taken of their offices and signs the modified form.

LANWT responded that its policy concerning voiding checks that have been outstanding for more than one (1) years is now strictly enforced. The staff responsible for check reconciliation has been instructed to pay close attention to the age of outstanding checks. Those that are more than a year old are promptly voided. The action of the staff is, in turn, verified by the accounting manager and the CFO.

Regarding fiscal oversight, LANWT stated that its Budget and Audit Committee will perform the functions of the financial oversight committee outlined in the LSC Accounting Guide. Committee members will familiarize themselves with the guidelines detailed in the LSC Accounting Guide, and the CFO will be available to members of the committee to assist them in understanding the requirements of the LSC Accounting Guide. The duties of the Budget and Audit Committee will be defined and communicated to the CEO and LANWT's senior management team through the LANWT by-laws and board resolutions. LANWT stated that it intends to actively attempt to recruit to the committee board members with financial expertise, or those that have strong backgrounds in financial management.

The CEO and CFO will encourage its governing body to ensure that the duties of the Budget and Audit Committee include: review and revision of LANWT's operating budget; review; and revision of LANWT's accounting and internal control policies and procedures; review of monthly financial reports; review of the audited financial statements, management letter, and LANWT's response; consultation relative to

investment policies; coordination of board training on financial matters; and service as liaison between LANWT and the full board on fiscal matters. Further, the committee will assume the lead in the selection of LANWT's independent public auditor, review of the annual IRS Forms 990 and 5500.

LANWT stated that it has already taken steps to amend its by-laws to include requirements that senior management positions and compensation be subject to board review. In addition, LANWT stated that in June 2013, its board received training on the basics of board financial oversight; more detailed information was provided to the Budget and Audit Committee. LANWT stated that the Budget and Audit Committee, the CEO and CFO meet regularly. The full board receives regular financial reports, including overviews of revenues, expenditures, cash flow, and case activity.

Lastly, LANWT responded that it has revised its records retention and destruction policy. LANWT provided a copy of the revisions which are consistent with the LSC Accounting Guide.

Based on OCE's review of LANWT's response, Required Corrective Action Nos. 19, 20, 21, 22, 23, and 24 are closed. However, not later than 90 days from the date of this Final Report, LANWT is required to provide OCE with a copy of its revised accounting manuals. Additionally, inasmuch as LANWT was unable to provide any additional information demonstrating the allowability of the costs associated with the purchase of the clocks, LSC remains unconvinced that the purchase of the clocks was an allowable purchase using LSC funds. However, rather than initiate a questioned cost proceeding pursuant to 45 CFR Part 1630 at this time, LSC directs LANWT to provide OCE with a copy of the policies and procedures developed by LANWT to ensure that LSC funds are expended consistent with 45 CFR Part 1630 and the PAMM.

Finding 32: Interviews and a limited review of TIG-related activities, practices, and documents relating to TIG No. 04466 evidenced compliance with 2004 TIG grant assurance Nos. 6 and 10 but non-compliance with 45 CFR Part 1627. Moreover, LANWT failed to properly document costs and activities related to this TIG.

Recipients' use of TIG funds is subject to applicable law, rules, regulations, policies, guidelines, instructions, and other directives of the LSC, including, but not limited to, the LSC Audit Guide for Recipients and Auditors, the Accounting Guide, applicable TIG Assurances, contract terms, the PAMM, and with any amendments of the foregoing adopted before or during the period of the TIG grant.

In 2004, LSC awarded LANWT two (2) TIGs - TIG No. 04466 in the amount of \$52,037.00, and TIG No. 04467 in the amount of \$32,037.00. According to the December 8, 2004 grant award letter, TIG No. 04466 was awarded for the purpose of continued funding for the statewide website. The term of the grant was 24 months, beginning January 1, 2005. Payments were made as follows:

Requested Amount	Due Date	Payment Amount	Payment Date
\$ 2,037.00	Jan. 1, 2005	\$ 2,037.00	Jan. 1, 2005
\$20,000.00	June 1, 2005	\$20,000.00	Apr. 23, 2008
\$10,000.00	Aug. 31, 2008	\$10,000.00	Apr. 20, 2009
\$10,000.00	Aug. 31, 2009	\$10,000.00	Dec. 2, 2009
\$10,000.00	Dec. 31, 2009	\$10,000.00	July 15, 2010

A limited review of LANWT’s accounting records and interviews with its CFO revealed that there are no unexpended funds remaining from TIG No. 04466. This agreed with LSC’s internal records, which showed that TIG No. 04466 was fully paid with all checks having been made out to LANWT. The final payment was disbursed on July 15, 2010, and the grant is now considered closed. OCE performed an evaluation of LANWT’s management of TIG No. 04466 and its use of TIG funds to assess compliance with the applicable TIG Grant Assurances.⁵⁶

With regard to TIG No. 04466, OCE was able to conduct only a very limited review of available accounting records for this TIG in the Ft. Worth office because LANWT was unable to provide any written agreement between either it and Texas Legal Services Center (“TLSC,”) or it and Pro Bono Net. Similarly, LANWT was unable to provide project activity reports or a working budget for the TIG. Moreover, the persons who worked on TIG No. 04466, either at LANWT or TLSC, are no longer employed by either organization. No separate fund accounting for TIG 04466 was established, and only copies of the four (4) LSC checks LANWT received as full payment of the grant award of \$50,000 existed.

Nonetheless, The TIG Final Report indicates that an initial payment of \$2,037.00 was withheld by LSC to cover the cost of sending one individual to the LSC sponsored 2004 TIG conference. The TIG Final Report further indicates that LANWT paid \$44,000.00 for the salary and benefits of the content coordinator and the remaining \$6,000.00 was charged to LANWT administrative expenses. The TIG Standard Application indicates that LANWT contracted with TLSC for the services of the content coordinator. Otherwise, as previously noted, no information could be obtained explaining how the money was transferred from LANWT to TLSC.

Similarly, as also discussed in Finding 18, at the time of the visit, LANWT was unable to provide any written agreement between either it and TLSC, or it and Pro Bono Net. Similarly, LANWT was unable to provide project activity reports or a working budget for the TIG. Moreover, the persons who worked on TIG No. 04466, either at LANWT or TLSC, are no longer employed by either organization. No separate fund accounting for TIG No. 04466 was established, and only copies of the four LSC checks LANWT received as full payment of the grant award of \$50,000 existed.

However, according to the TIG Standard Application signed by LANWT’s CEO May 14, 2004 and the TIG Final Report (April 23, 2010), the grant was to fund a part-time coordinator at TLSC, who was responsible for the “development and maintenance of content on the statewide website”, which, according to the Final Report, is designed to provide legal information and

⁵⁶ Specifically, the team reviewed LANWT’s compliance with 2004 Grant Assurance Nos. 6 (responsibility for funding obligations in excess of the TIG award) and 10 (compliance with Basic Field grant assurances).

court forms. The TIG Final Report indicates that \$24,000.00 for salary and benefits to the coordinator in 2008, and \$20,000.00 for salary and benefits to the coordinator in 2009.

While some situations raise questions of whether the scope of content development activity falls with Part 1627, LSC funded content development is generally related to programmatic activities. The provision of legal information is one of the services that LSC clearly intends recipients to provide with TIG funding for client information and self-help. As such, based on available information, it appears that LANWT's transfer of TIG No. 04466 funds to TLSC to fund a part-time content coordinator whose duties included content development was subject to the requirements of Part 1627.

As also noted in Finding 18, in the comments to the DR, LANWT was required to provide additional information to demonstrate that the work performed by the TLSC content coordinator was not a programmatic activity or that it otherwise did not require subgrant approval under 45 CFR Part 1627. LANWT was also required to provide a description of any additional documentation of TIG No. 04466 costs or activities it has found since the time of the review.

In its response to the DR, LANWT stated that apart from the documentation provided during the visit, it has been unable to locate any additional documentation relative to TIG No. 04466. LANWT stated that prior to the visit, it attempted on several occasions to obtain information from TLSC, but the latter was unable to provide any documentation. LANWT added that requests for additional information made after the visit also yielded no results.

In view of LANWT's response, Required Corrective Action No. 27 is closed. LSC will determine what the appropriate course of action and will notify LANWT of its decision under separate cover. However, not later than 90 days from the date of this Final Report, LANWT is required to provide OCE such policies and procedures as it has developed to ensure adequate documentation of TIG revenue and expenditures.

Finding 33: Interviews and a limited review of TIG-related activities, practices, and documents relating to TIG No. 04467 evidence compliance with 2004 TIG grant assurance Nos. 6 and 10 and applicable LSC regulations, rules, and guidelines.

Recipients' use of TIG funds is subject to applicable law, rules, regulations, policies, guidelines, instructions, and other directives of the LSC, including, but not limited to, the LSC Audit Guide for Recipients and Auditors, the Accounting Guide, applicable TIG Assurances, contract terms, the PAMM, and with any amendments of the foregoing adopted before or during the period of the TIG grant.

TIG No. 04467 was awarded by separate award letter also dated December 8, 2004. The purpose of the award was to fund the creation of certain common legal documents, *e.g.*, the Texas Supreme Court Protective Order Kit and the statewide divorce forms, in the HotDocs format. Grant documents identified Texas Legal Services Center ("TLSC") as LANWT's partner in this endeavor. The term of TIG No. 00467 was 12 month, beginning January 1, 2005. Both of the TIGs were closed at the time of the visit. Payments were made as follows:

Requested Amount	Due Date	Payment Amount	Payment Date
\$ 2,037.00	Jan. 1, 2005	\$ 2,037.00	Jan. 1, 2005
\$25,000.00	June 1, 2005	\$25,000.00	Mar. 14, 2006
\$ 5,000.00	Nov. 30, 2010	\$ 5,000.00	Oct. 14, 2011

A limited review of LANWT's accounting records and interviews with its CFO revealed that there are no unexpended funds remaining from TIG No. 04467. This agreed with LSC's internal records, which showed that TIG No. 04467 is closed. OCE performed an evaluation of LANWT's management of TIG No. 04467 and its use of TIG funds to assess compliance with the applicable TIG Grant Assurances.

TIG No. 04467 originated in 2004 for \$32,037.00 to develop pro se forms and make them available to low-income clients through the Texas statewide website. Since its inception in 2004, \$32,037.00 has been disbursed for TIG No. 04467 with no remaining balance. These disbursements included \$30,000.00 disbursed to LANWT and \$2,037.00 withheld from the proceeds for LANWT to send one (1) person to the 2004 TIG Conference sponsored by LSC. The TIG was originally scheduled to remain open for one (1) year, however, LANWT received approval from LSC's Office of Program Performance ("OPP") to extend the grant period. On June 18, 2010 OPP approved an extension of the final \$5,000.00 payment to November 30, 2010. The payment request was actually received by LSC on March 1, 2011 and approved on September 29, 2011. Payment was made on October 14, 2011.

The original budget for TIG No. 04467, which was included with the TIG Online Application Form, detailed that all \$30,000.00 of the funds received were for contracts. Documentation provided on-site by LANWT included a copy of a contract for \$30,000.00 between LANWT and a consultant. Through on-site interviews with the CFO and review of the contract, it was revealed that the work performed by the consultant was for HotDocs development work and not for programmatic activities. The documentation LANWT provided also included copies of the payments totaling \$30,000.00 for this work. A limited review of the web sites, www.lawhelpinteractive.org and www.TexasLawHelp.org, confirmed that the web sites are operating and pro se protective orders forms were available and functional.

Based on the foregoing discussion, there are no recommendations or required corrective actions relative to this Finding.

In its response to the DR, LANWT stated that this project was very successful and many applicants obtained some measure of assistance from the websites and forms resulting from TIG No. 04467.

IV. RECOMMENDATIONS⁵⁷

In view of the foregoing, OCE recommends that LANWT:

1. Review its application of its “reject” codes, particularly with respect to cases referred from the Legal Aid Line or the clinics, to ensure proper application of the codes and to ensure that reportable cases are not de-selected.
2. Generate case management reports on a periodic basis to ensure that open cases – both staff and PAI - remain active.
3. Take such administrative measures as appropriate to ensure compliance with its own outside practice of law policy.

⁵⁷ Items appearing in the “Recommendations” section are not enforced by LSC and therefore LANWT is not required to take any of the actions or suggestions listed in this section. Recommendations are offered when useful suggestions or actions are identified that, in OCE’s experience, could help LANWT with topics addressed in the report. Often recommendations address potential issues and may assist a program to avoid future compliance errors. By contrast, the items listed in “Required Corrective Actions” must be addressed by LANWT, and will be enforced by LSC.

V. REQUIRED CORRECTIVE ACTIONS

Consistent with the Findings of this report, LANWT is required to:

1. As noted in Finding 1, eliminate the question concerning retainer agreements in the LegalServer case closing sequence.

In response to the DR, LANWT eliminated the question concerning retainer agreements in the Legal Server case closing sequence. Accordingly, Required Corrective Action No. 1 is closed.

2. As directed in Finding 1, explain why cases closed with a reject code continued to be designated CSR eligible in the ACMS.

LANWT explained that its ACMS does not consider a request for legal assistance as a case until the request is designated as “open,” either for extended or limited service. When the request is rejected somewhere in the intake process, it is never sent to a “closing” screen as it was never “opened.” Since CSR eligibility is determined when the case is closed, no request that has been rejected prior to opening will show as CSR eligible. The problem then, is when a case is “opened” and later rejected. Once a request becomes a case, it must then be “closed” and assigned a closing code (which includes several rejection codes). During this process, the case is analyzed for CSR eligibility, and some cases were improperly marked as CSR eligible because they seemed to meet the CSR criteria (the case was not a duplicate, the case had proper citizenship documentation, and the case demonstrated legal services provided prior to the case being discovered as ineligible). The case handler should have marked the CSR eligibility questions as “no” because those questions only apply to cases in which the client received extended services, limited services, or advice and counsel. Once the case was determined to be a reject, no question should have been answered “yes” as they do not apply to rejected cases. In reviewing this issue, LANWT has determined that it will be a better procedure to reject cases by changing their disposition from “open” back to “pending” and then proceeding directly to the reject process. In that way, the case will go back to being a matter, and when rejected from the pending status, will not trigger the CSR eligibility questions. This is a training issue, and is a part of the comprehensive plan of action LANWT is implementing to address compliance issues.

Based on LANWT’s response, Required Corrective Action No. 2 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its LegalServer training, including copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

3. As noted in Finding 2, explain how it will ensure compliance with OLA Advisory Opinion AO-2009-1002 (June 10, 2009).

In response to the DR, LANWT's modified Office Intake Procedures addresses the need for Part 1626 documentation and instructs staff consistent with OLA Advisory Opinion AO-2009-1002 (June 10, 2009). Accordingly, Required Corrective Action No. 3 is closed.

4. As noted in Finding 2, provide OCE with a simple, uniform intake form for use in obtaining information from individuals and groups necessary to an LSC compliant financial eligibility determination.

In response to the DR LANWT has revised its intake form. LANWT stated that the revised form was created using the ACMS as a template and tracking the inquiries in the ACMS as closely as possible. LANWT stated that staff will be instructed that older intake forms are obsolete and should not be used for intake purposes.

LANWT submitted a copy of the form along with its response to the DR. The revised form contains inquiries regarding household size, household income, source(s) of income, income prospects, the total value of the household's assets, and household expenses. In addition, the form appears to be consistent with the financial eligibility policy that was operative at the time of the visit. The references to "medical expenses" and "medical expenses paid in the last 30 days" have been eliminated, and food stamps are no longer listed as a source of income.

Based on LANWT's response and a review of the revised intake form, Required Corrective Action No. 4 is closed.

5. As noted in Finding 2, provide OCE with a plan developed to ensure consistency between its financial eligibility policy, its ACMS, and its intake form.

In response to the DR LANWT submitted a Comprehensive Plan of Action ("CPA"). The CPA contemplates a comprehensive revision of LANWT's policies, procedures and forms relative to screening, case acceptance, case management, and case closing. The CPA also envisions mandatory training for all staff on the revised procedures and forms. The CPA also calls for periodic reviews of all cases to ensure compliance with LSC regulatory and reporting requirements.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 5 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

6. As noted in Finding 2, develop intake procedures to ensure the consistency of financial eligibility determinations office to office and to ensure consistent use of the intake form, and submit the same for OCE review.

The CPA submitted by LANWT in response to the DR addresses the measures contemplated by LANWT to ensure the consistency of financial eligibility determinations from office to office and the consistent use of the intake form.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 6 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

7. As noted in Finding 2, develop a program-wide training plan to ensure that all relevant staff are familiar with the intake procedures and the use of the intake form, and submit the same for OCE review.

The CPA submitted by LANWT in response to the DR sets forth a mandatory program-wide training on all aspects of screening, case acceptance, case management and case closure.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 7 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

8. As noted in Finding 3, revise its financial eligibility policy to limit the application of the government benefits exception to those applicants whose income is derived solely from a governmental program for low-income individuals or families.

In response to the DR, LANWT provided a copy of its revised financial eligibility policy. The revised policy clarifies that the government benefits exceptions applies only where the applicant's sole source of income is the government benefits program.

Based on LANWT's response to the DR and OCE's review of the revised financial eligibility policy, Required Corrective Action No. 8 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

9. As noted in Finding 3, develop a plan of action to take to ensure compliance with the requirements of 45 CFR §§ 1611.5(b) and 1611.7(b), and CSR Handbook (2008 Ed., as amended 2011), § 5.3 and submit same for OCE review.

The CPA submitted by LANWT in response to the DR sets forth a mandatory program-wide training, with a focus on documentation of LANWT's consideration of authorized exception and periodic case reviews designed to ensure the presence of such documentation where necessary.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 9 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

10. As noted in Finding 4, revise its financial eligibility policy to eliminate the distinction between liquid and non-liquid assets.

In response to the DR, LANWT submitted a copy of its revised financial eligibility policy. A review of the policy confirms that LANWT has eliminated the distinction between liquid and non-liquid assets.

Based on LANWT's response to the DR and OCE's review of the revised financial eligibility policy, Required Corrective Action No. 10 is closed.

11. As noted in Finding 5, develop a plan of action to ensure compliance with the requirements of 45 CFR §§ 1626.6, 1626.7 and 1626.12, and CSR Handbook (2008 Ed., as amended 2011), § 5.5 and submit same for OCE review.

The CPA submitted by LANWT in response to the DR is designed, in part, to ensure compliance with Part 1626's documentation requirements. As previously indicated, the CPA contemplates comprehensive training on all phases of intake, including documentation of citizenship/alien eligibility. The CPA also contemplates guidance, including a checklist, to staff responsible for case closing and/or case review. Additionally, LANWT's modified Office Intake Procedures requires appropriate Part 1626 documentation for all in-person intake, including those instances contemplated by OLA Advisory Opinion AO-2009-1002 (June 10, 2009).

Based on OCE's review of the CPA, Required Corrective Action No. 11 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

12. As noted in Finding 6, develop a plan of action designed to ensure compliance with the requirements of 45 CFR §§ 1611.9 and submit same for OCE review.

The CPA submitted by LANWT in response to the DR is designed, in part, to ensure compliance with 45 CFR § 1611.9. In particular, the CPA contemplates training on

LSC's retainer agreement requirement, emphasizing the retainer as a contract between LANWT and its client. According to LANWT, reminding advocates of the importance of the retainer as it relates to the legal services provided is key to ensuring a properly completed and executed retainer agreement.

Based on OCE's review of the CPA and the retainer agreement policy, Required Corrective Action No. 12 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

13. As noted in Finding 9, develop a plan of action to ensure compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6 and submit same for OCE review.

The CPA submitted by LANWT in response to the DR is designed, in part, to ensure compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011). The CPA contemplates training on all aspects of the CSR Handbook, including documentation of the legal assistance provided to the client. The requirement is also emphasized in LANWT's modified Office Intake Procedures. The CPA also contemplates that documentation of the legal assistance provided to the client will be a focus of periodic case reviews by senior management.

Based on OCE's review of the CPA and the modified Office Intake Procedures, Required Corrective Action No. 13 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

14. As noted in Finding 10, develop a plan of action to ensure that its application of the CSR case closure categories is consistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011) and submit same for OCE review.

The CPA submitted by LANWT in response to the DR contemplates training staff to close cases at the highest level of legal assistance provided to the client and closing similar cases consistently from office to office. The CPA also contemplates that the application of case closing categories will be a focus of periodic case reviews by senior management.

Based on OCE's review of the CPA and the modified Office Intake Procedures, Required Corrective Action No. 14 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training

agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

15. As noted in Finding 12, develop a plan of action to ensure all cases reported to LSC are in compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.2 and submit same for OCE review.

The CPA submitted by LANWT in response to the DR focuses, in part, on duplication. According to the CPA, the Director of Administration, in conjunction with the Deputy Director and the Director of Litigation, will conduct reviews of programmatic data in January and July to spot potential compliance issues prior to data compilations for submission to LSC. LANWT stated this process is already in place and once the details of these reviews are finalized, one of the Directors will contact the branch managers individually to discuss the data specific to that office. Additionally, the CPA calls for comprehensive training for all staff on all aspects of the CSR Handbook.

Based on LANWT's response to the DR and OCE's review of the CPA, Required Corrective Action No. 15 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

16. As noted in Finding 17, conduct periodic case management reports of all open and closed PAI case files to ensure compliance with CSR Handbook (2008 Ed., as amended 2011), § 10.1(a)(ii).

Regarding the cases cited in this Finding in which the legal assistance was provided by staff, LANWT stated that it intends to discuss the issue with its PAI coordinators in an effort to resolve any concerns. As well, the coordinators will receive training on LegalServer so that they can generate the necessary reports and identify any such anomalies.

Based on LANWT's response, Required Corrective Action No. 16 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its discussion with its PAI coordinators, its efforts to resolve the issues noted in this Finding, and the LegalServer training provided to its PAI coordinators. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

17. As noted in Findings 17 and 32, demonstrate that the work performed by the TLSC content coordinator was not a programmatic activity, or that it otherwise did not require subgrant approval under 45 CFR Part 1627.

In its response to the DR, LANWT stated that apart from the documentation provided during the visit, it has been unable to locate any additional documentation relative to TIG No. 04466. LANWT stated that prior to the visit, it attempted on several occasions to obtain information from TLSC, but the latter was unable to provide any documentation. LANWT added that requests for additional information made after the visit also yielded no results.

In view of LANWT's response, Required Corrective Action No. 17 is closed. LSC will determine the appropriate course of action and will notify LANWT of its decision under separate cover.

18. As noted in Finding 29, LANWT is required to revise its 45 CFR § 1643.5 policy consistent with 45 CFR §§ 1643.3(a) and (b).

In its response to the DR, LANWT stated that Part 1643 is also included in the CPA. In addition, LANWT has revised its policy to include the prohibitions stated in 45 CFR §§ 1643.3(a) and (b). LANWT included a copy of the revised policy with its comments to the DR.

Based on LANWT's comments and a review of the revised policy, Required Corrective Action No. 18 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to advise OCE of the status of its implementation of this aspect of its CPA. LANWT's response hereto should include copies of any training agenda, attendance sheets, and an explanation for how LANWT intends to measure the effectiveness of its training.

19. Revise its accounting manuals consistent with the discussion in Finding 31, and submit the same for OCE review.

In its response to the DR, LANWT provided a description of the various revisions to its accounting manual. Based on LANWT's response to the DR, as discussed *supra*, Required Corrective Action No. 19 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to provide OCE with a copy of its revised accounting manual.

20. As noted in Finding 31, develop a plan of action to ensure that it obtains the prior approvals required under 45 CFR § 1630.5(b) and the PAMM, and submit the same for OCE review.

Based on LANWT's response to the DR, as discussed *supra*, Required Corrective Action No. 20 is closed.

21. As noted in Finding 31, develop a plan for improving governing body fiscal oversight, and submit the same for OCE review.

Based on LANWT's response to the DR, as discussed *supra*, Required Corrective Action No. 21 is closed.

22. As noted in Finding 31, revise its Records Retention and Records Destruction policy for its business and accounting records to ensure that the specified retention requirements meet LSC's current minimum guidelines as contained in the LSC Accounting Guide, Appendix II, Description of Accounting Records – Retention Times for Nonprofit Records, and submit the same for OCE review.

Based on LANWT's response to the DR, as discussed *supra*, Required Corrective Action No. 22 is closed.

23. As noted in Finding 31, provide information to show that had LANWT sought LSC prior approval in accordance with the PAMM and 45 CFR Part 1630 in advance of the purchase of the Tandberg Content Server, approval would have been granted, and that the costs were otherwise reasonable and allowable.

Based on LANWT's response to the DR, as discussed *supra*, Required Corrective Action No. 23 is closed.

24. As noted in Finding 31, provide additional information demonstrating the allowability of the costs associated with the purchase of the clocks.

In its response to the DR, LANWT stated that it is unable to provide any additional information regarding the expenditure. LANWT did state that current management has no plans to purchase retirement gifts with LSC funds, unless it is certain that the expenditure is an allowable expense.

Based on LANWT's response, Required Corrective Action No. 24 is closed. However, not later than 90 days from the date of this Final Report, LANWT is also required to provide OCE with a copy of the policies and procedures developed by LANWT to ensure that LSC funds are expended consistent with 45 CFR Part 1630 and the PAMM.

25. As noted in Finding 32, provide a description of any additional documentation of TIG No. 04466 costs or activities it has found since the time of the review.

In its response to the DR, LANWT stated that apart from the documentation provided during the visit, it has been unable to locate any additional documentation relative to TIG No. 04466. LANWT stated that prior to the visit, it attempted on several occasions to obtain information from TLSC, but the latter was unable to provide any documentation. LANWT added that requests for additional information made after the visit also yielded no results.

In view of LANWT's response, Required Corrective Action No. 25 is closed. However, not later than 90 days from the date of this Final Report, LANWT is required to provide OCE such policies and procedures as it has developed to ensure adequate documentation

of TIG revenue and expenditures. LSC will determine the appropriate course of action and will notify LANWT of its decision under separate cover.

DALLAS VOLUNTEER ATTORNEY PROGRAM

JOINT PROGRAM AGREEMENT

This joint program agreement (this "Agreement") is entered into on the 31st day of December, 2013, between Legal Aid of NorthWest Texas ("LANWT"), the Dallas Bar Association ("DBA"), and the Dallas Bar Association Community Service Fund ("CSF"), all of which are Texas non-profit corporations, and are hereinafter referred to as the parties. This Agreement supersedes all prior agreements between LANWT, DBA, and the CSF.

RECITALS

A. On December 19, 1996, DBA, CSF (formerly known as the Bar Projects") and LANWT (formerly known as Legal Services of North Texas) entered into an agreement entitled the Joint Program Agreement, which created the Dallas Volunteer Attorney Program.

B. On July 22, 1997, DBA, CSF, and LANWT entered into an agreement entitled the Joint Fundraising Agreement for the Dallas Volunteer Attorney Program.

C. The parties desire to continue the Dallas Volunteer Attorney Program and the joint fundraiser, the Equal Access to Justice Campaign, benefitting the Dallas Volunteer Attorney Program (the "Campaign").

AGREEMENT

The parties agree as follows:

1. Name. The name of the program is the "Dallas Volunteer Attorney Program – a Joint Program of the Dallas Bar Association and Legal Aid of NorthWest Texas" ("the Program").
2. Term. This Agreement will be effective from the date signed and will continue, unless earlier terminated as provided in paragraph 17 below, through December 31, 2016, subject to renewal every three years upon the agreement of the parties. The parties will advise each other of their intentions regarding renewal as soon as practicable prior to October 1 of the year this Agreement is scheduled to expire.
3. Operations. The Program will endeavor to provide the most legal services to the poor that funds and other resources will allow. The Program's operations will abide by the laws, regulations and other rules applicable to Legal Services Corporation (LSC) and Interest on Lawyers Trust Accounts (IOLTA) funded programs and will be consistent with the nonprofit status of the parties.

4. Location. Except for the third floor conference room, the Program will utilize all areas of the third floor of LANWT's building located at 1515 Main Street, Dallas, Texas 75201. The Dallas Bar Association will provide meeting space, as required, at the Belo Mansion, located at 2101 Ross Avenue, Dallas, Texas 75201, for the Program's recruiting, training, recognition, and similar activities.
5. Management. The Program will be managed by its Director and Managing Attorney. Both positions will be employed by and serve at the pleasure of DBA and CSF. LANWT will include the Managing Attorney, or the Director if the Managing Attorney is not available, in all Dallas office management meetings and all regional or program wide management meetings that include LANWT's managing attorneys.
6. Staffing. The Program's staff will consist of those employees of the parties assigned to the program. Notwithstanding their assignment to the Program, each party's employees will remain the employees solely of that party.
 - a. Supervision - All Program staff members, including but not limited to attorneys, paralegals, secretaries, and other support staff members, will be supervised by the Program's Managing Attorney.
 - b. Staffing Changes - If either party desires to change the Program's staffing for any reason, that party will provide 30 days written notice to the other party of its desire to reduce, increase, transfer or otherwise make changes to the Program's staff. Such proposed changes are subject to the approval of all parties and, if approved, shall be coordinated with the Program's Managing Attorney to minimize disruption to the Program's services to volunteers and clients.
 - c. Staff Hiring – Subject to the provisions contained in this Agreement with respect to the hiring of LANWT employees, when a Program staff member resigns, is terminated or otherwise vacates a Program staff position, each party agrees to post and publicize the position and begin soliciting resumes from prospective employees within ten days of the resignation or termination. Both parties will make every effort to fill positions expeditiously.
 - d. Staff Discipline – Each party is responsible for the performance of its employees. While the Program's Managing Attorney supervises the LANWT employees assigned to the Program, any disciplinary action that may be recommended must be taken by the LANWT Dallas office managing attorney. All LANWT employees assigned to the Program are governed by the Collecting Bargaining Agreement between LANWT and the Union of Legal Assistance Workers.

7. Responsibilities.

- a. DBA and CSF - In addition to its staffing responsibilities, DBA or CSF will be responsible for providing office furniture and desk top computers for DBA and CSF staff members assigned to the Program. As noted in Section 4 of this Agreement, DBA also provides meeting space at the Belo Mansion and Pavilion for the Program's CLE , receptions, luncheons, and other similar activities designed to promote and maintain the Program.
- b. LANWT - In addition to its staffing responsibilities, LANWT is responsible for providing a professional law office for the Program, including but not limited to the following: malpractice insurance coverage for staff and volunteers, general liability insurance for Program operations and activities related to LANWT facilities, IT services and support, telephone services and support, reception desk services, janitorial services, office supplies, provision of utilities, library services and support, fax machines, postage machines, photocopying and scanning equipment, and use of the reception area and second and third floor conference rooms. In the event that offices, including computers and telephones, are available in other areas of the LANWT building, LANWT will allow the Program to use these offices for its staff or volunteers so long as the use of these offices is coordinated in advance with the managing attorney of LANWT's Dallas office and does not interfere with LANWT's operations.

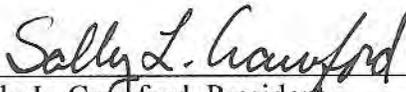
8. DVAP Funding. The parties intend, to the best of their abilities, to provide adequate funding for the Program and to expend funds for the Program as outlined in section 8a and 8b below. Each party commits, during the term of this Agreement, to take reasonable good faith efforts to provide additional funds so that the Program can further support the efforts of Dallas lawyers to provide pro bono legal services for the poor.

- a. CSF - CSF commits to provide and expend for the Program all expenses related to DBA and CSF employees assigned to the Program, including salaries, wages, benefits and training expenses. CSF also supports recruiting and marketing expenses, clinic security expenses and training expenses for the Program.
- b. LANWT – LANWT commits to provide and expend for the Program an amount equal to a minimum of twelve and one-half percent (12- 1/2 %) of its Legal Services Corporation annualized basic field award applicable to Dallas County, consistent with its PAI obligation under 45 CFR 1614 ("LANWT's PAI Requirement"). In the event that funds allocated to LANWT from the Campaign exceed LANWT's PAI Requirement, LANWT commits to provide and expend such additional funds for the Program to the extent the additional funds are necessary to cover LANWT's Program expenses. If LANWT's portion of the Campaign

funds exceeds LANWT's expenses related to the Program, LANWT will expend any excess Campaign funds allocated to it for salaries and benefits of LANWT staff attorneys working in LANWT's Dallas office.

9. DVAP Fund Raising. DBA, CSF, and LANWT will conduct the Campaign as a single, joint fundraising campaign in Dallas County for the Program during the period from July 15 through January 31 of each year. As a part of the Campaign, DBA, CSF, and LANWT will continue to emphasize the need for additional volunteers for the delivery of legal services to the poor.
 - a. Steering Committee - The Campaign will be managed by a Steering Committee jointly appointed by DBA, CSF, and LANWT, which will be responsible for developing and implementing actual campaign strategies upon the approval of the parties. The formation of the Campaign strategies and the targeting of the solicitations shall be coordinated by the Steering Committee with the DBA President and President-Elect to ensure, to the extent possible, the success of the Campaign. The parties will invite and encourage their respective staffs, board members and members or other volunteers to assist in the Campaign. The parties agree to allow the use of their respective logos in connection with the Campaign.
 - b. Distribution of Campaign Proceeds - Net proceeds will be distributed equally between CSF and LANWT as soon as reasonably practical after the conclusion of the Campaign on January 31. The parties agree to expend these funds to cover the actual expenses of the Program. Thereafter, but no later than July 1 of each calendar year, CSF and LANWT shall provide to each other an itemized list of its actual expenses for the preceding year for the Campaign so that a final accounting can be done. Campaign funds (net of expenses) shall be split equally between CSF and LANWT and remitted within 15 days after the completion of the final accounting.
 - c. Other Fund Raising Efforts - It is understood and agreed that DBA, CSF, and LANWT shall continue their fundraising efforts independently of this Agreement and shall retain any and all proceeds thereof. LANWT will not conduct any other fundraising activities in Dallas County, including solicitation of funds or in kind donations for any LANWT fundraiser from any source, including but not limited to attorneys, legal professionals, corporations, law firms, and vendors, in Dallas County during the DVAP Campaign period of July 15 through January 31 of each year. Provided however, that nothing in this Agreement precludes LANWT from approaching corporate donors within Dallas County for purposes of its capital campaign to retire the debt on its Fort Worth facility. LANWT may also solicit foundations and government entities, wherever located, for grants in support of specific projects not related to the Program. LANWT agrees to consult with the Program's Director prior to the submission of

DALLAS BAR ASSOCIATION



Sally L. Crawford, President

12/14/13
Date

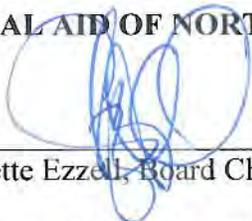
DBA COMMUNITY SERVICE FUND



Brad Weber, President

12/16/2013
Date

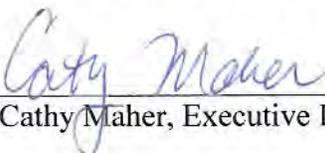
LEGAL AID OF NORTHWEST TEXAS



Annette Ezzell, Board Chair

12/14/13
Date

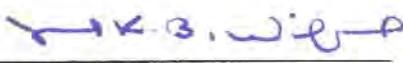
DALLAS BAR ASSOCIATION



Cathy Maher, Executive Director

12/14/13
Date

LEGAL AID OF NORTHWEST TEXAS



Joel K. B. Winful, CEO

12/14/2013
Date

Dallas Volunteer Attorney Program
Joint Program Agreement
Exhibit A

Income

LSC Funds
IOLTA Funds
BCLS Funds
Campaign Funds
Other (Please list)

Expenses for the Program

Salaries
Benefits
Administrative costs
Building Occupancy Costs
Equipment Rental Costs
Office Supplies
Telephone
Travel
Parking
Training
Library
Insurance (operations)
Dues and Fees
Audit/Accounting
Litigation
Capital Additions
Professional Fees
Advertising
Miscellaneous (Please list)

Additional Expenses

Salaries of non-DVAP staff expenses paid from Campaign Funds
Benefits of non-DVAP staff expenses paid from Campaign Funds



Legal Aid of NorthWest Texas

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817-649-4740 (fax) 817-649-4759

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa,
Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

November 22, 2013

Ms. Lora Rath, Executive Director
Office of Compliance and Enforcement
Legal Services Corporation
3333 K Street, NW 3rd Floor
Washington, D.C. 20007-3522

Re: Responses to LSC OCE Draft Report for Compliance Visit Recipient No. 744050

Dear Ms. Rath:

Enclosed is the response of Legal Aid of NorthWest Texas (LANWT) to LSC OCE's Draft Report for the Compliance Review of LANWT, which took place during the week of March 11, 2013.

The Draft Report was received on August 9, 2013. LANWT's responses were initially due September 9, 2013, however you granted us an extension until November 22, 2013. The extension of time for our response was greatly appreciated.

We hope that our responses adequately address the findings within the Draft Report. Please feel free to contact me with any questions or concerns regarding our responses.

Sincerely,

Joel K. B. Winful,
Attorney & Chief Executive Officer

Enclosures

Bringing justice to North and West Texans since 1951



RESPONSES OF LEGAL AID OF NORTHWEST TEXAS

TO

DRAFT REPORT
LEGAL SERVICES CORPORATION
Office of Compliance and Enforcement

Compliance Review of
Legal Aid of NorthWest Texas
March 11-15, 2013

Recipient No. 744050

SUMMARY

On August 9, 2013 Legal Aid of NorthWest Texas (LANWT) received Legal Service Corporation's (LSC) Draft Report for the Compliance Review (Draft Report) which was conducted during the week of March 11, 2013. LSC invited LANWT to provide comments to the Draft Report within 30 days. LANWT senior management immediately met to review the 77-page Draft Report. LANWT senior management staff, many new to LANWT's management team and had just completed an OCE sponsored New CEO training Webinar and were planning on attending the NLADA Conference in Los Angeles, requested an extension from LSC to respond to the Draft Report. LSC granted LANWT an extension and its response to the Draft Report is due November 22, 2013.

LANWT underwent a management change in early 2013 such that a new Chief Financial Officer started January 2013, the new Chief Executive Officer started in March 2013 (just as the Compliance Review was scheduled to begin), and both the Deputy Director and Director of Administration assumed their responsibilities in April 2013. During this time, LANWT was concluding its collective bargaining negotiations with the unionized workforce, was involved in completing end of the year reports, completing grant applications, and responding to audits and other end of the fiscal year management responsibilities. LANWT senior management is committed to assessing and building on the program's strengths and identifying and improving areas of weakness. Therefore, LANWT decided to respond to the Draft Report's particulars and to craft a comprehensive plan for review, revision, updating, and training.

LANWT began its response to the Draft Report by reviewing the cases flagged by OCE as deficient. LANWT reviewed the cases to determine if perhaps something was overlooked in the initial review process and to better understand the noted deficiency. LANWT was able to find instances where some cases noted as deficient actually had the missing or appropriate compliance documentation and we have brought those items to OCE's attention in our response. Best practices for all facets of the delivery of legal services will be reviewed and updated to provide the maximum benefit to eligible clients in our service area. Comprehensive training for all management and staff on the updated policies and procedures will be scheduled. Such training will include revisions to the intake model, application of LSC rules and regulations, compliance with the CSR and other practice guidelines, and efficient and effective use of the Automated Case Management System (ACMS) for both case work and compliance issues.

Due to the size of the program and the large geographical area that LANWT covers, LANWT understands that there will be quite a bit of training of staff that will need to take place and it will take quite a bit of effort to get this accomplished as soon as possible. However, the new CEO and his senior management team are committed to making LANWT a premier legal services provider to people living in poverty, one that is responsive to the needs of the client community; to the changing legal conditions in the State; and one that is a community partner in the fight against injustice wherever it occurs. LANWT has looked at the Draft Report with an open mind, willing to see where improvement can and should be made. We have also attempted to point out

instances in which we believe that we were in substantial compliance, in hopes that some of the findings within the draft report can be modified and or removed. In the case of DVAP we have defended and advocated our position regarding the characterization of that program, and how it has served our clients in the past and how we believe its present structure is in the best interest of both our clients and our law firm. We are also committed to abiding by the rules and regulations that govern our funding; and with that in mind, we present the following responses to the findings in the Draft Report.

RESPONSES TO FINDINGS

Finding 1: LANWT's automated case management system (ACMS) is insufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded.

Paragraph three of Finding 1 in the OCE Draft Report states, "Based on a comparison of the information yielded by the ACMS to information contained in the cases that were reviewed during the visit, LANWT's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded." LANWT agrees with this assessment of the ACMS and so will move on to the specifics addressed further in the finding.

Rejected cases showing as CSR eligible (pp. 10-12). OCE noted and LANWT agrees that a number of cases which were given "reject" codes still showed as CSR eligible in the case lists provided to OCE for its site visit. OCE noted that there were significant issues with the data migration from Practice Manager to Legal Server, and those issues are likely responsible for most of the rejected cases showing as CSR eligible for 2010 and 2011. OCE noted that this problem continued into 2012 and 2013, based on a number of cases listed in Finding 1. In reviewing this anomaly, LANWT has discovered that Legal Server has two separate ways to reject a case. First, Legal Server does not consider a matter to be a case until the matter is designated as "open" either for extended or limited services. When a matter is not first opened, but is rejected somewhere in the intake process, the matter is never sent to a "closing" screen as the matter was never "open". Since the CSR eligibility is determined when the case is closed, no matter that is rejected prior to opening will show as CSR eligible. The problem then, is when a case is "opened" and then later rejected. Once the matter becomes a case, it must then be "closed" and given a closing code (which includes several rejection codes). During this process, the case is analyzed for CSR eligibility, and some cases were improperly marked as CSR eligible because they seemed to meet the CSR criteria (the case was not a duplicate, the case had proper citizenship documentation, and the case demonstrated legal services provided prior to the case being discovered as ineligible). The case handler should have marked the CSR eligibility questions as "no" because those questions only apply to cases given extended, limited services or advice and counseling cases only. Once the case was determined to be a reject, no question should have been answered "yes" as they do not apply to rejected cases. In reviewing this issue, LANWT has determined that it will be a better procedure to reject cases by changing their disposition from "open" back to "pending" and then proceeding directly to the reject process. In

that way, the case will go back to being a matter, and when rejected from the pending status, which will not trigger the CSR eligibility questions. This is a training issue, and is a part of the comprehensive plan of action LANWT is implementing to address compliance issues.

It should be noted that in the methodology prepared by the new management team for reporting CSR information, one of the limiting fields in Legal Server is the case closing code. That field can be set to exclude certain codes. In preparing the 2013 CSR for LANWT, the methodology calls for all “reject” codes to be excluded from the CSR, so that even if a rejected case was erroneously coded as CSR eligible, it would not make the final CSR report.

Missing retainer agreement causing cases to show as CSR ineligible (p. 12). OCE noted that the closing screen in Legal Server asked four questions in determining if a closed case was CSR eligible, including question 2, “Case is closed A, AW, B, or BW OR a retainer is in the file OR it is a PAI case.” OCE pointed out that a retainer agreement is not required for a case to be CSR eligible and recommended that the question be removed. LANWT has removed the question from the closing screen.

Finding 2: LANWT’s intake procedure does not support compliance related requirements.

LANWT agrees in part with this finding. Specifically, LANWT believes that the current intake procedure needs to be reviewed with an eye to greater uniformity in the use of forms and the implementation of policies and procedures designed to ensure compliance with LSC regulations. As the OCE visit noted in its description of LANWT’s intake model in Finding 2, LANWT uses a variety of different intake methods to reach the client community. Again, as noted, those different methods are not always consistent from office to office, or from intake model to intake model. For instance, the Legal Aid Hotline will never have issues regarding “in person” contact because all of their intake is conducted over the phone. Clinic intake invariably requires the use of paper forms that are not necessarily in use during in-office intake. Emergency intake, by its nature tends to be more focused on meeting the immediate need of the client, who may have a looming deadline.

LANWT feels that the policies and procedures it has adopted, both prior to the OCE visit and in light of its findings, are sufficient to ensure compliance with LSC regulations. (See Office Intake Procedures Attachment 2-2). It is a matter of clearly communicating those policies and procedures to branch managers and staff, and then providing comprehensive training to all staff so that everyone is following the required procedures. The OCE has requested that LANWT devise a plan of action and a comprehensive training plan to address the issues raised in Finding 2. *(The OCE has requested similar plans of action in Findings 3, 5, 6, 9, 10, 12, and 21. LANWT has put together a Comprehensive Plan of Action {CPA} designed to meet all OCE’s requested plans of action. That document is attached to this response as Attachment 2-1.)*

Simple, uniform intake form. The OCE asked that LANWT provide them with a simple intake form designed to capture at least the minimum required eligibility data; one that is consistent with our intake policy and one that tracks the ACMS. Included in that form are specific questions regarding various types of income, assets, fixed liabilities, and income prospects. LANWT has created such a form using the ACMS as a template and tracking the information

requested there as closely as possible. (See LANWT Intake Form Attachment 2-2) Instruction will be given to all offices that older intake forms are “obsolete” and should not be used for intake purposes.

Finding 3: LANWT’s financial eligibility policy requires minor revision and sampled cases evidenced non-compliance with 45 CFR §1611.5(b).

LANWT agrees in part with this finding in that revisions to the Financial Eligibility Policy are required. While LANWT admits that some cases lacked the documentation required by 45 CFR §1611.5(b), in reviewing the cases brought to our attention by the OCE we have determined that a number of those cases did have the required documentation. LANWT agrees that a comprehensive training plan that includes emphasis on this requirement is needed so that all relevant notations are properly recorded in Legal Server. LANWT is committed to compliance with all LSC regulations and fully intends to address the documentation issue to ensure that all branch offices do comply with 45 CFR §§1611.5(b) and 1611.7(b).

Revision of Financial Eligibility Policy to clarify eligibility under 45 CFR §1611.4(e).

LANWT has revised its Financial Eligibility Policy to make it clear that using eligibility for a governmental benefits program with an income requirement of 125% or less of the requires that the benefit be the applicant’s only source of income. (See LANWT Financial Eligibility Policy, Attachment 3-1)

Cases that OCE found not to be in compliance with 45 CFR §1611.5(b) that had documentation in the file. Upon receipt of the OCE’s draft report, LANWT looked at each case reported in Finding 3 to see if documentation was in fact in the file. In speaking with the Managing Attorneys after the visit, it was noted that some were unclear on how to show the documentation in the Legal Server file as it required accessing a link in the program rather than being displayed as part of the intake screen. In addition, a number of Managing Attorneys noted that while the information was not properly recorded in Legal Server, the information was nevertheless documented in the paper file in the form of a questionnaire, an intake application, or an affidavit of inability to pay costs. Below is a list of the cases reported in Finding 3 as non-compliant that LANWT was able to find documentation for. LANWT believes that this is a significant number of cases, and demonstrates substantial compliance with the requirements of 1611.5(b). {Note: the documentation of compliance can be found in Attachment 3-2}

Exceptions to Cases Noted. The OCE noted 26 exceptions to the requirement for 1611.6(b) documentation of exceptions to financial eligibility for cases over 125% of poverty, but below 200% of poverty. LANWT reviewed those 26 cases and found that 3 of those cases had been rejected and erroneously shown as open in the data migration from PM Win to Legal Server, and 11 cases had documentation of 1611.5(b) other considerations.

12-0952327, the case review memo notes \$300/month of medical expenses.

12-0941532, the affidavit of indigence shows rent/house payment of \$450/month.

1023326, the paystub shows deductions for medical insurance of \$47.23/ pay period and dental insurance of \$21.80/pay period.

12-0957695, the affidavit of indigence shows rent/house payment of \$941.52/month.

13-0994189, the case note shows \$100/month for a house payment.

1103856, the affidavit of indigence shows rent/mortgage payment of \$650/month

12-0935919, the case note states applicant wants assistance “so he can pay his rent”. Although no dollar amount is given, the applicant clearly had a rent payment.

1026587, the financial note shows a projected decrease in income of \$834/month

1013579, this case is a rejected case that was erroneously marked as eligible in the data migration, the closing letter clearly states that applicant is ineligible.

1012767, this case is a rejected case that was erroneously marked as eligible in the data migration, the closing letter clearly states that applicant is ineligible.

12-0931599, the affidavit of indigence shows rent/mortgage payments of \$152/month

1008800, the affidavit of indigence shows medical and drug expenses of \$50/month

12-0923900, the other factors tab shows rent of \$400/month, medical insurance of \$108/month, and work related transportation costs of \$150/month.

1022340, this case is a rejected case that was erroneously marked as eligible in the data migration, the closing letter clearly states that the applicant is ineligible.

Notwithstanding the above corrections, LANWT does take note of the fact that it would be ideal if all documentation could be found in the ACMS. As noted above in the response to Finding 2, the OCE required that LANWT devise a plan of action to address this issue, and despite our contention that LANWT has been attempting to comply with this regulation, LANWT will conduct training on this issue as a part of the CPA (see Attachment 2-1). The OCE has noted a deficiency in this area and LANWT has included it as a point of emphasis in the planned comprehensive training.

Finding 4: Sampled cases evidenced substantial compliance with the asset documentation requirements of CSR Handbook (2008 Ed., as amended 2011), §5.4

LANWT agrees with this finding. The OCE noted that LANWT’s Financial Policy and the Legal Server Intake form still draw the distinction between liquid and non-liquid assets. OCE requested that the policy be revised to eliminate the distinction and that has been done. (See LANWT Financial Eligibility Policy, Attachment 3-1) In addition, Legal Server has been modified to eliminate the portion of the intake that refers to non-liquid assets, so that only a single asset eligibility check is required.

Finding 5: Sampled cases evidenced non-compliance with 45 CFR §§ 1626.6, 1626.7, and 1626.12.

LANWT disagrees with this finding in part, specifically, LANWT’s review of the sampled cases revealed a number of properly executed citizenship attestations, or documentation of eligible

alien status. LANWT agrees that ideally these documents should have been in the ACMS and that further training on this issue is both necessary and prudent.

Exceptions to case noted. The OCE noted 37 exceptions to the documentation requirements of §§1626.6, 1626.7, and 1626.12. LANWT has reviewed those files and found 21 cases in which the missing attestation or documentation of alien eligibility was found.

12-0988900, Citizenship Attestation is signed and dated

13-0996100, Citizenship Attestation is signed and dated

13-0994521, Citizenship Attestation is signed and dated

1030507, Citizenship Attestation is signed and dated

1008824, Citizenship Attestation is signed and dated

1106242, Citizenship Attestation is signed and dated

11-0898672, No Citizenship Attestation, however LANWT would argue that there is a signed and dated application stating applicant was born in Ft. Worth Texas

1032542, Citizenship Attestation is signed and dated

1019419, Citizenship Attestation is signed and dated

1103318, Citizenship Attestation is signed and dated

12-0990124, Citizenship Attestation is signed and dated

1023230, Citizenship Verification signed and dated

12-0953360, Court appointment – Amicus Attorney, Minor child born in U.S.A., but unable to verify as client was a child and parents were adverse parties.

0716367, Non-citizen: Eligible Alien Form Signed with A# of current Resident Alien Card. Reviewed and confirmed by staff attorney.

12-0948359, Citizenship Attestation is signed and dated.

12-0950556, Citizenship Attestation is signed and dated

12-0989183, AG Access/Visitation Hotline – telephone intake only. No names or other ID taken on these calls. Case rejected.

12-0966058, Legal Permanent Resident client with card scanned. File opened 8/12 card exp. 10/12.

12-0955369, Citizenship Attestation signed and dated 6/18/12

0705257, Citizenship Attestation signed and dated 3/6/07 – OCE found the form to be non-conforming, however, at the time it was in use, LANWT had not been made aware that it was non-conforming.

0608280, Citizenship Attestation signed and dated 4/11/06 – OCE found the form to be non-conforming, however, at the time it was in use, LANWT had not been made aware that it was non-conforming.

(See Attachment 5-1 for documentation of above.)

LANWT believes that the number of corrections shown above demonstrates substantial compliance with this regulation. Notwithstanding that, LANWT does take note of the fact that a significant number of cases are still deficient, and that this should be a point of emphasis in the comprehensive training contemplated for all staff. As noted above in the response to Finding 2, the OCE required that LANWT devise a plan of action to address this issue, and despite our contention that LANWT has been attempting to comply with this regulation, LANWT will conduct training on this issue as part of the CPA (see Attachment 2-1).

Finding 6: Sampled cases evidenced substantial compliance with the requirements of 45 CFR §1611.9 (Retainer agreements)

LANWT agrees with this finding. The OCE noted six exceptions in its review of the sampled cases; however, upon further inspection, LANWT was able to discover two of the missing retainer agreements. Odessa open case 12-0963621 and Plainview open case 1103692 each had a retainer agreement in the file that had not been scanned into Legal Server. (See Attachment 6-1).

Contents of Retainer Agreement. The OCE did note a number of cases that seemed to lack the specificity and detail required in §1611.9. LANWT investigated and agrees that some retainer agreement should be more detailed in setting forth the scope of legal assistance to be provided to clients. LANWT has drafted a policy specifically for retainer agreements to be included in the LANWT policy and procedure manual. (See Attachment 6-2). That policy contains “best practices” language to guide staff in creating retainer agreements. In addition, the OCE asked that LANWT develop a plan of action to address this issue with staff. LANWT’s CPA (see Attachment 2-1) includes this issue, and all staff will be given training under this section of Part 1611.

Finding 7: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

LANWT agrees with this finding. The OCE noted four cases that lacked the statement of facts and after a diligent search LANWT could not locate said statements. This lack highlights the need for comprehensive training for all staff, which is why this topic will be included in both the policy review, and the program wide training on LANWT policies and procedures.

Finding 8: Sampled cases evidenced substantial compliance with the requirements of 45 CFR §1620.4(c) (Priorities in use of resources).

LANWT agrees with this finding. The OCE only noted one exception, Amarillo 2012 closed case 12-0942316 which was closed with the CSR problem code 94 “torts” (limited service provided). Nevertheless, this area will also be a part of the comprehensive training for staff, and subject to the review and potential revisions contemplated for LANWT’s policy and procedures.

Finding 9: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), §5.6. Legal Assistance Documentation Requirements. However, as a number of sampled cases failed to contain descriptions of the legal assistance provided to the client, corrective action by LANWT is required.

LANWT agrees with this finding. Evidence of legal assistance is important for all cases, and LANWT's current policy regarding documentation has been disseminated to staff for a number of years, including guidance on how and where to enter the documentation in Legal Server. This information is included as a part of the LANWT Office Intake Procedures (see Attachment 2-2) and will be a part of the comprehensive staff training.

Exceptions to Cases Noted. The OCE noted 24 exceptions to the requirement for documentation of legal assistance (p. 30). LANWT has reviewed these cases and would note that 2 of those cases were closed as rejected cases, and 7 case demonstrated some documentation of legal assistance provided:

13-0993530, this case was open at the time of the OCE visit, but was pending further information. That case has since been rejected as no legal advice was provided. However, at the time of the visit, that investigation had not been completed. LANWT would note that rejected cases do not require documentation of legal assistance.

13-0993784, in addition to the referral of this case, the LANWT attorney did advice that the client pursue administrative remedies, and gave advice on how to begin that process.

11-0905474, this case was eventually rejected as well, see 13-0993530 above.

12-0991624, documentation of legal advice is in the closing letter.

12-0984004, the log of case notes shows that several calls were made on behalf of the applicant and the results of those calls were communicated to client, and that various courses of action were discussed with the client.

10-29681, documentation of legal advice is in the case note and closing letter.

11-0903531, the attorney made calls for information on client's behalf and communicated the information to the client before another government agency took over.

(See Attachment 9-1 for documentation of the above cases.)

Notwithstanding those case above where there either was documentation, or documentation proved to be unnecessary, LANWT acknowledges that this is an issue. The OCE requested that LANWT develop a plan of action to address this matter, and that has been done as part of the CPA (see Attachment 2-1).

Finding 10: Sampled cases evidenced LANWT’s application of CSR case closure categories is inconsistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011).

LANWT agrees with this finding. After reviewing the cases noted by the OCE as inconsistent, the senior management team has concluded that LANWT’s use of case closure categories is not as consistent as we would like. LANWT reviewed the 32 exceptions noted and found 7 cases that we believe applied the proper case closure category (see below). The number that remain inconsistent is substantial and LANWT recognizes the need to address this. The OCE required that LANWT develop a plan of action to address this, and LANWT has included this issue as a point of emphasis in the CPA. (See Attachment 2-1). LANWT is currently seeking to obtain training from external sources, preferably with experience in training legal services providers in the nuances of the CSR.

Exceptions to cases noted. As stated above, LANWT found 7 cases in the 32 exceptions noted (pp. 31-32). We have noted them below with our reasons why we believe the case closure criteria was appropriately applied.

Closed Improperly with Advice – should be limited service

13-0993810 Garretson Response - Correctly closed - only advice provided on guardianship and referred outside LANWT service area.

1016338 Williamson Response – Correctly closed – only advice given. Answer is only draft. No evidence that it was given to applicant. Closing letter states that Applicant had already filed own answer.

Closed Improperly with Brief Service – should be advice

13-0994423 Moody Response – Correctly closed. Prepared and provided an Answer to client. Answer more than general denial. Appears properly closed with Brief Service

Closed Improperly as Court Decision - should be extensive service

11-0888960 Cobb Response – Properly closed; client wanted to non-suit after temp orders entered. Court order entered prior to Non-Suit.

Improperly Closed with Extensive Service - should be advice

11-0889608 Martinez Response – Shows closed with L in 1/2012. We did pleadings Petition, Motion to Transfer, Order and prepared Final Decree of Divorce to give to Client. Did not file suit for client. Possibly limited service but more than mere advice.

Improperly Closed with Extensive Service - should be limited action

12-0972582 Coleman Response: Filed Suit, prepared for final hearing, prepared final decree. Pro bono attorney appeared at Court hearing prior to case being dismissed.

Improperly Closed with Extensive Service - should be Court decision

11-0876221 Hernandez Response – LANWT prepared a will, HIPPA and POA and obtained Order Granting Independent Admin. No hearings were held nor further orders in probate matter.

Finding 11: Sampled cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2008), §3.3, Timely Closing of Cases. However, as a number of sampled cases were inactive, improvement is required.

LANWT agrees with this finding. In addition to training on CSR issues for all staff, LANWT senior management has already provided in training for the branch managers and supervising attorneys to show them how to track potentially dormant cases in their offices. Increased emphasis on regular case reviews with case handlers should address some of these concerns. In addition, supervisors have been shown how to track both the entry of notes and time in cases so that case handlers can be made aware when cases are not being properly worked.

LANWT understands that cases don't necessarily respond to a time-table, but that should not be an excuse to allow cases to lie dormant. The nature of legal aid is sometimes to race from one emergency to the next, but senior management is committed to keeping case handlers focused on their obligations to existing clients, before undertaking new clients.

Finding 12: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), §3.2, Single Recording of Cases. However, as six (6) sets of duplicate cases were identified, corrective action by LANWT is required.

LANWT agrees with this finding. LANWT would note that one of the six sets of duplicates identified by OCE were not, in fact duplicates. The San Angelo Cases: 12-0932249 and 12-0932225, are in fact a case taken to trial and then later, defending the judgment against an appeal filed by the opposing party. (See Attachment 12-1) LANWT agrees that avoiding duplicate cases is a desirable goal and so is using the ACMS to run a "duplicate" report and examine potential duplicates prior to inclusion. In addition, the Managing Attorneys will also be given the ability to run this report for their offices.

The OCE also required that LANWT adopt a plan of action to address this issue, and LANWT has done so as part of its CPA. (See Attachment 2-1) It appears that the LAL referrals may be playing a part in this triggering of duplicate cases; however, LANWT believes that proper training and use of the ACMS to mark duplicate cases as such will remedy this issue.

Finding 13: Review of LANWT's policies and timekeeping records and interviews with the full-time attorneys who have engaged in the outside practice of law evidenced compliance with the requirements of 45 CFR Part 1604 (Outside Practice of Law).

LANWT agrees with this finding. The OCE noted that there were lapses in the application of LANWT's Outside Practice of Law Policy, and LANWT has investigated same. In addition, the policy itself was reviewed and has been revised for inclusion in the new LANWT policy manual. (See Attachment 13-1). LANWT will likely implement an electronic means of tracking both

new and existing requests for Outside Practice of Law, which will include a date approval was granted and the date HR is notified when the matter is closed. In this way if a matter remains open for an extended period of time LANWT administration can follow up if necessary.

Finding 14: Review of LANWT's cases and policies, as well as a limited review of LANWT's fiscal records and interviews with management and staff, evidenced compliance with the requirements of 45 CFR 1608 (Prohibited political activities).

LANWT agrees with this finding. LANWT's policy and procedures in this area will be reviewed as part of the creation of a separate LANWT policy manual, and this topic will be included in the comprehensive training provided to all staff.

Finding 15: Review of LANWT's policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

LANWT agrees with this finding. As with other LANWT policies and procedures, this section will be reviewed as the LANWT policy manual is created. The current CEO will review the current exceptions and consider new exceptions, upon the recommendation of the senior management team. This topic will also be covered in the comprehensive training provided to all staff.

Finding 16: A review of LANWT's organizational chart, observations of the physical locations of LANWT's offices, and interviews with the staff indicate that LANWT is in compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity).

LANWT agrees with this finding. LANWT's senior management team is committed to ongoing review of fiscal and financial policies to insure both that funds are not used inappropriately, but also that the maximum amount of resources reach the clients in need of legal assistance. Revisions were made to LANWT's Accounting Manual as a result of the OCE visit (see Finding 31). The CFO and Director of Administration will be reviewing the Accounting Manual, and all accounting policies and procedures to insure compliance with all regulations, and to update and revise as needed.

Finding 17: LANWT is in substantial compliance with 45 CFR Part 1614 (Private attorney involvement).

LANWT agrees with this finding. LANWT began as an effort of private attorneys to provide legal services to indigent Texans. Perhaps it is because of those roots that LANWT has always been committed to the PAI component of its delivery system. The OCE noted that the LSC requirement is that a recipient dedicate an amount equal to 12.5% of its LSC annualized basic field award to PAI. LANWT has consistently spent more than this minimum on its PAI efforts.

PAI Case Review: The OCE noted that 12 of the PAI cases reviewed had all activity done by staff attorneys. In reviewing those cases, it was noted that this occurs almost exclusively when a staff person attends a clinic and the matter is entered into Legal Server at a later date. It should

be noted that time billed to such cases by the staff members is reported as staff time, not PAI time; however, the matter will be raised with the PAI coordinators so that such data anomalies can be uncovered and fixed. Legal Server can run reports to try and catch these anomalies and training will be provided to the coordinators to run them.

Finding 18: Review of LANWT’s policies and sampled files, as well as interviews with management and staff evidenced compliance with 45 CFR §1627.4 (Membership fees and dues). However, an examination of LANWT’s relationship with the Dallas Volunteer Attorney Program, as well as its transfer of TIG No 04466 funds to Texas Legal Services Center evidenced non-compliance with 45 CFR §1627.3(a)(1).

LANWT agrees in part with this finding, specifically LANWT agrees that it is in compliance with §1627.4 relating to membership fees and dues. LANWT concedes that it has no documentation beyond that provided to the OCE during their site visit to justify the transfer of TIG No 0446 funds to Texas Legal Services Center (TLSC). LANWT does not believe that Dallas Volunteer Attorney Program is a sub-recipient as defined by 45 CFR §1627.2(b)(1) and so the relationship does not create sub-grant under 45 CFR 1627.3.

Membership fees and dues. LANWT policies and procedures will be reviewed in 2014 to ensure continued compliance with this regulation.

TIG No 04466 funds to TLSC. After the OCE visit in March, current LANWT attempted to locate further information and documentation related to TIG No 04466. LANWT contacted Texas Legal Services Center to see if they could provide additional documentation, or even summary information regarding the underlying agreement between LANWT and TLSC. Those attempts to acquire additional information yielded nothing.

Dallas Volunteer Attorney Program. LANWT believes that the OCE has a fundamental misunderstanding of the DVAP project and of the relationship between that project, LANWT, and the Dallas Bar Association (DBA).

1. DVAP Is Not a Separate Legal Entity

A common misperception about DVAP is that it is a separate entity from LANWT. This idea could not be further from the truth. Pursuant to Section 15 of the Joint Program Agreement entered into on December 19, 1996 by the Dallas Bar Association and LSNT (the predecessor to LANWT), it is expressly stated that

“The Joint Program is a cooperative effort among the parties, not a partnership or other legal entity. Nothing in this Agreement gives any party any proprietary interest in the assets of another party or any authority to incur obligations or make commitments on behalf of another party.”

In reality DVAP does not exist as a legal entity at all. It is not incorporated nor is it registered under the State of Texas as a non-profit organization. It does not have a Texas or Federal Tax ID number. DVAP’s lack of recognition as a legal entity helps to underscore the misunderstanding of the OCE that DVAP is somehow to be considered a subgrantee of LANWT. DVAP is merely the name given to LANWT’s PAI program in Dallas County. LANWT runs a PAI program with

its own funds as well as funds that are donated by the Dallas Bar Association. The PAI program is staffed by DBA and LANWT employees, however, each entity retains control over its own employees. Likewise, there is a joint fundraising agreement that exists to help support the PAI program. The DBA and LANWT agree to use funds raised annually through the joint fundraising campaign, to fund the PAI program within Dallas County, which is referred to as DVAP. The deep level of cooperation between the parties and the long-standing effectiveness of the joint program does not somehow transform DVAP into a separate legal entity capable of being a subgrantee under 45 CFR 1627.3(a)(1).

2. Not LANWT's Intent to Outsource its PAI

While DVAP was indeed created by an agreement between LANWT's predecessor organization (Legal Services of North Texas {LSNT}) it was never intended to be an entity separate and apart from LANWT, nor is that the intent now. DVAP is the PAI component of LANWT that serves the Dallas area, just as the Equal Justice Volunteer Program (EJVP) is the PAI component that serves the rest of LANWT. The DBA devised a way to assist LSNT by shouldering some of the financial burden previously handled by LSNT. DVAP was not created to "outsource" the PAI function of LSNT. DVAP has been and currently remains housed within LANWT. , . DBA employees were, and still are, under the control and subject to the rules and regulations of the DBA. LANWT employees are likewise subject to LANWT rules and regulations.

3. Financial and Audit Requirements

The OCE states (p.45) that "Recipients are responsible for ensuring that subrecipients comply with LSC's financial and audit requirements." However, DVAP is not a separate legal entity; DVAP finances are actually LANWT finances. The funds are tracked, paid, and subject to LANWT accounting policies and practices. When LANWT is audited each year that audit includes DVAP. When monitors come from the state or LSC to observe or monitor LANWT activities, DVAP activities are included. Money given by the DBA to help defray the costs of DVAP is actually money given to LANWT. The funds are placed in LANWT's accounts, tracked by LANWT's accounting system, disbursed according to LANWT's accounting rules and regulations.

The OCE points out that the manager of the program is a DBA employee, which is true. But that alone doesn't make the program a sub-recipient. The sheer size of the Dallas attorney population and the number of eligible Texans in the county require a unique approach to be taken. Simply contacting the approximately 11,000 private attorneys that are members of the DBA, would be beyond the ability of a normal PAI program. The fact that the DBA recognized this and undertook to help LANWT administer its PAI program does not create a sub-grant.

4. No Separate Provider of Legal Services

The OCE notes in OLA External Opinion EX-2002-1011 (p47) "...OLA determined that the provision of office space and secretarial services by grantee at no cost to a *separate* provider of legal services is subject to the Part 1627 subgrant provisions." {emphasis added} LANWT contends that DVAP is not *separate* as contemplated within the meaning of this opinion. LANWT's DVAP program is factually distinguishable from the Internal Opinion dated February

19, 1985, which determined that the provision of office space and secretarial services by an LSC grantee at no cost to a separate provider of legal services is subject to the Part 1627 subgrant provisions, due to provision of a subsidy with LSC funds. In the instant case regarding LANWT, there is no separate provider of legal services. DVAP is not a separate legal entity, nor is it capable of receiving in kind donations. DVAP is LANWT's PAI program in Dallas County and the DBA and its staff are assisting at LANWT's offices and contributing to the effort of LANWT providing a PAI program.

The DBA employees that work with DVAP are, in essence, volunteers for LANWT. The fact that they are paid for their time by the DBA is irrelevant to that relationship. Virtually all volunteer attorneys are paid by someone else, whether they volunteer during office hours, or afterward. Most law firms that encourage pro bono work grant attorneys time to work on those pro bono cases and they are still paid for their time. For example, the law firm of Weil Gotshal & Manges ("Weil"), often provides LANWT with a full time attorney for a three month period through its Lend-A-Lawyer program. The attorney is an associate level attorney at Weil, and receives his or her full salary to work at LANWT doing pro bono work through our DVAP program. The fact that the Lend-A-Lawyer spends his or her time at the LANWT office doing pro bono, doesn't make Weil a subgrantee of LANWT because they do the pro bono in LANWT's office. The fact that the pro bono volunteer is doing so on LANWT property doesn't make Weil a recipient of "in-kind services" or recipients of an LSC subsidy. Likewise with the DBA employees who work with LANWT on the DVAP program, the fact that they are paid by someone other than LANWT to assist with provision of LANWT's PAI program doesn't turn DVAP or the DBA into a subgrantee or recipient of an LSC subsidy simply because the pro bono activity is done in LANWT's offices. Furthermore, LANWT owns the building that it operates in, free and clear. LANWT is paying no rent for the space that it occupies, which further undercuts the premise that it is providing an in-kind subsidy to a separate provider of legal services. LANWT is not incurring any extraordinary costs in housing DBA employees that work with the DVAP program. Both LANWT and DBA employees who work on the DVAP program are using office space that LANWT already owns and would be using to provide a PAI program even if the DVAP program did not exist.

5. No Separate PAI Program

The OCE further notes in OLA EX-2002-1011 (p 47) "OLA determined that a grantee's provision of LSC funds to a *separate* PAI program constitutes a Part 1627 subgrant." {emphasis added.} LANWT again contends that DVAP is not *separate* within the meaning of this opinion. DVAP is an integral part of LANWT's delivery system. LANWT's DVAP program is also factually distinguishable from the External Opinion dated March 8, 1994, which determined that a grantee's provision of LSC funds to a separate PAI program constitutes a Part 1627 subgrant. LANWT is not giving DVAP its LSC funds, precisely because DVAP is not a separate legal entity from LANWT. DVAP is not an example of what has often been seen, where an LSC grantee farms out its PAI program to another entity or bar association to run and pays the bar association the 12.5 % of LSC funding that the grantee would have otherwise spent doing PAI in the county in question. DVAP is actually LANWT's own PAI program, staffed by LANWT employees as well as DBA employees who have been assigned to assist in the operation of the PAI program. Simply put, LANWT is not giving LSC funds (or any other funds) or in kind

donations to any entity. The DBA and LANWT through their joint fundraising agreement actually raise hundreds of thousands of dollars annually, in non-LSC funds, to pay for the PAI program that they jointly work on together. If anything the DBA is more akin to a grantor of funds to LANWT that in addition to granting LANWT funding for PAI, also provides employees to LANWT to help work on LANWT's PAI program. By any measure, neither DVAP nor the DBA are subgrantees of LANWT merely by virtue of their agreement to work together to provide a PAI program.

6. Subgrantee status is not appropriate as DVAP is not a separate legal entity, and could jeopardize DVAP's continued existence

The DVAP cooperative effort between the DBA and LANWT has won praise throughout the country for 16 years and is an exemplary model of private bar support, robust annual fundraising and the donation of private manpower to assist an LSC grantee in its goal of increasing the provision of pro bono services to the poverty population within its service area. This very dynamic and very successful cooperative effort is a unique model. The DBA and its employees and the local attorneys that are members of the DBA are not under a federal or state mandate to volunteer for pro bono, nor participate with LANWT in the provision of a PAI plan. The goodwill that exists toward the DVAP joint PAI program and joint annual fundraising campaign has grown to the point that it has raised in excess of \$600,000 in locally donated private funds, annually for the last several years.

Texas has a proud and independent history and heritage, and the DBA's relationship with LANWT has produced a unique, long-term, and mutually beneficial agreement that benefits the clients in Dallas County. The voluntary nature of that agreement is a cornerstone to its success, and it is foreseeable that the goodwill that exists between the DBA and LANWT could be subverted by an attempt by LSC to make DVAP or the DBA a subgrantee. The agreement between the DBA and LANWT to provide a PAI program for Dallas County is neither mandatory nor compulsory. It is part of a very organic movement, born of the goodwill of the attorneys within the local bar in Dallas. LANWT submits that trying to graft subgrantee status on this unique relationship is not warranted or supported by the facts of how DVAP actually operates. Therefore, LANWT requests that LSC OCE reconsider and remove its finding that DVAP is a subgrantee of LANWT that evidences non-compliance with 45 CFR 1627.3 (a)(1).

7. New DVAP Agreement Pending

LANWT's CEO has recently met with representatives of the DBA, and the parties have been working on a newly revised version of their Joint Program Agreement. A draft of the revised Joint Program Agreement is currently being circulated among the parties for adoption prior to December 31, 2013. LANWT is happy to provide the OCE with a copy of the new agreement upon request, once it has been signed by the parties.

8. Proper notification to funding sources

Lastly, the OCE states (p. 48) that it did not see evidence that LANWT was providing required notification to sources of funds donated of \$250.00 or more, per the requirements of 45 CFR

1610.5(a). In response, both LANWT and the DBA provide separate written notice via U.S. mail to each source of funding in the amount of \$250.00 or more. In fact, the CEO of LANWT currently signs each such notification letter generated by LANWT. An example of one of the LANWT notification letters as well as one of the DBA notification letters is attached for review by OCE (See Attachment 18-1). LANWT is willing to provide OCE with additional examples of such letters upon request.

Finding 19: Review of LANWT's policies, interviews with management and staff, as well as a limited review of fiscal and other records, evidenced compliance with the 45 CFR part 1635 (Timekeeping requirements).

LANWT agrees with this finding. LANWT continues to review and revise its policies and procedures, including the requirement this regulation. Recent training for managing attorneys included demonstrations on how to run spot checks of timekeeping records, how to check timekeeping by funding code, case, and case handler.

Finding 20: Sampled cases, as well as interviews with management and staff, evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

LANWT agrees with this finding. LANWT's Attorneys' fees policy has been reviewed on two separate occasions, and training on this matter has been given to all case handlers, as well as to Managing Attorneys to aid them in administering this policy.

Finding 21: LANWT engaged in LSC funded legislative activity in violation of 45 CFR §1612.3.

LANWT disagrees with this finding. LANWT supplied information to Lora Rath of the OCE on June 4, 2013 in response to an inquiry into the matter raised in this finding. On June 18, 2013 Ms. Rath responded, including a finding that LANWT had not violated §1612.3. (See Attachment 21-1). LANWT respectfully requests that Finding 21 be removed from LSC OCE's final report. As previously noted, LANWT is in the process of reviewing and where necessary revising its policies and procedures. This regulation will be a part of that review, and will be included in the comprehensive training for all staff on LANWT policies and procedures.

Finding 22: Review of sampled cases as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions).

LANWT agrees with this finding. So as not to be repetitive, LANWT intends to include the regulations cited in Finding 22-30 to be including in the comprehensive review and revision of all LANWT policies. Some of these policies have already been reviewed and updated (the response to Finding 29 includes one such revision.) They will also be a part of the comprehensive training contemplated for all staff.

Finding 23: Review of LANWT’s policies and sampled files, as well as interviews management and staff, evidenced compliance with the requirements of 45 CFR Part 1617 (Class actions).

LANWT agrees with this finding.

Finding 24: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1632 (Redistricting).

LANWT agrees with this finding.

Finding 25: Review of LANWT’s policies and sampled files, as well as interviews with management and staff evidenced compliance with the requirements of 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings).

LANWT agrees with this finding.

Finding 26: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

LANWT agrees with this finding.

Finding 27: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

LANWT agrees with this finding.

Finding 28: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of 45 CFR Part 1639 (Welfare reform).

LANWT agrees with this finding.

Finding 29: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced substantial compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing).

LANWT agrees with this finding. The OCE found deficiencies in LANWT’s adopted policy dealing with §1643.3(a) and (b) and required that LANWT update and submit a new policy that is in compliance. LANWT has revised this policy and attached same to this response. (See Attachment 29-1)

Finding 30: Review of LANWT’s policies and sampled files, as well as interviews with management and staff, evidenced compliance with the requirements of LSC statutory prohibitions against abortion related legal assistance (LSC Act, §1007(a)(8); 42 USC §2996f(b)(8)), school desegregation litigation (LSC Act, §1007 (a)(9); 42 USC §2996f(b)(9),

and Military Selective Service Act or desertion related legal assistance (LSC Act, §1007(a)(10); 42 USC §2996f(b)(10)).

LANWT agrees with this finding.

Finding 31: LANWT is in substantial compliance with the Accounting Guide for LSC recipients (2010 Ed.) (“Accounting Guide”) as it maintains adequate supporting documentation of payments and corresponding reviews and approvals. However, deficiencies in its internal controls, governing body oversight, and Accounting Manual were noted.

LANWT agrees with this finding, including the deficiencies noted. LANWT is committed to maintaining proper financial procedures and controls in all fiscal matters. The CFO and Director of Administration are in the process of reviewing all aspects of LANWT’s fiscal policies, procedures, and controls.

The OCE required certain items of LANWT in response to Finding 31 including:

- 1. Review and update its accounting manual and related fiscal policies and submit same for OCE review. Such review and update should focus on the areas discussed in this finding but should be guided by the LSC Accounting Guide, Appendix VII, *Accounting Procedures & Internal Control Checklist*.**

The OCE provided a webinar prior to the release of this Draft Report, and part of that discussion centered on LANWT’s accounting manual. As has been previously stated, the CFO has been in his position less than a year, and has taken over at a time that required intensive time given to budgeting and other fiscal issues—especially as related to the ongoing Collective Bargaining Agreement negotiations—and has not had time to fully revise and update the accounting manual. Nevertheless, he has made the following revisions for inclusion in the revised LANWT Accounting Manual for Central and Branch Offices (as appropriate):

INTERNAL MANAGEMENT REPORTS

It is the responsibility of the Accounting Manager to ensure that the books are closed and the financial statements are prepared for each month by the fifteenth of the following month. For example, the financial statements for the month of July should be submitted to Chief Financial Officer (CFO) no later than August 15th. The statements should include the balance sheet and statement of revenue and expenses for the month. A cumulative comparison of total actual income and expenses against total budgeted income and expenses along with variances should be included in the report.

The CFO will review the reports for accuracy, investigate the major variances and forward it to the Chief Executive Officer (CEO) with a narrative summarizing the explanation for the major variances. The CEO should use the reports to make sure that all program resources are used efficiently and effectively and shall forward it to the Board members. The monthly statement of

cash on hand report will be prepared by the Accountant and submitted by him directly to the Board Members, CEO and CFO by no later than fifteenth of the next month.

In order to keep the LANWT Board of Directors fully informed by management of information required for the Board to adequately fulfill its oversight responsibilities, certain reports are necessary. The following identifies the process, the reports to be distributed, and the frequency of the reports.

<u>REPORTS</u>	<u>FREQUENCY</u>
Statement of Financial Position	Monthly
Statement of support, Revenue and Expenses	Monthly
Narrative Analysis of above Statements	Monthly
Statement of Cash on Hand	At Least Monthly
Program Wide Budget with Narrative	At Least Annually
Audit Report	Annually (Before April 30)
Management Letter from Auditor	Annually

BUDGETING

LANWT's budget is constructed from an analysis of the cost centers and firm functions. That analysis, which covers both revenues and expenditures are then integrated to create the overall budget. Preparing the budget begins with matching the cost center data to the accounting records. The chart of accounts must be sufficiently detailed to facilitate the budget process. Budgeting is a priority setting process and should take into account the fiscal priorities of the program, such as staff retention, maximizing efficiency, and delivering the same level and quality of service throughout the program's service area. In developing the budget, the accounting department receives input from mid-level and top managers so that all areas of need are addressed. The process is driven by reasonable and prudent assumptions on both revenue projections and operating expenses of each cost center. This insulates the program from unrealistic expectations on the revenue side, and prepares for greater than normal costs. It is driven by prudent business judgment of trends in sources of revenue and economic swings using the most reliable information and forecasting available. It is also driven by the need to maintain contingent reserves to ensure continuity of services to the client community. These fundamental factors are the basis for the adoption of an operating budget. As much as possible, the budget should also be formatted so as to coincide with the format of the management reports. This will facilitate ease of reading for management and board oversight. Budgeting should include all anticipated funds expected to be received during the fiscal year. It is important that the budget should be accompanied by the narrative explaining the assumptions on which it is based. All costs need to be equitably allocated by source funds within each cost center.

As preparation of a budget is fundamental to the orderly operation of the firm's mission, each budget needs to be approved by the Finance/Budget Committee and by the full Board before the fiscal year begins. Actual expenditures and revenues must be tracked during the year and compared to the budget so that significant deviations can be explained, and adjustments can be plotted as necessary. The overall operating budget should be revised in the middle of the fiscal year to include changes in the projected revenues and expenses from the first six months. This mid-year budget should also include approval by the Budget & Audit Committee and the full Board of Directors.

ELECTRONIC BANKING

The OCE in their visit noted that LANWT does not have a policy or documented procedure for electronic banking, despite the fact that much of LANWT's banking business is conducted electronically. After due consideration, the CFO has put together a step-by-step procedure for electronic banking transactions, including a breakdown of the duties and responsibilities for each member of the accounting staff in the process. That procedure is as follows: (this procedure would be included in tab 8 of the current LANWT accounting manual)

The general goal behind electronic banking is the efficient handling of program's funds with prudent level of control and safeguard of the funds. As technology improves and new methods of banking evolve, this procedure will be evaluated and revised as needed. The CFO understands that with the advent of smart-phones, tablets, banking "apps", and other innovations, the need to be flexible and still secure LANWT funds is paramount. LANWT contemplates at this time that the following electronic banking measures are prudent and proper for the program.

The types of authorized electronic banking activities include:

- Electronic receipt arrangements with grantors and donors/contributors
- Other inbound electronic fund receipts arrangements
- Electronic vendors and payment arrangement
- Electronic payroll (Direct Deposit Payroll)
- Electronic employee expense payment arrangements
- Other outbound electronic disbursement arrangements
- Wire transfers

Authorized Users and their duties are separated as follow:

USER 1: Accounting Assistant

Duties include:

- Enter all payables
- Designate between positive pay type checks and ACH vouchers
- Transfer files to the bank electronically
- send E mail to approvers requesting approval

USER 2: Payroll Clerk

Duties Include:

- Transfer payroll file electronically to the bank for direct deposit of paychecks

-Send e mail request to approver to approve the payroll transfer

USER 3: Accountant

Duties Include:

- Deposit incoming checks electronically
- Send wire transfer (e.g. to BC/BS, Flex Plan Payments etc.)
- Access bank account in order to update the cash flow report
- Act as a backup approver for ACH and positive pay
- Reconcile all electronic donations deposits from 'Greater Giving' with statements received from them

USER 4: Accounting Manager

- Verify the electronic deposits and transfer of funds with General Ledger and other reports
- Approve ACH, Positive Pay and other wire transfer for the first level of approval

USER 5: Chief Financial Officer

- Verify the electronic deposits and transfer of funds with General Ledger and other reports
- Approve ACH, Positive Pay and other wire transfer for the second and final level of approval

The bank will be promptly informed when the authorized user/employee should leave the employment and the replacement will be promptly appointed by CFO. CFO will keep a record of which security token has been assigned to which employee and when the user no longer requires token, it should be promptly returned to CFO.

As far as recording the electronic transactions to the General Ledger, Accounting Manager makes the journal entry at the time of approving the transaction and also verifies that all the electronic transactions have been journalized when approving the monthly bank reconciliation.

STEP BY STEP PROCEDURE FOR ELECTRONIC BANKING: (For Accounting Assistant to follow)

Before Sending ACH File – Step 1

EMPLOYEES VOUCHERS – Send Message

1. Log into Frost Bank Cash Manager
2. Click "Contact Us"
3. Highlight "ACH Authentication"
4. Click ADD
5. Complete form with the following information:
 - A. ACH Short Name: Legalaid1
 - B. ACH Account Name: Legal Aid of Northwest Texas
 - C. Effective Date: Deposit Date
 - D. Total amount of vouchers:
 - E. File Type: Credits
 - F. Contact Name:
 - G. Contact Number:

- H. Leave after Hour Contact: **BLANK**
6. Click “Send”
 7. Click- Close

Sending Positive Pay File – Step 2

CHECKS

1. Click “Positive Pay”
2. Click “Import Issues”
3. Click “Import”
4. Under File Format Field-Click down arrow and select AP UPLOAD
5. Click “Browse and find file (K:\FROST BANK AP CHECK REGISTER)”
6. Click “Open”
7. Click “Submit at bottom of screen”
8. This will bring up the IMPORT FILE Summary
9. Locate file submitted and CLICK “REFRESH”
10. Import states should be: FILE IMPORT SUCCESS
11. Click “Close”

SENDING ACH DEPOSITS – STEP 3 EMPLOYEE VOUCHERS

1. Click ACH
2. Click Create Payments
3. Profile Field S/B: “AP ACH Payments” (everything else should be grayed out)
4. Click Next
5. Payment already created, CLICK – OK to create again
6. Under General tab in Effective Entry Date field CLICK on the calendar and select Deposit Date
7. Click Transaction Tab
8. Click Import button
9. Click Browse button
10. Select (M:\EPayAP\ACHAP.txt)
11. Click OPEN
12. Click Overwrite Existing button
13. Click OK
14. Click OK to warning message that pops up
15. This will bring you back to the ACH Summary page
16. Highlight Imported file –Click REFRESH (Wait till pending review)
17. Click Modify button
18. Click Transaction button
19. Click Blue box at top of names, this will Highlight all the names for payment
20. Make sure number of transactions and dollar amount matches Voucher register

21. Click Submit button
22. This will bring back the ACH Summary screen
23. Status of file should now be: PENDING 1 APPROVAL
24. LOG OUT
25. Email CFO, Accounting Manager and Accountant: ACH DEPOSIT and POSITIVE PAY are ready for approval. On the email put the number of checks and vouchers and the dollar amount for ACH and Positive Pay.

PAYROLL/TIMEKEEPING

The OCE noted in its visit that LANWT's Accounting Manual did not have a specific timekeeping policy for "non-legal staff". LANWT has revised its overall timekeeping policy to include non-legal staff. In addition, the CFO has drafted the below policy to be included in Tab 11, "Payroll" of the Accounting Manual for Branch Offices.

Employees are paid every other Thursday. Each employee must submit written timesheets reflecting their hours worked to their supervisor for approval. Timesheets are generally due by the end of the work day on Friday before the next regularly scheduled pay day. Employees are strongly encouraged to have their paychecks directly deposited into their bank accounts. Please contact Human resources for information on how to arrange this. If employees do not have a bank account, Human Resources may offer assistance on how to set one up. Employees must immediately notify Human Resources in the event of a mistake in their payroll, whether the mistake is to LANWT's benefit or theirs. Please note that failure to report an overpayment in payroll or in an expense reimbursement may result in disciplinary action including termination.

All employees of LANWT are assigned a funding source for the majority of their duties. The CFO and accounting staff understand that not all duties are permitted by all funding sources, and so some cross billing by attorneys and paralegals will occur from time to time. The funding source for each employee will be available on the LANWT intranet site on the accounting page. Attorneys and paralegals should follow timekeeping procedure set out in the Advocacy Manual. All the non-legal staff should ensure that their time is charged to their designated funding source.

Prior to processing the payroll on Tuesday, the payroll clerk will verify to ensure that the timesheets are approved by the respective supervisors, all new hires, terminations and rate changes should be approved by not only HR Director but also by Deputy Director.

Once the payroll is processed by the payroll clerk, the accounting assistant will examine the payroll register to ensure that all the payroll changes are processed accurately. This needs to take place prior to releasing the pay checks to employees. After every payroll, the accounting assistant will also prepare reconciliation between the payroll deductions for 401K and premium deductions to make sure that the amount reconcile with the HR records. These reconciliations should be then approved by CFO.

Before books are closed for the month, the accounting manager will verify that the hours charged on the timesheets to each of the project or funding source are in compliance with the respective funding criteria of that funding source or the project.

Occasionally, the duties of preparing the payroll will be rotated among accounting personnel to ensure the proper internal control and also to make sure that there is a trained back up to process payroll in case of emergency.

TRAVEL

During its visit, the OCE noted a potential flaw in LANWT's travel policy as it is applied to the CEO. The travel policy requires that requests for travel and training, and reimbursement for same are to be approved by the employee's supervisor. In the case of the CEO such approvals are made by the Deputy Director. The OCE noted that the CEO's Travel Expense Claim Form for travel by LANWT's CEO had not been approved by the Deputy Director as required by the Travel Policy. However, at that time, LANWT did not have a designated Deputy Director and no one had been designated to carry out those duties normally handled by the Deputy Director. LANWT now has a Deputy Director, and that person is designated to sign all travel documents on behalf of the firm. OCE noted, correctly, that the CEO's supervisor is the Board of Directors; however, obtaining timely approval of travel requests and reimbursement for the CEO by Board Action would be cumbersome and potentially problematic. Providing the Budget and Audit committee copies of the CEO's travel documents as part of the quarterly Board Package would seem to satisfy the need for Board oversight of the CEO's activities, while not unduly delaying the approval process for both travel and reimbursement.

Therefore, LANWT is proposing the following change to the Travel First paragraph in 'General' section of the Travel policy needs to be modified as follows:

“Request for all travel expenses for Managing Attorneys shall be approved by Deputy Director, or in his/her absence by the Director of Administration. Requests for travel expenses for the CEO for travel within the State of Texas shall be approved by the Deputy Director, and copies of all requests for said travel and reimbursement for the CEO shall be included in the quarterly board information package. Should the CEO be required to travel outside of the State of Texas, that travel request and any associated travel expense reimbursement shall be signed by the Board Chair.”

{Please note that while LANWT has endeavored to address each of the deficiencies noted in the OCE visit and in Finding 31, these revisions are by no means exhaustive. The CFO has already begun the revision process, addressing such issues as correcting mistakes within the policies (as that pointed out in footnote 50 or p. 60). He is also cleaning up the discrepancies that the new Organization Chart has created within some of the policies and procedures. LANWT wants to make clear that it is our intention of analyze all fiscal policies and procedures, and to revise or update those that require such.}

2. Provide sufficient information to show that the costs of the computer scanners and content server would have met the requirements of the PAMM (Property Acquisition and Management Manual)

With regard to the purchase of 27 computer scanners purchased during 2012, the OCE noted that while no single expenditure exceeded the \$10,000.00 threshold set for LSC pre-approval under the PAMM, the aggregate was \$18,635.00 in a single year (p. 65). The OCE has asked LANWT to provide information to show that the costs would have met the requirements of the PAMM. Unfortunately, LANWT has no such documentation. The decision to go “paperless” was made in early 2012, and the Deputy Director and CFO made arrangements to implement this project with some input from the Directors of Litigation and with consultation with IT. The IT manager urged that prior to the implementation of the full project, that a test of the paperless system should be implemented. To effectuate that test, certain offices were selected and provided with scanners in March of 2012. Once the implementation had a modicum of success, scanners were purchased for the remaining LANWT offices in April of 2012. It was hoped that those purchases would be sufficient to meet the needs of the paperless project; however, the volume of cases in certain offices mandated the need for more scanners to meet the increased needs. Over the course of the year, 10 more scanners were purchased. Since the project was intended to cover all LANWT offices, perhaps the LANWT’s CEO and CFO should have considered the purchase as a single acquisition and met the requirements of the PAMM. However, as no actual purchase exceeded the \$10,000.00 threshold they felt that prior approval was not required. LANWT’s current management has no more information concerning these purchases than it has already provided to the OCE, and interviews with LANWT employees who were peripherally involved in this purchase can only offer that to the best of their knowledge, there was no intention to circumvent the PAMM requirements and that the purchases were made pursuant to a plan designed to meet a specific goal.

With regard to the purchase of the Tandberg content server, again LANWT can provide no more documentation than was provided to the OCE at their site visit. An interview with the IT manager revealed that there was no opportunity to obtain three bids for the server, due to the proprietary nature of the equipment. LANWT’s video conference equipment is Tandberg equipment, and the content server necessary to record conferences, depositions, and video presentations must be Tandberg to work with the system in place. The IT manager stated that the CEO made the decision to purchase the equipment and that LANWT’s normal accounting procedures for purchasing equipment were followed. (That documentation was provided to OCE at its site visit.) However, the current CFO and CEO acknowledge that the then CFO and CEO knew or should have known that the purchase of the content server exceeded the \$10,000.00 threshold for LSC approval, and that such approval should have been sought. LANWT can only offer that the equipment was deemed to be necessary at the time, and that the content server purchased was the only choice and purchased from the only vendor. LANWT’s current management is keenly aware of the potential financial risks that single source vendors provide and so is careful to seek alternatives. In addition, the current CFO and CEO are committed to following the rules and regulations set for the management of LSC funds (and all other funds) entrusted to LANWT. The goal was to save costs over the course of time by permitting each office to reduce deposition costs, to record and store presentations and trainings, and to permit the firm to establish a record of broadcasted policy and procedure meetings.

Again, LANWT regrets that it cannot provide further documentation, and that the sources of first-hand information are so limited. As a result of these purchases, and the lack of pre-approval from LSC, the CFO has revised the procedure for purchases over \$10,000 as follows:

Plan of Action for obtaining prior LSC approval:

If more than \$10,000 of LSC funds is to be used to purchase an individual item of personal property, or an aggregate purchase of multiple items for the same project or program within a three month period, LSC approval must be requested and received prior to purchase. A request for prior approval must include:

1. Three quotes for different vendors, or an explanation of why three quote cannot be obtained; and,
2. A letter or memorandum containing:
 - (a) A statement of need explaining how the acquisition will further the delivery of legal services to eligible clients;
 - (b) A brief description of the property, including make and manufacturer of the item, name of the source supplying the item, the quantity to be acquired, and the total dollar amount of the acquisition; and,
 - (c) A brief description of the acquisition process, including names of the potential sources who submitted quotes, amount of the quotes, quantity of items offered by sources, and a brief explanation of the reasons for selecting a particular source. In the absence of quotes, explain what circumstances prevented obtaining quotes.
3. An electronic copy of the letter or memorandum above will be kept on the Accounting Server in a separate file containing only such memoranda and documentation for qualifying purchases. The hard-copy of the signed memoranda will be kept in a separate binder and will be subject to LANWT's document retention policy for accounting paperwork.
4. Notice of such requests will be included in the CFO's report to the Budget and Audit Committee of LANWT's Board of Directors.

3. Develop a plan of action to ensure that its "annual inventory" is conducted in a manner consistent with its property policy.

An examination of the "annual inventory" process noted a few potential issues, and some instances of LANWT not following its documented procedures. Specifically, the OCE noted that LANWT's property subsidiary records were incomplete, and so the CFO has implemented a policy to modify said records to include the book value of the asset and estimated life of the asset. LANWT's "annual inventory" process has been ongoing as this modification is being made, but it is the intention of LANWT's CFO that this change be implemented to cover the current year (2013).

In response to another comment regarding the inventory process, LANWT has already modified the property inventory form to accommodate review and signature line for the managing attorney. (See Attachment 31-1.) The accountant has been trained to implement the policy as written. Since it has been two years since the last inventory, we are currently in the process of taking inventory of all our offices and our administrative staff is ensuring that each of the managing attorneys reviews the inventory taken for their offices and signs the attached form. Including the branch manager in this process will add another layer of checks and controls so

that accurate information is gathered from the branch offices. In addition, the branch managers will have more input into the system and will be more aware of their duty to safeguard the assets of the firm.

4. Develop a plan of action to ensure compliance with its policy regarding checks outstanding for more than one year.

LANWT's policy requiring that checks outstanding for more than one year be promptly voided is now strictly enforced. The employee responsible for reconciling has been instructed to check the age of outstanding checks on each reconciliation, and when those that are more than one year old are found, they are to promptly void those checks. In addition, the accounting manager and CFO will both verify this action when approving the reconciliations.

5. Develop a plan for improving governing body fiscal oversight and submit same for OCE review.

The OCE noted that LANWT's Board of Directors has been less engaged than ideal over the past few years. In the interviews with current management and board members, it was revealed that previous management sometimes gave the Board minimal financial information, and that information was not always sufficient for the Board to perform its oversight functions. The new LANWT CEO is a long-time former board member, who understands the fiduciary duties of the board, and the Board's need for complete and accurate information. He is committed, as is the new CFO, to keeping the Board advised of the financial condition of the program so that the Board can provide meaningful guidance and oversight. To evidence this, commitment, LANWT has developed the following plan of action to engage the Board of Directors.

The Budget and Audit Committee of the Board will perform the functions of the Financial Oversight Committee as suggested in the LSC Accounting Guide (2010 Ed.). The committee members will review and familiarize themselves with fiscal guidelines as detailed in the LSC Accounting Guide. The CFO will make himself available to members of the committee to assist them in understanding the Accounting Guide if necessary. The duties of the Budget and Audit Committee will be defined and communicated to the CEO and Senior Management Team through the Board's bylaws and resolutions. In the future, LANWT will actively attempt to recruit a new member of the Board that is a financial expert or has a strong background in financial management. If LANWT can secure said Board member, LANWT will make certain that said member serves on the Budget and Audit Committee, at a minimum, if not serving as Board Treasurer/Chair of that Committee.

LANWT's CEO and CFO will encourage the Board to ensure that the duties of the Budget and Audit Committee include: review and revision of the LANWT operating budgets and make recommendations to the full board of directors; review accounting and control policies; review monthly financial reports with CFO; review the audited financial statements, management letter, and senior staff's responses with staff and auditors; regularly review and make recommendations about investment policies; coordinate board training on financial matters; and act as liaison between the program and the full board on fiscal matters.

As has been its previous practice, the Budget & Audit Committee will have the primary role in selection and hiring of LANWT's external audit firm; as well as setting the compensation for and overseeing the activities of the external audit firm; then reporting its recommendations to the full Board for adoption. The Budget & Audit Committee will also be responsible for reviewing the annual IRS form 990 and form 5500 for completeness, accuracy and on-time filing and providing assurances of compliance to the full board; and ensuring the recipient's operations are conducted and managed in a manner that emphasizes ethical and honest behavior, compliance with applicable laws, regulations and policies, effective management of the recipient's resources and risks, and accountability of persons within the organization.

The LANWT Board of Directors has already taken steps to amend its by-laws to include requirements that Senior Management positions and compensation be subject to board review. In its June 2013 Board Meeting, the LANWT Board received fiscal training covering the basics of board oversight functions for the entire board, and more detailed information for the Budget and Audit Committee. In addition, the Budget and Audit Committee meets regularly, beyond scheduled Board meetings, and those meetings are attended by the CEO and CFO. The entire Board receives regular financial reports, including overviews of revenues, expenditures, cash flow, and performance indicators of cases closed year to date. This flow of communication, as much as anything, should engage the Board and keep them focused on their fiduciary duties to the program.

6. Revise its Records Retention and Records Destruction policy for its business and accounting records to ensure that the specified retention requirements meet LSC's current minimum guidelines as contained in the LSC Accounting Guide (2010 Ed.), Appendix II, Description of Accounting Records—Retention Times for Nonprofit Records and submit same to OCE for review.

LANWT's inability to produce some of the documentation requested by the OCE has highlighted the need for comprehensive review of our records retention policy. The interim Deputy Director (Doug Stevick) had begun the process when it was brought to his attention by OCE during their site visit in March 2013. The policy revision is complete and the new Records Retention Policy is attached to this response. (See Attachment 31-2) The policy designates the official Custodian of Records for the firm, and contains guidance for the retention of electronic files as well.

Finding 32: Interviews and a limited review of TIG related activities, practices, and documents relating to TIG No 04466 evidenced compliance with 2004 TIG grant assurances Nos. 6 and 10 but non-compliance with 45 CFR part 1627. Moreover, LANWT failed to properly document costs and activities related to the TIG.

LANWT agrees with this finding. As noted in our response to finding 18, LANWT has been unable to locate more documentation on this TIG than was provided to the OCE during their site visit. LANWT's previous CFO's and CEO's did not keep adequate records for LANWT to respond to this finding; or if they did keep such records, those records cannot be located despite a diligent search. Between January and March 2013, LANWT's current CFO and the interim CEO at the time (Charles Grimm), tried repeatedly to obtain information from Texas Legal Services Center (TLSC) prior to the site visit and TLSC was unable to provide any documentation on the

TIG. Follow up requests by LANWT's CFO after the OCE site visit yielded no more than the initial inquiries. While the result is clear that the work was accomplished as evidenced by the documentation originally provided, TLSC either kept no records or has lost or destroyed the records associated with this TIG.

Finding 33: Interviews and a limited review of TIG-related activities, practices, and documents relating to TIG No 04467 evidenced compliance with 2004 TIG grant assurances Nos. 6 and 10 and applicable LSC regulations, rules, and guidelines.

LANWT agrees with this finding. This project was very successful and many applicants LANWT was unable to assist with extended service have obtained some measure of assistance from the websites and forms created with this TIG. It continues to be a resource for LANWT PAI attorneys who may be unfamiliar with public interest law as well.

CONCLUSION:

LANWT would like to take this opportunity to thank the OCE for their guidance and assistance through this difficult process, and thank them for the opportunity to respond to the Draft Report. These reviews are never easy, and require a tremendous number of hours to complete. The findings reported to LANWT, although sometimes difficult to hear, are necessary to help us in the completion of our mission. The OCE's visit has highlighted both strengths and weaknesses in LANWT, and we consider this an opportunity to address both.

The new CEO and new senior management team are committed to taking the lessons learned from this visit and using the findings to build a stronger and more responsive program. Many of the procedures in place are more than ten years old, and haven't been undergone serious revision in all that time. Practice guides have been updated piecemeal, rather than comprehensively. Best practices tips have been reactive rather than proactive, and tend to be applied inconsistently throughout the program. This is an opportunity to change that process, to address systemic issues globally so that LANWT's delivery system is more responsive to the needs of the clients while still abiding by the rules and regulations of our funders. LANWT is committed to serving the needs of our clients, maximizing the limited resources we have to reach the broadest base we can.

ATTACHMENTS:

2-1:	Comprehensive Plan of Action	6 pages
2-2:	Office Intake Procedures & Uniform Intake Form	8 pages
3-1:	Financial Eligibility Policy	7 pages
3-2:	Cases with 1611.5(b) Compliance	26 pages
5-1:	Case with Citizenship or Eligible Alien Documentation	22 pages
6-1:	Cases with Signed Retainer Agreements	4 pages
6-2:	Retainer Agreement Policy	1 page
9-1:	Cases with Documented Legal Assistance Provided	11 pages
12-1:	Cases not Duplicates	3 pages
13-1:	Outside Practice of Law Policy	2 pages
18-1:	Donor Letters	2 pages
21-1:	OCE Response to 1612.3 Inquiry	2 pages
29-1:	Revised Assisted Suicide Policy	1 page
31-1:	Biennial Inventory Form	1 page
31-2:	Records Retention and Destruction Policy	4 pages

Total: 15 Attachments

Total: 99 pages

Attachment 2-1
Comprehensive Plan of Action
(6 pages)

Legal Aid of NorthWest Texas (LANWT) Comprehensive Plan of Action (CPA):

LANWT's Senior Management Team (SMT) is keenly aware of the need for more uniformity in the intake and case review process. This will require that issues be addressed in three steps. First, LANWT will conduct an analysis of the program's strengths and weaknesses in the delivery of services from beginning to end. Secondly, a comprehensive revision of the forms and procedures for case screening, case acceptance, case management, and case closure will be necessary. Finally, all staff will attend mandatory training on the new policies and procedures.

Our vast service area presents certain challenges to comprehensive training and uniform case work across the program. However, on September 27, 2013 the SMT met with the branch managers and supervisors to review OCE's draft findings and go over the expectation in the upcoming months as LANWT begins to implement this CPA. In addition to being given some training on statistical reporting in Legal Server (LS), a discussion was held concerning case reviews, case closing, and intake. Two weeks later, training was held for the managers on Microsoft Lync so that LANWT could begin the process of setting up webinar type training sessions.

A new training program for Legal Server is being developed by IT and LANWT's Legal Server Committee. An outline for training on prescreening and intake has been produced and circulated to the SMT and the members of the LS Committee and a training using the outline was conducted for the staff in the Fort Worth branch office. That training resulted in improvements to the training program and this update was used to train of new staff. That training further refined our training outline. The LS Committee is now confident that the basic training/ refresher course is ready for implementation. The next stage is to identify trainers for every office. At least one "power user" can be identified for each office and that user can be specially trained and then given the responsibility to train his or her office in the basics of LS. By using the same trainers and training materials, LANWT expects a more systematic and uniform use of the ACMS going forward.

The CPA developed below, while initiated in response to the OCE draft letter, is designed to address not only the matters raised by the OCE, but other concerns that the new management team has with the overall delivery of services to our client population. These factors include case selection, prioritization of intake resources, utilization of hotline and clinic resources to augment intake, case staffing procedures, case review policies and procedures (including both local and programmatic reviews), case closing, statistical reporting issues, and overall compliance with both LSC and LANWT policies and procedures. As a result, the SMT has chosen to implement program-wide systemic changes designed to better meet the needs of our clients. These new policies and procedures should also ensure better compliance with LSC regulations, CSR requirements, and other restrictions placed upon LANWT by other funders.

By far the most challenging aspect of the CPA will be the training component. Historically LANWT has relied on middle management and the posting of information on our Intranet site to serve as the primary means of disseminating information to staff. Unfortunately, the result has

sometimes led to misunderstandings of policies or procedures and instructions were not always uniform or clear. As a result, the SMT has decided that this revision and training on the delivery procedures and updates to policies is too important to delegate. A team of trainers will go to each branch office to conduct onsite training of the key items of the CPA. The trainers will be the same team for each office to ensure that staff receives consistent and uniform information. Attendance at these training events will be mandatory and staff will be required to certify that they have read and understand the policies and procedures being implemented.

The next most challenging aspect of this process will be measuring its success. One method to measure success will be during the self-inspection process conducted in the first part of 2014. Periodic case reviews and statistical reviews by management also should reveal trends in compliance. Management will engage the staff from the outset and by communicating the need for the changes and how it impacts the firm to ensure successful implementation.

Management also understands that we must take a more active role in the oversight of the program's delivery of services to clients. While we cannot handle the many cases, we can relieve the staff of some of the administrative burdens of public interest law therefore allowing them to focus on serving the client population. Management will find ways for the program to do targeted outreach to at-risk populations; communicate with both funders and advocates to spot trends before they become legal problems for our clients; find federal, state, and local partners to assist in the delivery of services; and look for ways to systemically aid low-income Texans in our service area. Making the ACMS more user-friendly and more responsive to the needs of the case handlers is a top priority of the LS Committee. Providing the means and opportunity for ongoing training is a priority for both the SMT and the IT department, which is always looking for new and innovative ways to facilitate collaboration.

Making these changes will require a team effort that includes both a commitment from the SMT to revising and training on the intake and case management process and dedication from the staff to implement the changes for the benefit of our clients. LANWT is committed to providing the highest quality legal assistance to the maximum number of clients that we can reach; and we hope these changes, once implemented, will permit us to do so.

With that in mind, this CPA is designed to specifically address the OCE findings enumerated below:

Finding 2: Develop a plan of action to ensure uniformity between the Financial Eligibility Policy, the LANWT intake form, and Legal Server

Finding 3: Develop a plan of action to ensure compliance with 1611.5(b) {documentation of 1611.5(a) other considerations}; 1611.7(b) {intake forms}; and §5.3 of the CSR {documentation of income}

Finding 5: Develop a plan of action to ensure compliance with 1626.6, 1626.7, 1626.12 and §5.5 of the CSR {citizenship and documentation of eligible alien status}

Finding 6: Develop a plan of action to ensure compliance with 1611.9 {retainer agreements}

Finding 9: Develop a plan of action to ensure compliance with §5.5 of the CSR {citizenship and documentation of eligible alien status}

Finding 10: Develop a plan of action to ensure that its application of the CSR case closure categories is consistent with Chapter 8 of the CSR

Finding 12: Develop a plan of action to ensure compliance with §3.2 of the CSR {duplicate cases}

Finding 21: Develop a plan of action to ensure compliance with 1612.3 {lobbying}

Intake:

1. Revise current intake form and replace program wide (see LANWT INTAKE FORM in Attachment 2-2). Unlike previous changes, branch offices will be instructed to immediately discard/recycle any and all “old” forms and go to immediate implementation of the new form. (F2/F3)
2. Training in all offices on Legal Server (LS) intake policies and procedures, including prescreening and basic conflict checks. This will be accomplished by designating at least one trainer for each office and then providing that trainer with the uniform outline and training materials as all other trainers. (F2)
3. Revise Financial Eligibility Policy emphasizing the changes made in the assets eligibility section, and in the requirement to document 1611.5 “other considerations” in LS. Then LANWT will train all staff on the changes (see FINANCIAL ELIGIBILITY POLICY in Attachment 3-1). This training will be held in-person and conducted by the training team. (F3)
4. Provide guidance (including a checklist) for all staff responsible for closing limited services cases so that there is verification of financial eligibility, citizenship attestation, alien eligibility, and to correctly note that the closing code is either A or B (or AW or BW). Extended representation cases must be closed by the case handler. Training will be in person and provided by the training team. (F10)
5. Revise case review policy: the managing attorney will conduct quarterly reviews of all cases, including PAI cases. In addition, the managing attorney is to review all cases at closing, including limited services cases to ensure compliance with LSC regulation and to make certain cases have documentation of the legal services provided. In addition to the training already provided to managers on September 27, 2013, when the training team goes to each branch office, the branch managers will be given further training in how to spot potential compliance issues. (F17)
6. The Director of Administration in conjunction with the Deputy Director and the Director of Litigation will conduct reviews of programmatic data each January and July to spot potential compliance issues prior to data compilations for submissions to LSC. This review process has already begun, and once the details of this oversight are finalized, one of the Directors will be in contact with each branch manager to go over the data specific

to each office and offer assistance and guidance to that branch manager to interpret and manage the data generated.(F12/F17)

CSR:

1. Comprehensive training for all staff, especially case handlers, on all aspects of the CSR handbook as amended in 2011 {if possible, LANWT will obtain outside trainers to assist with this training}. While the SMT feels confident that it can train its staff on this topic, in discussing compliance with other legal aid programs, the SMT came to a consensus that perhaps having an outside perspective on the CSR might be productive and serve our staff better. (F3/F5/F9/F10/F12)
2. Training on what constitutes a “case”—legal information v. legal services. This is a concern for LANWT in that we may be under-reporting our services and the SMT wants to make sure that whenever LANWT can report a case that it does so.(F9)
3. Training on what constitutes “advice” and how to document same. Documentation in the ACMS (and retrieving that information from LS) is another concern of the SMT. In reviewing the findings of the OCE, the SMT discovered a number of cases that had the requisite information necessary for compliance. To some extent this is a matter of documenting the services provided and keeping the compliance documentation in a form and format that is easily accessible to both staff and administration. (F9)
4. Uniformity in legal problem code selection. This issue goes directly to the issue of program uniformity (as does #5 below). Clients should be getting similar levels of services and should be tracked as uniformly as possible within the ACMS. To do this, everyone in LANWT needs to be reporting similar types of cases similarly.
5. Uniformity in case closure codes. Again, training staff to use the highest level of services for a case and for coding similar cases similarly across the program will increase the reliability of statistical information. SMT will be better positioned to spot anomalies or trends if the reporting is accurate and uniform program-wide. (F10)
6. Training on timeliness and how to avoid dormant cases. This is a case review issue, but the SMT believes that including the staff in monitoring their own cases will help management to oversee caseloads. Staff needs to be aware when a case is in danger of becoming dormant and take action to prevent it. By training staff on the timeliness issue, the SMT hopes to instill in them the need to continually monitor all cases, not just the most pressing ones. In addition, if administrative personnel can track this sort of information for the case handlers, it can free them up to concentrate on their clients. (F17)
7. Using LS to track CSR information, including closing codes and information required by other funders to track statistical information. This is more of an issue for branch managers and the SMT. Understanding the CSR and the information tracked will better help managers to guide staff in moving cases from prescreening to closing. It will also help administration generate reliable data without having to interrupt case handlers for clarification of cases. This is a “cultural” issue, and really needs buy-in from all levels of LANWT personnel; the SMT is committed to generating usable data (not only for

fundes but for programmatic use) and to maintaining a high level of compliance with all regulations and restrictions. (F10/F17)

8. Running periodic LS reports by Director of Administration and Director of Litigation to catch duplicate cases and other “data anomalies”. While it is hoped that the attorneys will self-monitor to some extent, and that managers will conduct meaningful periodic reviews, without support from the administrative end, the system falls apart. This item recognizes that the SMT is an integral part of the delivery system, even if we are more behind the scenes. Running program-wide reports and looking for trends or issues is part of supporting the branch managers, and part of helping the staff attorneys identify issues of concern to the client community. (F17)

LSC/LANWT Policies and Procedures:

1. Update of LANWT policies and procedures based upon LSC regulations and in-person training by senior management for each branch office. The SMT knows that updating policies and procedures to comply with LSC regulations is necessary to ensure compliance. By making policies clear and ensuring everyone is trained and has easy on-going access to them, we hope to reduce the number of questions asked about how we can provide services—and simply provide the service.
2. Remove LANWT policies from Advocacy Manual and put them in a single Policy Manual. The current Advocacy Manual is too cumbersome the SMT would like to stream-line and organize the policies. By removing the compliance policies and procedures and putting them together in one location, the case handlers should be able to save time by knowing where to look for a particular answer. In addition, removing the policies and procedures will give the Deputy Director and the Director of Litigation an opportunity to include “best practices” tips in the Advocacy Manual.
3. Training on 1611.9—Retainer Agreements. Our retainer agreements are contracts between LANWT and our clients. Over the years, the use of retainer agreements has become somewhat rote. Reminding attorneys of the importance of these documents as it relates to their work is key to having a properly completed and executed retainer agreement in every case where extended services are contemplated. (F6)
4. Training on 1611.5—Other Considerations to Financial Eligibility. This is another documentation issue. This regulation has been in place for several years now, in one form or another. LANWT staff knows to check for these considerations and record them, and so making sure that everyone is properly trained on how to do so (and why it is necessary) is paramount. (F3)
5. Revise and update LANWT case selection criteria and disseminate same program wide. Legal aid resources are scarce and demand is high. LANWT is determined to make the best use of our limited resources and this is a step toward doing so. Training staff on identifying those case where we will not provide extended services and shifting them to the PAI program will allow LANWT to focus on the cases where the need is greatest.

This should also permit us to meet some previously unmet needs because so much of our resources have been tied up in intake and staffing of limited services cases.

6. Distribute revised Accounting Manual with highlighted changes to each branch office. While not glamorous, making sure that all staff members are familiar with the requirements of the accounting manual is very important. Clear and well-communicated policies about how we handle our finances is important. If staff knows the procedure, it can be followed and use of funds can be maximized to provide legal representation to the greatest number of clients.

Attachment 2-2

Office Intake Procedures and Uniform Intake Form

(8 pages)



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With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

LANWT OFFICE INTAKE PROCEDURES

LANWT's core structure includes maintaining office locations in key county seats. These offices are connected via a wide area network. From the offices, staff engage in planned and coordinated outreach, collaboration, clinics, and community legal education to provide urgent civil legal help, either directly or by recruiting volunteers, community partners, media and public relations efforts, bar and social or government agencies. Currently, LANWT has 15 offices located in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Wichita Falls and Weatherford with the administrative office located in Fort Worth. In addition, LANWT has placed attorneys and staff with other non-profit organizations where collaborative arrangements have been made to serve specialized populations or issues. This intake model is supplemented by the Legal Aid Line (LAL) which conducts phone intake on a daily basis using a centralized intake line and then refers cases to the appropriate branch office. While the dates and times for intake are set locally, and minor variations in procedure are permitted to accommodate individual offices, the procedures set forth below are the accepted minimum standard for LANWT intake and must be used uniformly in all offices.

1. The primary intake platform for LANWT is Legal Server (LS). All intakes are to be entered into LS as soon as possible. Intakes should be entered directly into LS as they occur, and ancillary paperwork scanned into the system as soon as the intake is completed. (Ancillary paperwork means any substantive law questionnaire, citizenship attestation form, eligible alien documentation, non-electronic case notes, legal documentation, LANWT application form, or any other form given to the applicant for the purpose of intake screening.)
2. Each office shall maintain regular intake hours, which shall be posted on the LANWT website. The managing attorney shall notify the Director of Litigation, the Deputy Director and the Director of Administration of any changes in its intake schedule. Each office shall maintain a list of regularly scheduled legal clinics (including specialty clinics) and shall notify the Director of Pro Bono/ Bar Relations/ Communications and the Director of Administration of any changes in that schedule.
3. Intake may be conducted in-person or by telephone during the regularly scheduled intake or clinic hours. Each office shall make provisions for seeing homebound or other clients who are unable to come to the office or avail themselves of telephone intake.
4. Each office shall make provisions to secure translation services for scheduled applicants if necessary.
5. Pre-screening of applicants using the LS pre-screen form is preferred when scheduling appointments for intake or clinics. **THE PRE-SCREENING FORM IS NOT THE INTAKE FORM.** The pre-screen form should be filled out as completely as possible,

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but is **not** to be used to confirm eligibility. Rather, it is a tool to screen out those clearly ineligible so that appointment slots can be given to potentially eligible applicants. Those applicants who report income that places them less than 10% over the income guidelines should be advised that they appear to be over income but if they wish to provide documentation LANWT will schedule an appointment for them. Those pre-screens that reveal a potential conflict should be given a status of “pending- potential conflict” so that a comprehensive check can be accomplished at intake. Those pre-screens that reveal that the applicant is not a US citizen should be advised of LANWT’s requirement that we document the applicant’s alien eligibility status, and advised that he or she will be required to provide such documentation to LANWT at the time of the intake appointment, unless he or she is a victim of domestic violence.

6. When a hard copy application is used (for any reason) the application must be the standard LANWT Intake Application form.
7. A signed and dated citizenship attestation form or documentation of alien eligibility is required for all in-person intake. This includes instances where the applicant physically enters the LANWT office and is directed to a LANWT phone to contact the LAL, or where the applicant is given an appointment and given instructions to call back. In such situations, the office where the applicant interacted with LANWT staff shall ensure that the applicant either signs a citizenship attestation form, or shall obtain documentation of alien eligibility, unless the applicant is a victim of domestic violence, and then that shall be noted.
8. The intake worker shall obtain information concerning the household size of the applicant, and the income of the applicant according to LANWT’s Financial Eligibility Policy. The income shall be entered into LS so that a calculation of the percentage of poverty can be made by the Automated Case Management System (ACMS) {LANWT’s current ACMS is Legal Server.}.
9. If an applicant’s income is below 200% of poverty but above 125% of poverty, the intake worker shall document any permissible exceptions allowed by LANWT’s Financial Eligibility Policy by noting the specific exception and the dollar amount (if any) of that exception (1611 considerations).
10. The income of every person in the applicant’s household must be recorded (see LANWT’s Financial Eligibility Policy for the definition of “household”). However, if the applicant is a victim of domestic violence and the abuser is still a part of applicant’s household, the abuser’s income shall not be counted in determining the household income {even if the abuser is still living with the applicant}. The abuser’s income (if known) should be entered somewhere in the intake note, so that staff is aware of it; but it is not a factor in determining financial eligibility.
11. The assets of every household must be determined and entered into LS. There is no distinction between liquid and non-liquid assets. Exempt assets do not need to be entered. (See LANWT’s Financial Eligibility Policy for a list of exempt assets.) No applicant who exceeds the asset threshold can be represented without express written authorization from the CEO; the signed authorization must be scanned and put into the applicant’s LS file.

12. An applicant who is found to be financially ineligible (due to either income or asset issues), lacking proper documentation of eligible alien status (and not a victim of domestic violence), or whose representation would create a conflict of interest shall have his or her application rejected in the ACMS and no advice or service shall be provided to that applicant; except that the applicant shall be advised of any pending deadlines or statute of limitations issues, or any other emergency legal advice necessary to preserve the applicant's claim consistent with the attorney's duty of professional responsibility.
13. Every application that is not rejected prior to completion must have an intake note entered into LS. That note shall contain sufficient facts to determine the nature of the legal problem, the type of relief or services the applicant is requesting, and the advice given, if any. Advice given shall be set out in a separate paragraph at the end of the case note with a header stating "Advice or Advice Given". The advice must be specific to the facts of the applicant's case and should be detailed enough that a 3rd party can tell what advice was given to the applicant. If no advice was given, a statement that clearly says "No Advice Given" must be put at the end of the case note. (Please remember that if no legal advice is documented, then LANWT cannot count the matter as a case and it must be rejected.)
14. When the intake is completed it shall be given a status of "decision pending" and a disposition of "pending". After a determination of what level of services shall be provided to the client is made at staffing, the case shall be given an appropriate status (accepted for full representation, accepted for pro bono placement, etc.) and a disposition of "open" if accepted for extended services. If only limited service is to be provided, the case shall be given a status of "closed or rejected" and a disposition of "closed" and case handler will fill out the appropriate LS opening and closing screens. If the case is to be rejected, it shall be given a disposition of rejected and shall be closed immediately through the rejection process.
15. The intake date shall also be the open date for all cases, whether opened for extended or limited service. It is important to note that Legal Server will default to the date the disposition is changed from pending to open, so the staff person opening the case will need to change the default open date to the intake date.
16. Each office shall designate an attorney or paralegal to handle emergency cases on a daily or weekly basis. For smaller offices with limited attorneys or paralegals, emergencies will be seen as soon as practicable given the office's resources and the demands of current clients. Emergency cases shall be staffed immediately unless the managing attorney determines that sufficient time exists to respond to the emergency after the next regularly scheduled case staff meeting.
17. Applications that are rejected prior to the completion of the intake process shall be rejected in LS without opening a case, using the "reject now" option.
18. Intakes shall be staffed no less often than once weekly by the managing attorney or his/her designee. Cases accepted for limited services only or rejected cases should have a closing letter sent to the applicant within three business days, if possible. Cases accepted for extended services should be marked as such within three business days, if possible; and shall have an accept packet sent to the client within five business days, if possible.

19. Inter-program referrals will be made by the managing attorney, or his/her designee, to the appropriate legal aid office in the region where the applicant's legal problem arises. However, prior to making a referral, the managing attorney or his/her designee shall make a courtesy call to the receiving legal aid agency to make sure the referral would not be a conflict of interest. If the legal aid agency finds that the referral would create a conflict of interest, the applicant shall be advised of that fact, and no referral will be made.
20. Intra-program referrals will be made in LS by assigning the managing attorney, or his/her designee, of the receiving office as the primary assignment. In addition the office shall be changed to that of the office receiving the referral and the program to "general". Finally, an assignment note must be made and sent to the managing attorney, or his/her designee, of the receiving office. If the referral is an emergency the referring office shall mark it as such in the case note—and shall send a separate e-mail advising the receiving managing attorney, or his/her designee, of the incoming emergency case.
21. Managers, or their designees, who receive a referral shall staff that referral at the next available staffing unless the referral has been designated as an emergency; in which case it shall be staffed as soon as practicable.

LEGAL AID OF NORTHWEST TEXAS
APPLICATION
(For Legal Assistance)

APPLICANT (YOU):

Name: _____ Middle: _____ Last : _____ M: _____ F: _____

Please list any other names by which you are known, including:

Maiden name (if any): _____

Former married names (if any): _____

Nicknames you may have: _____

SSN: _____ DOB: _____ Age: _____

Physical Address: _____ Apt. #: _____ City: _____

Mailing Address: _____

County: _____ State: _____ Zip: _____

Home Phone: () _____ Cell Phone: () _____ Work Phone: () _____

Driver's License No.: _____

County of Dispute: (what county is this case in) _____

Single? _____ Married? _____ Common Law? _____ Separated? _____ Divorced? _____ Widowed? _____

Current Living Situation: Own _____ Rent _____ Family _____ Friends _____ Homeless _____

Have you ever served in the military including the reserves or National Guard? _____

Has anyone in your household ever served in the military including the reserves or National Guard? _____

Are you a U.S. Citizen? _____ Are you a Migrant worker? _____

Are you disabled? _____ Are you a victim of abuse? _____

OCCUPATION: (Check one)

Employed _____ Retired _____ Not Employed _____ Self-Employed _____

PRIMARY LANGUAGE: (Check one)

English _____ Spanish _____ Chinese _____ French _____ German _____

Japanese _____ Korean _____ Vietnamese _____ Sign Language _____ Other _____

RACE: (Check one)

_____ Black/African American _____ Hispanic Origin _____ Asian or Pacific Islander
_____ White/Caucasian/Anglo _____ Native American _____ Refused to Identify _____ Other

FINANCIAL STATEMENT

Occupation:

Place of Employment: _____ Monthly Gross Income: _____

Spouse's Monthly Gross Income: _____

Do you have access to your spouse's income? ____ Y ____ N

*Please note the kind and **monthly** amount of any government benefits you receive:*

TANF: \$ _____ Food Stamps: \$ _____ HUD: \$ _____ SSI: \$ _____

Medicaid: \$ _____ Social Security: \$ _____ WIC: _____ Disability: \$ _____

Other: (type and amount) _____

Do you have any other form of income? ____ Y ____ N If so, please note the **monthly** amount below:

Child Support: \$ _____ Retirement: \$ _____ V.A.: _____

Unemployment: \$ _____ Annuity: \$ _____ Other: _____

Is any other person helping to support you? ____ Y ____ N If so, who? _____

What is their relationship to you? _____

What support do they provide? _____

Do you have any reason to believe that your income is likely to change significantly in the near future?

Check one: Yes _____ No _____

ASSETS:

Do you own your home? _____ What is the Mortgage payment/note? \$ _____ Value of Home: \$ _____

Do you rent: _____ What is the amount of your rental payment? \$ _____

Do you own any other land, house, or other real estate? _____ If so, please list:

<u>Type of Property</u>	<u>Owner</u>	<u>Value</u>

Do you own a motor vehicle? _____ Year/Make/Model: _____

Do you own any other vehicles (including boats, RVs, etc.)? _____ If so, please list:

<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Titled Owner</u>

Do you have a bank account? Y N Checking? \$ _____ Savings? \$ _____
 Please give the total amount of money in all bank accounts: \$ _____
 Do you have any certificates of deposit? Y N How much: \$ _____
 Do you own any stocks or bonds? Y N If so, what is the worth: \$ _____
 Do you have any cash? Y N If so, amount \$ _____
 Do you have any other accounts with any financial institution (bank, insurance company, credit union, escrow account, savings and loan)? Y N If so, amount: \$ _____

Please list any of the following which apply. (If there is not a specific monthly amount, or if the amount varies, please note that in the appropriate place. If you only know a weekly or hourly amount, please indicate that in the "monthly payment" area.)

<u>Type of Expense</u>	<u>Monthly Payment</u>	<u>Who do you pay?</u>
Child Support, Medical Support, Spousal Support		
Child Care Expenses		
Elderly Care Expenses		
Unreimbursed Medical Expenses/ Health Insurance Premiums		
Job of Educational Training Expenses		
Work or School Related Transportation Expenses		
Back Income Taxes		
Back Property Taxes		
Bankruptcy or other Court-ordered Judgment		
<i>Other Debts: (List what debt is for)</i>		

This is to certify that the information I have provided above is true and correct to the best of my knowledge. I understand that lawyers may not assist new clients in any matters that are adverse to existing or former client's interests. Legal Aid of NorthWest Texas will conduct a Conflict of Interest check. If it is determined that a conflict of interest exist, LANWT may not be able to provide me with representation in this matter.

DATE: _____

SIGNED: _____

Print Name: _____

Attachment 3-1
Financial Eligibility Policy
(7 pages)



Legal Aid of North West Texas

600 East Weatherford Street, Fort Worth, Texas 76102

817-649-4740 (fax) 817-649-4759

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

Legal Aid of North West Texas FINANCIAL ELIGIBILITY POLICY 2011

Legal Aid of North West Texas (LANWT) determines financial eligibility using criteria that gives preference to the legal needs of those least able to obtain legal assistance, while allowing sufficient discretion to consider local circumstances and our own resource limitations. LANWT also seeks to ensure that eligibility is determined in a manner conducive to development of an effective attorney-client relationship.

LANWT determines the eligibility of applicants using the federal poverty income guidelines (FPG). Regulations, guidelines, instructions, and grant conditions imposed by our funding sources dictate the level of income that applicants may have to receive services using those funds. Maximum income levels can range from 125% to 200% of the FPG depending upon the funding source. (Cases accepted under the Low-Income Taxpayer Clinic {LITC} grant may have a maximum of 250% of the FPG.) This policy serves as a guide in determining applicant eligibility. The actual income thresholds are established each year when the new FPG levels are determined. Those are published elsewhere as Financial Guidelines and identify the different income maximums allowed by each funding source. Only individuals and groups determined to be financially eligible under one or more funding sources may receive legal assistance.

This policy does not prohibit LANWT from providing legal assistance to a client without regard to that individual's income and assets, if the assistance provided the client is wholly supported by funds from a source that does not require eligibility to be based upon meeting federal poverty guidelines.

These provisions are not intended to and do not create any entitlement to service for persons deemed financially eligible. Rather, financial eligibility is merely a threshold question and the issue of whether any otherwise eligible applicant will be provided legal assistance is a matter for LANWT to determine based upon such factors as priorities and resources.

A. DEFINITIONS

Annual Income Ceiling: is the amount of applicant's income that equals or is less than the financial guidelines established by LANWT's funding sources which are issued annually.

Applicant: for the purpose of determining eligibility under financial guidelines, means an individual who is seeking legal assistance.

Assets: means cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, and are currently and actually available to the applicant.

Revised 8-21-13

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Governmental program for low income individuals or families: means any Federal, State or local program that provides benefits of any kind to persons whose eligibility is determined on the basis of financial need.

Governmental program for persons with disabilities: means any Federal, State or local program that provides benefits of any kind to persons whose eligibility is determined on the basis of mental and/or physical disability

Household: Those persons living together and related by blood or law to the applicant whom the applicant has a legal responsibility to support; or those persons who, if not related by blood or law, live together on a long-term basis and have shared living expenses. Long-term basis means at least ninety (90) days of cohabitation in previous six months.

Income: means actual current annual total cash receipts before taxes of all persons who are resident members and contribute to the support of an applicant's household, as that term is defined by the recipient. Total cash receipts include, but are not limited to, wages and salaries before any deduction; income from self-employment after deductions for business or farm expenses; regular payments from governmental programs for low-income persons or persons with disabilities; Social Security payments; unemployment and Worker's Compensation payments; strike benefits from union funds; veterans benefits; training stipends; alimony; child support payments; military family allotments; public or private employee pension benefits; regular insurance or annuity payments; income from dividends, interest, rents, royalties or from estates and trusts; and other regular or recurring sources of financial support that are currently and actually available to the applicant. Total cash receipts do not include Food Stamps, the value of food or rent received by the applicant in lieu of wages; money withdrawn from a bank; tax refunds; gifts; compensation and/or one-time insurance payments for injuries sustained; non-cash benefits; and up to \$2,000 per year of funds received by individual Native Americans that is derived from Indian trust income or other distributions exempt by statute.

B. APPLICANTS WHO ARE VICTIMS OF DOMESTIC VIOLENCE OR RECEIVE BENEFITS FROM GOVERNMENTAL PROGRAMS FOR THE POOR

Notwithstanding any other provision of this policy, in assessing the income or assets of an applicant who is a victim of domestic violence, LANWT shall consider only the assets and income of the applicant and members of the applicant's household other than those of the alleged perpetrator of the domestic violence. LANWT shall not include any assets held by the alleged perpetrator of the domestic violence, jointly held by the applicant with the alleged perpetrator of the domestic violence, or assets jointly held by any member of the applicant's household with the alleged perpetrator of the domestic violence.

Additionally, LANWT permits financial eligibility to be established by reference to an applicant's receipt of benefits from a governmental program for low-income individuals or families if the income standards of the governmental program are at or below 125% of the

Federal Poverty Guidelines and the governmental program has eligibility standards which include an assets test provided that said governmental benefit is applicant's sole source of income.

C. FINANCIAL INCOME ELIGIBILITY

Only individuals and groups determined to be financially eligible under LANWT's Financial Eligibility policies, established financial guidelines, regulations, guidelines, instructions and conditions of the varying funding sources may receive legal assistance supported with the applicable funds.

LANWT may determine an applicant to be financially eligible for legal assistance if the applicant's assets do not exceed LANWT's asset ceilings or the asset ceiling has been waived pursuant to these policies,

and

the applicant's income is at or below the applicable funding sources' annual income ceiling;

or

Authorized Exceptions to Annual Income Ceiling - If the applicant's income exceeds the applicable annual income ceiling for the particular funding source, but one or more of the authorized exceptions to the annual income ceilings applies, s/he may be determined financially eligible:

(1) The applicant is seeking legal assistance to maintain benefits provided by a governmental program for low-income individuals or families;

or

(2) The Chief Executive Officer of LANWT, or his/her designee, has determined on the basis of documentation received by LANWT, that the applicant's income is primarily committed to medical or nursing home expenses and that, excluding such portion of the applicant's income which is committed to medical or nursing home expenses, the applicant would otherwise be financially eligible for service;

or

(3) The applicant's income does not exceed 200% of the Federal Poverty Guidelines and:

(i) The applicant is seeking legal assistance to obtain governmental benefits for low-income individuals and families; or

(ii) The applicant is seeking legal assistance to obtain or maintain governmental benefits for persons with disabilities;

or

(4) The applicant's income does not exceed 200% of the Federal Poverty Guidelines and LANWT has determined the applicant should be considered financially eligible based on consideration of one or more of the following factors as applicable to the applicant or members of the applicant's household:

- (i) Current income prospects, taking into account seasonal variations in income;
- (ii) Unreimbursed medical expenses and medical insurance premiums;
- (iii) Fixed debts and obligations;
- (iv) Expenses such as dependent care, transportation, clothing and equipment expenses necessary for employment, job training, or educational activities in preparation for employment;
- (v) Non-medical expenses associated with age or disability;
- (vi) Current taxes; or
- (vii) Other significant factors that LANWT has determined affect the applicant's ability to afford legal assistance.

In the event that LANWT determines that an applicant is financially eligible pursuant to this section and is provided legal assistance, LANWT shall document the basis for the financial eligibility determination. LANWT shall keep such records in applicant's files as may be necessary to inform funding sources of the specific facts and factors relied on to make such determination. There is no requirement that the economic factors that may apply to an applicant must establish their income to be below 125% of the federal poverty guidelines.

List of Fixed Debts & Obligations:

Fixed debts and obligations (limited to):

- Mortgage payments
- Students loans
- Monthly rent pursuant to a written or oral lease
- Monthly medical insurance payments;
- Delinquent monthly IRS and or state or local monthly & reoccurring tax payments;
- Court-ordered judgments (including Chapter 13 bankruptcy)
- Child-support payments, cash medical support payments, and spousal support payment

D. ASSET GUIDELINES

LANWT has established reasonable asset ceilings for individuals and households. In reviewing assets, LANWT has excluded consideration of a household's principal residence, vehicles used for transportation, assets used in producing income, and other assets which are exempt from attachment under State or Federal law.

LANWT also provides authority for waiver of its asset ceilings for specific applicants under unusual circumstances and when approved by the Chief Executive Officer, or his/her designee. When the asset ceiling is waived, LANWT will record the reasons for such waiver and shall keep such records as are necessary to inform funding sources of the reasons for such waiver.

1) An individual seeking assistance may not have total family assets, disregarding exclusions in excess of the following:

\$16,000 plus \$4,000 for each additional family member;

2) Exclusions: The household's principal residence, vehicles used for transportation, assets used in producing income, and assets included in the list of assets which are exempt from attachment under State or Federal law are to be excluded in any asset determination.

Waiver: The Chief Executive Officer (CEO) may waive the ceilings on the above minimum-allowable assets in unusual or extremely meritorious situations. A waiver however must be in writing with sufficient facts to justify the request. Records of such waivers will be maintained in order to report on the number of applicants who receive assistance in this category. A specific form is available for staff that must be filled out and submitted to the CEO; and written approval must be obtained prior to the determination of eligibility and acceptance of an applicant's case.

E. CALCULATION OF INCOME

While the automated case management system used by all offices calculates income and asset eligibility, all income information that is entered must be accurate. There are situations when paper or manual applications are taken because of outreach efforts and limited telecommunications connections in some parts of the service area. Inconsistent or inaccurate income calculations can result in different standards and arbitrariness in the acceptance of an applicant's case.

This policy should be strictly followed and all staff and volunteers involved in intake are to apply this policy consistently. Each supervisor and manager is responsible for complying with this policy. The guidelines established each year allow for easy reference to income ceiling calculation.

Generally, to determine monthly income use the following formulas:

If paid weekly, multiply the weekly gross income by 52 and divide by 12.

If paid bi-weekly, multiply the bi-weekly gross income by 26 and divide by 12.

If paid twice a month, multiply the semi-monthly gross income by 2.

If applicant is a seasonal employee, base income on previous year's gross income divided by 12.

If the applicant has irregular or inconsistent income, the calculation should be based on current income over the past thirty (30) days.

Applicants shall be informed of their duty to report changes in their income should their case be accepted.

F. GROUP REPRESENTATION

(a) LANWT may provide legal assistance to a group, corporation, association or other entity if it provides information showing that it lacks, and has no practical means of obtaining funds to retain private counsel and either:

(1) The group, or for a non-membership group the organizing or operating body of the group, is primarily composed of individuals who would be financially eligible for legal assistance; or

(2) The group has as a principal activity the delivery of services to those persons in the community who would be financially eligible for legal assistance and the legal assistance sought relates to such activity.

(b) In order to make a determination that a group, corporation, association or other entity is eligible for legal services as required by paragraph (a) of this section, LANWT shall consider the resources available to the group, such as the group's income and income prospects, assets and obligations and either:

(i) For a group primarily composed of individuals who would be financially eligible for legal assistance, whether the financial or other socioeconomic characteristics of the persons comprising the group are consistent with those of persons who are financially eligible for legal assistance; or

(ii) For a group having as a principal activity the delivery of services to those persons in the community who would be financially eligible for legal assistance, whether the financial or other socioeconomic characteristics of the persons served by the group are consistent with those of persons who are financially eligible for legal assistance and the assistance sought relates to such activity of the group. LANWT shall collect information that reasonably demonstrates that the group, corporation, association or other entity meets the eligibility criteria set forth herein.

(c) The eligibility requirements set forth herein apply primarily to legal assistance supported by funds from LSC. Any legal assistance provided by LANWT, regardless of the source of funds supporting the assistance, must be otherwise permissible under applicable law, regulation, guidelines, instructions and grant conditions.

G. MANNER OF DETERMINING FINANCIAL ELIGIBILITY AND CHANGE OF CIRCUMSTANCES

In making financial eligibility determinations regarding individual applicants, LANWT shall make reasonable inquiry regarding sources of the applicant's income, income prospects, and assets. LANWT shall record income and asset information in the manner specified in this section. LANWT has adopted forms and procedures to obtain information from applicants and groups to determine financial eligibility in a manner that promotes the development of trust between attorney and client. The information obtained shall be preserved in either case management data or in paper copy; or both.

If there is substantial reason to doubt the accuracy of the financial eligibility information provided by an applicant or group, LANWT shall make appropriate inquiry to verify the information, in a manner consistent with the attorney-client relationship.

When LANWT has determined that a client is financially eligible for service in a particular case or matter, LANWT may request another legal aid provider to extend legal assistance or undertake representation on behalf of that client in the same case or matter in reliance upon the initial financial eligibility determination. In such cases, the receiving legal aid provider is not required to review or re-determine the client's financial eligibility unless there is a change in financial eligibility status as described below or there is substantial reason to doubt the validity of the original determination, provided that the referring legal aid provider provides and the receiving legal aid provider retains a copy of the intake form documenting the financial eligibility of the client.

If, after making a determination of financial eligibility and accepting a client for service, LANWT becomes aware that a client has become financially ineligible through a change in circumstances, LANWT shall discontinue representation supported by the applicable funders' guidelines if the change in circumstances is sufficient to enable the client to afford private legal assistance, is likely to continue, and discontinuation is not inconsistent with applicable rules of professional responsibility. If, after making a determination of financial eligibility and accepting a client for service, LANWT later determines that the client is financially ineligible on the basis of later discovered or previously undisclosed information, LANWT shall discontinue representation supported with income restrictive funds if the discontinuation is not inconsistent with applicable rules of professional responsibility.

Attachment 3-2
Cases with 1611.5(b) Compliance
(26 pages)

2

3-2
12-0950327
(ABILENE)

CASE REVIEW MEMO

TYPE CASE: 02 Collect / Appt / Ppt / Branch

PROBLEM: Jesse Kahrung

APPLICANT: _____

HEARING DATE: _____

ADVERSE PARTY: (Captaine)
Rusch, Sturm, Israel

ANSWER DATE: _____

CONFLICT CHECK DONE: _____

CASE REVIEW DECISION:

ATTNY INITIALS: _____ DONE NOT DONE

() ADVICE - A - Advice given is all that was needed

() ADVICE - AW - Advice given but needed more

() BRIEF SERVICES - B - Brief Services was all that was needed

() BRIEF SERVICES - BW - Brief Services done but needed more

() INVESTIGATE - Needs further investigation by Attorney

ACCEPT - CASE ASSIGNED TO: AB

FUNDING CODES: () VOCA () LSC () CVCLS () BCLS () VET () OTHER

REJECT - REASON REJECTED:

___ Limited Resources ___ Non Priority ___ Fee Generating ___ Conflict
___ Over Income ___ Over Assets ___ Not a Citizen

() REFERED TO PAI

() HOLD FOR - _____

CLOSING CODE: _____

ATTORNEY NOTES:

69 - 1492 300/mo - melip
69 - WIFE - 712
10th
10 m. 1st June 18 answer

3

12-094532

FILED

TIME: 9:49 AM

NO. 2012104

JUN 26 2012

IN THE MATTER OF
THE MARRIAGE OF

ANGELA DARLENE JOHNSON
AND
RICHARD CHARLES JOHNSON

§
§
§
§
§
§

IN THE DISTRICT COURT

CLERK DISTRICT COURT
MCCULLOCH COUNTY, TEXAS
MICHELLE PITCOX

198TH JUDICIAL DISTRICT

MCCULLOCH COUNTY, TEXAS

AFFIDAVIT OF INDIGENCY

THE STATE OF TEXAS,)
)
COUNTY OF MCCULLOCH)

BEFORE ME, the undersigned authority, on this day personally appeared ANGELA DARLENE JOHNSON, Petitioner, who, being by me duly sworn, on oath stated as follows:

"My name is ANGELA DARLENE JOHNSON. I am the Petitioner in the above-referenced cause.

"My household monthly income consists of \$1,950.00 per month.

"I am not employed.

"I receive no child support.

"I do not receive food stamps.

"I have no other income.

"I own no real estate.

"I own no stocks or bonds.

"I own no other property.

"I currently have \$ 200 in cash.

"I do not have a checking account.

"I have 0 dependent(s).

"I have approximately \$ 30,000 debts.

"I have approximately \$ 1350⁰⁰ in monthly expenses.

"I am represented by legal counsel at no cost to me.

"After consultation with my attorney, I believe that I have a meritorious claim.

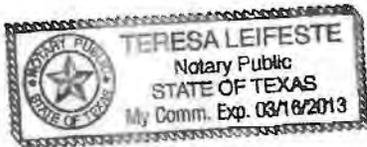
"I am unable to pay the court costs.

"I verify that the statements made in this affidavit are true and correct."

Angela Darlene Johnson
ANGELA DARLENE JOHNSON

SUBSCRIBED AND SWORN TO BEFORE ME, on May 29, 2012.

Teresa Lufeste
NOTARY PUBLIC, State of Texas



INFORMATION ON YOUR DEBTS:

Creditor	Monthly Payment	Who Will Pay

MONTHLY EXPENSES:

\$ AMOUNT PAID MONTHLY

Rent/House Payment:	\$ 450 ⁰⁰
Water:	\$
Gas:	\$ 260 ⁰⁰
Electricity:	\$ 180 ⁰⁰
Food:	\$ 400 ⁰⁰
Clothing:	\$ 100 ⁰⁰

Why do you want to get a divorce? I want my last name back, and theres' no love between us.

THE ABOVE IS A TRUE STATEMENT OF FACTS.

Angie Johnson
Signature of Applicant

Date: 4-23-12

#(4) 1023326



Return to e-Service

User Tips

Overview

Aetna Life Insurance Company

151 Farmington Ave.

Hartford, CT 06156

Review the details of your paycheck. To view other checks, select

[Print Paycheck](#)

[View a Different Paycheck](#)

Net Pay: \$821.32

Pay Begin Date: 09/20/2010

Pay End Date: 10/03/2010

Check Date: 10/01/2010

General			
Name:	DIANA J RODRIGUEZ	Business Unit:	AETNA
Employee ID:	236047	Pay Group:	Biweekly Regular
Address:	634 S ROGERS RD IRVING, TX 75060	Department:	71835 - ASO CPSO Medicaid SA A
		Location:	Dallas
		Job Title:	Claim Benefit Specialist
		Pay Rate:	\$28,838.00 Annual

Tax Data			
Fed Marital Status:	Married	TX Marital Status:	Not applicable
Fed Allowances:	0	TX Allowances:	0
Fed Addl Percent:	0.000	TX Addl Percent:	0.000
Fed Addl Amount:	\$0.00	TX Addl Amount:	\$0.00

Paycheck Summary					
Period	Gross Earnings	Fed Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	1,130.80	1,017.75	133.11	176.37	821.32
YTD	25,524.27	23,130.01	2,659.05	3,079.84	19,785.38

Earnings						Taxes		
Description	Earnings End Date	Hours	Rate	Amount	YTD Amount	Description	Amount	YTD Amount
Base Pay(1)	10/03/2010	80.00	13.811300	1,104.90	21,617.13	Fed Withholding	52.66	821.46
OT 1.5x(2)	09/12/2010	1.25	20.716950	25.90	2,162.97	Fed MED/EE	15.25	348.30
OT 1.0x					344.17	Fed OASDI/EE	65.20	1,489.29
HSA ER Amt					600.00			
Ops Bonus					1,400.00			
Total:				1,130.80	25,524.27	Total:	133.11	2,659.05

(1) Total hours worked in current pay period.

(2) Updated hours calculated weekly from a prior bi-weekly period.

Before-Tax Deductions			After Tax Deductions			Employer Paid Benefits		
Description	Amount	YTD Amount	Description	Amount	YTD Amount	Description	Amount	YTD Amount
Dental	21.90	416.10	Bond 1	34.62	242.34	HSA HLS	50.00	475.00
HSA	10.00	190.00	Bond 2		242.34			
401kPretax	33.92	890.79	401k Loan2	28.70	200.90			
Medical	47.23	897.37						
Total:	113.05	2,394.26	Total:	63.32	685.58	* Taxable		
						Total:	50.00	475.00

Net Pay Distribution				
Payment Type	Paycheck Number	Account Type	Account Number	Amount
Direct Deposit	9214993	Checking	XXXX-7064	821.32



PROPERTY:

- a) Cars or Trucks (Year/Make):
1. 2005 chevy Trailblazer
2. 1993 chevy S10 PICK UP
- b) Checking and/or Savings Account:
Bank: CHASE
Amount: \$100,00
- c) Cash: 100.00

MONTHLY EXPENSES:

Rent/Mortgage: 941.52
Car Payment: none
Transportation: 280
Insurance: 140
Clothing/Laundry: 120
Food: 720
Child Care: 0
Medical/Dental: 0
Utilities: 435
Other: *368

TOTAL MONTHLY EXPENSES: 2,636.52 + 368 = 3,004.52

Loan From 401K

DEBTS AND CHILD SUPPORT OBLIGATIONS (exclude house and automobile):

	<u>Creditors</u>	<u>Monthly Payment</u>
1.	Master card	100
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

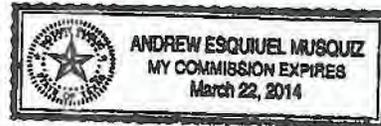
"I am unable to pay the court costs in this cause. I verify that the statements made in this affidavit are true and correct."

SIGNED on Odilon Garcia, 2012.
08/29/2012

Odilon Garcia
ODILON GARCIA, Affiant

SIGNED under oath before me on August 29, 2012.


Notary Public, State of Texas



6

Randy Meador (13-0994189) (Closed)

(Case Notes)

[Edit](#) [Delete/Transfer](#)

[REDACTED]

He was buying the house from his dad for 37500 and was paying 100 each week.

[REDACTED]

[REDACTED]

Randy Meador (13-0994189) (Closed)

(Case Notes)

Posted on 01/08/2013 by John Kennedy - [Edit](#) - [Delete/Transfer](#)

met with this emergency intake with eviction hearing on Thursday at 9 am.

petition signed Dec 13th

filed Dec 17th

he moved out Dec 25th

served Dec 31st

trial Jan 10th for FED plus \$1000 back rent; they list the amounts in petition.

Plaintiffs are his brother and mother.

He was buying the house from his dad for 37500 and was paying 100 each week.

He has receipts that he paid the property taxes for last two years but he says he paid cash for all the payments as well as the property taxes.

I told him i would call him tomorrow and let him know something.

phone # 325-370-8685

he works Epic Construction 15.50 per hour and

wife works at Stewart Gro in Buffalo Gap at minimum wage.

He says he has not been getting 40 hours per week

7

13-0995009 (McKinney)

(Financial Override Notes)

Posted on 01/18/2013 by P. Christopher Parks -

Rent \$500/month.

From LS override box:

1611 Factors* 

Financial Override Note: Rent \$500/month

(9) Dallas 1103856

NO. JS10-00618N

IN THE MATTER OF
ALEJANDRO GALVAN
V.
T.H.D.S. CORPORATION

§
§
§
§
§
§
§
§
§

IN THE SMALL CLAIMS COURT

PRECINCT 3, PLACE 3

DALLAS COUNTY, TEXAS

PLAINTIFF'S AFFIDAVIT OF INABILITY TO PAY COSTS

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared
ALEJANDRO GALVAN who, by me being duly sworn, on oath stated:

"My income information is as set forth below, including any government entitlement,
the nature and amount of my employment income and the amount and source of all of my
other income, including a statement of my cash and checking accounts, my number of
dependents, my debts, and monthly expenses.

MONTHLY INCOME:

	<u>Amount</u>	<u>Source or Description</u>
a) Public Assistance:	_____	_____
b) Public Benefit:	_____	_____
c) Net Employment:	_____	_____
d) Other Income:	_____	_____
e) Spouse's Income: (if available)	_____	_____

TOTAL MONTHLY INCOME: \$ 3044.00

NUMBER OF DEPENDENTS: 8

PROPERTY:

- a) Cars or Trucks (Year/Make):
1. 1999 Mitsubishi Montero
 2. 2000 Honda odyssey
- b) Checking and/or Savings Account:
- Bank: CHASE BANK
- Amount: \$ 80⁰⁰
- c) Cash: _____

MONTHLY EXPENSES:

Rent/Mortgage: \$ 650⁰⁰

Car Payment: —

Transportation: —

Insurance: \$ 60⁰⁰

Clothing/Laundry: \$ 500⁰⁰

Food: \$ 900⁰⁰

Child Care: —

Medical/Dental: —

Utilities: \$ 160⁰⁰

Other: GASOLINE \$ 400⁰⁰

TOTAL MONTHLY EXPENSES: \$ 2670⁰⁰

DEBTS AND CHILD SUPPORT OBLIGATIONS (exclude house and automobile):

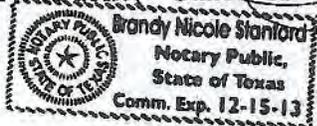
<u>Creditors</u>	<u>Monthly Payment</u>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

"I am unable to pay the court costs in this cause. I verify that the statements made in this affidavit are true and correct."

Alejandro Galvan
 ALEJANDRO GALVAN, AFFIANT

SUBSCRIBED AND SWORN TO this 12TH day of MARCH, 2011.

Brandy Nicole Stanford
 Notary Public, State of Texas



10. 12-0935019

(Case Facts)

Posted on 03/01/2012 by Vonda K. Gonzales - [Edit](#) - [Delete/Transfer](#)

Applicant went to court and got a paper back from Judge and David Ewing who i Manager told him that he can appeal.

App said he told Judge he needs to live in assisted living and not a senior apt complex--which is what Franklin Park is for seniors. He has applied for benefits for veterans that he is now can't find out if he is going to get the benefits.

Someone told him he needed a letter from the doctor. He is trying to get a letter from a doctor staying that he can't move at this time and may allow him to stay. He is a wartime veteran like him 1400. per month but he hasn't gotten it yet. He says it is mixed up with claim for disability and he doesn't know what the status is.

He has been in hospital for 6 of last weeks.

He wants help with wartime veterans assistance **ASAP so he can pay his rent** and not be evicted.

Eviction: 32-EV-12-00064 2/15/2012 Heard case and finds for plaintiff. 5440.75 judgment. costs to defendant

App states he got no notice of the eviction until he got served...Not sure if he understood my question.

He keeps calling Veterans Affairs--they stated if he would get letter from LL that would help expedite his application with Veteran affairs.

Advised I would review courts register of actions online to see if writ issued and we would be in touch to see if we could assist him with either eviction appeal or Veteran's benefits.

12

1026587

INTAKE SHEET REPORT

Name: Owens, Kayla L
Number: 1026587
Law Type :32 - Divorce / Separation / Annulment
Billable: 01 LSC FUNDS
Intake Date: October 07, 2010
Status: **Decision Pending
Closed:
Interview Location: *Centralized Telephone Intake
County: Grayson

Lead Attorney: IJ Corn
Interviewer Name: IJ Corn
Matter Group: 01-McKinney Office
Probono Matter: F

Client :Kayla L Owens
Address:
1310 West Main
Denison, TX 75020
Phone:(903) 421-4994
Fax:
Mobile Cell: {?}

Citizenship: US Citizen
Alien Number:{?}
Occupation: Employed
Language E-English
SSN: 464-89-7498
Pager: {?}

Date of Birth: January 28, 1987
Age: 23
Gender: :Female
Ethnicity: White/Caucasian/Anglo
Email {?}

Eligibility Adults in Household: 1
Children in Household: 0

	Monthly	Yearly
Income		
Employment or Self-Employment	1473	17680
Total Gross Income	1473	17680
Assets		Total
None		0
Total Value of Assets		0
Deductions	Monthly	Yearly
1611 Considerations Decreasing Income	834	10010
Total Deductions	834	10010
Net Amounts	639	7670

Adverse Party
Carson S Owens 6903 Farmington Road, Sherman, TX 75092
(903) 487-1048

Intake Notes

10/07/2010 10:28 AM (CORNI)

DIVORCE

C phoned for assistance in obtaining a divorce.

C a resident of GRAYSON COUNTY for years.

NO DV.

H has done drugs/ C uncertain what type.

DETAILS OF THE MARRIAGE:

DOM: 04/15/2009 in Grayson County, TX
DOS: Aug 31 or Sept 1, 2010
CHILDREN: NONE

C IS NOT PREGNANT

C WOULD LIKE TO RETURN TO HER MAIDEN NAME, "KELLEY"

PROPERTY TO DIVIDE: NONE; However, C indicated that H helped her pay car payments on a vehicle C had purchased prior to the marriage; further, C indicated that she recently learned that H used their \$3,000 tax refund, without her knowledge. Likely, property claims will be a wash.

DISCUSSED jurisdictional requirements for filing for divorce; necessity of serving H with petition and affording him an opportunity to respond or, alternatively, securing a Waiver from H; minimum waiting period; divorce court as forum for determining issues relative to children and property division.

EVALUATION: Good Pro Bono candidate if available.

15

1013579

Alicia E. Hernandez
Director

Michelle M. Alden
Managing Attorney

DVAP

Dallas Volunteer Attorney Program

A joint program of the Dallas Bar Association and Legal Aid of NorthWest Texas

Writer's Direct Line:
214-748-1234 ext. 2240

leg code

October 30, 2013-
(computer defaults to current date but letter sent 7/12/11)

Telvin Branch
903 Fieldstone Drive
Cedar Hill, TX 75104

Re: Application for Legal Services – 1013579 – Divorce

Dear Mr. Branch:

Your application for legal assistance in the above referenced matter has been carefully reviewed. We regret to inform you that based upon the information you provided during your application, we will not be able to offer you legal assistance with your problem. Your income exceeds our financial eligibility guidelines. With limited resources, we can only attempt to offer assistance to those in greatest financial need as determined by federal poverty guidelines.

It is unfortunate that we cannot offer you assistance. You may appeal this decision by calling or contacting our office within ten (10) days from the date of this letter and we will send you an appeal form to fill out and return.

We appreciate that your problem is important to you. It may be in your best interest if you can, to consult with a private attorney regarding your matter. If you do not know an attorney, you may call the Dallas Bar Association Lawyer Referral Service at (214) 220-7444 or State Bar of Texas at (800) 252-9690. They will refer you to an attorney who may charge little or no fee for a 30 minute consultation. Free advice from an attorney on any legal matter is also available through the Dallas Bar Association "Legal Line" at 214-220-7476 on the 2nd and 3rd Wednesday evenings from 5-8:00 P.M.

Respectfully,

Chrystal Woodard
Chrystal Woodard
DVAP Paralegal

(16)

1012767

Alicia E. Hernandez
Director

reg source

DVAP

Michelle M. Alden
Managing Attorney

Dallas Volunteer Attorney Program

A joint program of the Dallas Bar Association and Legal Aid of NorthWest Texas

Writer's Direct Line:
214-748-1234 ext. 2234

October 30, 2013

*(computer generates with current date but letter sent in
August 2010)
July*

Charley Walton
4867 Hazel Hurst Lane
Dallas, TX 75227

Re: 1012767 & 1012768; Will & Power of Attorney

Dear Mr. Walton:

I am writing to inform you that your case file with the Dallas Volunteer Attorney Program is now closed. Your file has been closed due to notification we received from your volunteer attorney that your income level prevents you from being eligible for our services.

Should you desire legal assistance on the same or on a separate civil legal matter in the future, you could file a new application for consideration at one of our neighborhood legal clinics.

Sincerely,

Michelle M. Alden
Managing Attorney

18) 12-0931599

AFFIDAVIT OF INDIGENCY
(RULE 145 T.R.C.P.)
FOR PRO BONO REPRESENTATION

Patricia Grimaldo Petitioner/Movant, makes this affidavit in connection with the filing of the above-numbered and -entitled cause without the posting of a security deposit and for the purpose of having citation issued in accordance with Rule 145 of the Texas Rules of Civil Procedure.

(The items applicable to the undersigned are checked, and the information called for is furnished under penalty of perjury.)

1. Basis of indigency:

I am unable to pay a court cost deposit or filing fee because:

I am presently receiving a government entitlement based on indigency, to wit:

Food Stamps \$ _____ Public Assistance (AFDC/TANF) \$ _____
Medicaid _____ Housing subsidy (HUD) _____

I have no ability to pay court costs based on facts set out below.

2. Employment:

I am not now employed; the last time I was employed was _____

I am employed. I work for Catalyst as a _____

The income I receive from this job is \$ 16.00 per hr.

The job pays \$ _____ per _____

3. Other income:

Income from sources other than employment:

I have income which is derived from sources other than employment, such as interest, dividends, annuities, royalties, retirement, child support, etc., as follows:

TYPE OF INCOME

MONTHLY AMOUNT

\$ _____
\$ _____

4. Spouse's income:
 I have no spouse.
 My spouse has no income.
 My spouse has income as follows: \$ _____ per _____.
 My spouse's income is not available to me.

SOURCE OF INCOME

MONTHLY AMOUNT

\$ _____
 \$ _____

5. Property:
 I own no property and no interest in any property.
 I own the following interests in property:

Real Estate: (Describe) _____

Value of property: \$ _____

Motor vehicles:

Make/Model	Year	Amount of Value
_____	_____	\$ _____
_____	_____	\$ _____

Stocks and/or bonds:

	Amount	\$
Cash:	Amount	\$ _____
Other:	Amount	\$ _____

6. Bank Accounts:

Bank	Type of Account	Balance
<u>First National Bank</u>	Checking	\$ <u>50</u>
_____	Savings	\$ _____

7. Dependents

- I have no dependents. I have the following dependents:

Name	Age	Relationship
<u>Michele Grimaldo</u>	<u>17</u>	<u>Daughter</u>
<u>Juan Grimaldo</u>	<u>16</u>	<u>son</u>
<u>Jesus Grimaldo</u>	<u>11</u>	<u>son</u>
<u>Julian Grimaldo</u>	<u>3</u>	<u>son</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

19- 1008800

AFFIDAVIT OF INDIGENCY
(RULE 145 T.R.C.P.)
FOR PRO BONO REPRESENTATION

Frances J Wiggins Petitioner/Movant, makes this affidavit in connection with the filing of the above-numbered and -entitled cause without the posting of a security deposit and for the purpose of having citation issued in accordance with Rule 145 of the Texas Rules of Civil Procedure.

(The items applicable to the undersigned are checked, and the information called for is furnished under penalty of perjury.)

1. Basis of indigency:

I am unable to pay a court cost deposit or filing fee because:

() I am presently receiving a government entitlement based on indigency, to wit:

Food Stamps \$ _____ Public Assistance (AFDC/TANF) \$ _____
Medicaid _____ Housing subsidy (HUD) _____

(✓) I have no ability to pay court costs based on facts set out below.

2. Employment:

() I am not now employed; the last time I was employed was _____
(✓) I am employed. I work for 1st Baptist Church as a part time coordinator
The income I receive from this job is \$ 7.25 per hour
The job pays \$ _____ per _____

3. Other income:

Income from sources other than employment:

(✓) I have income which is derived from sources other than employment, such as interest, dividends, annuities, royalties, retirement, child support, etc., as follows:

TYPE OF INCOME	MONTHLY AMOUNT
<u>Social Security</u>	\$ <u>740.00</u>
_____	\$ _____

4. Spouse's income:
 I have no spouse.
 My spouse has no income.
 My spouse has income as follows: \$ _____ per _____
 My spouse's income is not available to me.

SOURCE OF INCOME	MONTHLY AMOUNT
_____	\$ _____
_____	\$ _____

5. Property:
 I own no property and no interest in any property.
 I own the following interests in property:

Real Estate: (Describe) 3613 Connally, Big Spring, Tx
 Value of property: \$ 39,354

Motor vehicles:

Make/Model	Year	Amount of Value
<u>Mercury Tracer</u>	<u>1991</u>	\$ <u>660 - 800.</u>
_____	_____	\$ _____

Stocks and/or bonds:	Amount	\$ <u>600.00</u>
Cash:	Amount	\$ <u>25.00</u>
Other:	Amount	\$ <u>1300.00</u>

6. Bank Accounts:

Bank	Type of Account	Balance
Security <u>American State</u>	Checking	\$ <u>9042.62</u>
_____	Savings	\$ _____

7. Dependents
 I have no dependents. I have the following dependents:

Name	Age	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

23

From Legal Server 1611 factors for 12-0923900

rent 400

medical insurance 108

transportation to/from work 150

05 1072340

Alicia E. Hernandez
Director

Michelle M. Alden
Managing Attorney

res made

DVAP

Dallas Volunteer Attorney Program

A joint program of the Dallas Bar Association and Legal Aid of NorthWest Texas

Writer's Direct Line:
214-748-1234 ext. 2247

October 30, 2013

autodate / actual date 8/25/10

Shamil Merali
Email only:
Shamil.merali@utsouthwestern.edu

RE: Application for Legal Services # 1022340

Dear Mr Shamil Merali:

Thank you for contacting us with your problem. Your application for legal aid was carefully reviewed. We regret to inform you that we will be unable to provide legal representation to you. Your income exceeds our financial eligibility guidelines. Our funding sources limit who we can offer assistance to and with limited resources, we try to offer assistance to those in the greatest financial need. It is unfortunate that we cannot offer you assistance. You may appeal this decision by calling or contacting our office within ten (10) days from the date of this letter and we will send you an appeal form to fill out and return.

We appreciate that your problem is important to you. Please be advised that there may be deadlines or statute of limitations that must be met in order to protect your interests. It may be in your best interest if you can, to consult with a private attorney regarding your matter. If you do not know an attorney, you may call the Dallas Bar Association Lawyer Referral Service at (214) 220-7444 or State Bar of Texas at (800) 252-9690. They will refer you to an attorney who may charge little or no fee for a 30 minute consultation. You can also get online resource for free and lo-cost civil legal assistance in Texas by going to the web site of Texas LawHelp at www.lawhelp.org/tx. For free legal advice, you may call the Dallas Bar Association's Legal Line at (214)220-7476 on the second and third Wednesdays of each month between 5:15 p.m. and 8:00 p.m.

Please feel free to re-apply for our services if you have another legal problem and feel that you are eligible for our assistance.

Sincerely,

Jigna Vyas Gosal
DVAP/Paralegal

Attachment 5-1

Cases with Citizenship or Eligible Alien Documentation

(22 pages)

ATTESTATION OF CITIZENSHIP FORM

I hereby attest that I am a citizen of the United States of America.

Ricardo Carter

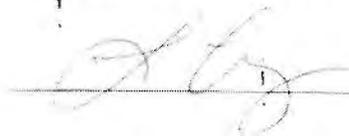
Date: April 8, 2013

13-0996100

Attachment 5-1

ATTESTATION OF CITIZENSHIP FORM

I hereby attest that I am a citizen of the United States of America



Date:

5/23/10

13-0996100
Lynnette C. Curry

LEGAL AID OF NORTHWEST TEXAS

I am a citizen of the United States of America (USA).
Soy ciudadano/a de los Estados Unidos Americanos (EEUU).
Toi la công dân Mỹ (USA).
Je suis un citoyen des Etats-Unis (E-U).

Signature:
Firma
Chữ ký
Signature

Janie Johnson

Date:
Fecha
Ngày
Date

January 21, 13

Janie Johnson
13-0994521

LEGAL AID OF NORTHWEST TEXA

1030507

Attachment 5-1

I am a citizen of the United States of America (USA).

Soy ciudadano/a de los Estados Unidos Americanos (EEUU).

Tôi là công dân Mỹ (USA).

Je suis un citoyen des Etats-Unis (É-U).

Signature:

irma

hũ kj

Signature

Amm Adkins

Date:

10-28-13

LEGAL AID OF NORTHWEST TEXAS

I am a citizen of the United States of America (USA).

Soy ciudadano/a de los Estados Unidos Americanos (EEUU).

Tôi là công dân Mỹ (USA).

Je suis un citoyen des Etats-Unis (É-U).

Signature:

Firma

Chữ ký

Signature

Nicole Poling

Date:

Fecha

Ngày

Date

10/28/13

1106242

Attachment 5-1

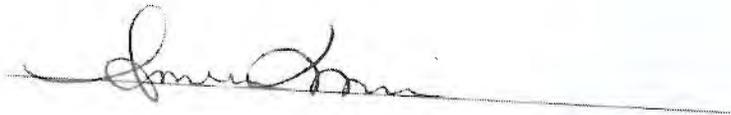
RECEIVED

APR 01 2013

LEGAL AID OF NORTHWEST TEXAS BY: _____

I am a citizen of the United States of America (USA).
Soy ciudadano/a de los Estados Unidos Americanos (EEUU).
Tôi là công dân Mỹ (USA).
Je suis un citoyen des Etats-Unis (É-U).

Signature:
Firma
Chữ ký
Signature



Date:
Fecha
Ngày
Date

3-28-13

PA/MS

1106242

11-0898672

Attachment 5-1

LEGAL AID OF NORTHWEST TEXAS

300 North Fisk Ave, Brownwood, TX 76801
Tel: (325) 646-8659 Fax: (325) 646-6070

DIVORCE INTAKE QUESTIONNAIRE

It is important that you answer each question fully and completely. If a question does not apply to your particular situation, please answer "N/A". If an answer to any question requires more space than has been provided on the form, please complete your answer on a separate sheet.

ABOUT YOU:

Name: Misty Miller

[REDACTED]

Date of Birth: 09/15/80 Place of Birth (City & State): FORT WORTH TX

Do you want [REDACTED] no [REDACTED]

[REDACTED]

Name: [REDACTED]

[REDACTED]

ABOUT YOUR MARRIAGE

[REDACTED]

REASONS FOR DIVORCE

Has your spouse done any of the following:
[REDACTED]

INTAKE VERIFICATION FORM

I declare that I have examined the attached statement made by me and to the best of my knowledge and believe each and all are true and correct. LANWT may examine or copy my records containing information relating to the above statements. I understand also, that if any of the statements made on this application should prove to be untrue, fraudulent or misrepresentations of facts, the LANWT retains the right to terminate any legal services being performed.

5/6/11
Date

Moty Miller
Applicant Signature

10 32542

Attachment 5-1

ATTESTATION OF CITIZENSHIP FORM

I hereby attest that I am a citizen of the United States of America.

Signature: Charles A. Williams

Date: 9-27-10

101941a

Attachment 5-1

ATTESTATION OF CITIZENSHIP FORM

I hereby attest that I am a citizen of the United States of America.

Signature: X Clarence Turner Date: X 7-26-10

Printed Name: X Clarence Turner

FORMA DE CERTIFICACION DE CIUDADANO

Por la presente yo certifico que soy un ciudadano de los Estados Unidos de América.

Firma: _____ Fecha: _____

Nombre: _____

1019419

ATTESTATION OF CITIZENSHIP FORM

I hereby attest that I am a citizen of the United States of America.

Signature: Zanden Nelson Date: 2-14-11

Printed Name: Zanden Nelson

FORMA DE CERTIFICACION DE CIUDADANO

Por la presente yo certifico que soy un ciudadano de los Estados Unidos de América.

Firma: _____ Fecha: _____

Nombre: _____

LEGAL AID OF NORTHWEST TEXAS

I am a citizen of the United States of America (USA).
Soy ciudadano/a de los Estados Unidos Americanos (EEUU)
Tôi là công dân Mỹ (USA).
Je suis un citoyen des Etats-Unis (E-U).

Signature:
Firma
Chữ ký
Signature

Christina Marcia

Date:
Fecha
Ngày
Date

12-18-2012

Mortgage Payment/Rent	\$1,430 - paid by husband	Stocks, Bonds, Mutual Funds	
Work Related Expenses Including Transportation to and from work		Automobile, Boats, Mobile Homes	
None		Managers Approval 150% down	

Adverse Party Information (Person or company you are having legal issues with)

Social Security Number 457 - 89 - 3057

First Name Bradley MI A Last Name Zwaska

DOB 1/24/84 Age 26 Gender M

Address 2010 Mistywood Ln. Apt# _____

City Denton State Tx Zip 76209

County Denton Phone# (940) 765-4059 Ext _____

Above is true and correct to the best of my knowledge

9/2/10 [Signature]
Date Applicant's Signature

This is to certify that the information I have provided I attest that I am a United States citizen

9/2/10 [Signature]
Date Applicant's Signature

 COPY

CAUSE NO. 360-483241-10

IN THE INTEREST OF

CAMDEN SEVEN ROGERS,

A CHILD

§
§
§
§
§

IN THE DISTRICT COURT

360TH JUDICIAL DISTRICT

TARRANT COUNTY, TEXAS

ORDER ON MOTION FOR CONTINUANCE

/ Appointment of Ad Litem

On 5/11/12 the Court considered the ~~Agreed~~ Motion for Continuance of WILLIAM ROY ROGERS, MOVANT and ORDERS THE CASE CONTINUED. Court also appoints *Monique Lopez-Hubley* as ad litem for the child.

SIGNED on May 17, 2012.



JUDGE PRESIDING

0716367

Attachment 57

VERIFICATION OF ELIGIBLE ALIEN STATUS

This is to certify that the undersigned staff of Legal Aid of NorthWest Texas has reviewed appropriate documents establishing that the applicant is eligible for legal assistance based on:

Documents named in LSC regulation §1626 including but not limited to a Permanent Resident card. Please see the Appendix to §1626 if unsure.

Applicant is a victim of Battery or Extreme Cruelty under the VAWA Act (Kennedy Amendment). Please see the LSC Program Letter 06-2 for further information if unsure.

Applicant is an Immigrant Victim of Severe Forms of Trafficking. Please see the LSC Program Letter 05-2 if unsure.

Signature [Handwritten Signature] Date: 1-18-12

A # 034-608-018

exp ~~1/18~~ 2/7/14

0716367

12-0948359

Attachment 5-1

LEGAL AID OF NORTHWEST TEXAS

I am a citizen of the United States of America (USA).

Soy ciudadano/a de los Estados Unidos Americanos (EEUU).

Tôi là công dân Mỹ (USA).

Je suis un citoyen des Etats-Unis (É-U).

Signature:

Firma

Chữ ký

Signature

Janet George

Date:

Fecha

Ngày

Date

5/21/12

12-095 0556

Attachment 5-1

LEGAL AID OF NORTHWEST TEXAS

I am a citizen of the United States of America (USA).

Soy ciudadano/a de los Estados Unidos Americanos (EEUU)

Tôi là công dân Mỹ (USA)

Je suis un citoyen des Etats-Unis (E-U)

Signature:

Firma

Chữ ký

Signature

Gonzalez G.

Date:

Fecha

Ngày

Date

04-12-2013

Gonzalez G.
12-095 0556

12-0955369

Attachment 5-1

ATTESTATION OF CITIZENSHIP FORM

I hereby attest (verify) that I am a citizen of the United States of America.

Teresa Arguello Date: 10/18/12

Yo estoy certificando que yo soy ciudadano de los Estados Unidos.

_____ Date: _____

07 05257

A Hachnuit 5-1

This is to certify that the information I have provided above is true and correct to the best of my knowledge.

I attest that I am (CHECK ONE) U.S. citizen of the United States
 lawful resident of the United States
 refugee, asylee or victims of human trafficking
 not certain

3/6/07 Date Steve Carrizales Applicant's Signature

VERIFICATION OF ELIGIBLE ALIEN STATUS, IF APPLICABLE

I, _____, declare, certify and attest that I have examined my application for legal assistance from Legal Aid of NorthWest Texas, and to the best of my knowledge and information each and every statement or entry on that application related to residence, income, assets and household size is true and correct.

I am a [CHECK ONE]:
 U.S. citizen of the United States
 lawful resident of the United States
 a refugee, asylee or victims of human trafficking

LANWT may copy any records or documents I have to verify this statement. I understand that if any of the statements made on the application should prove to be untrue, fraudulent or misrepresentations of facts, LANWT. Retains the right to terminate the attorney/client relationship and discontinue providing legal assistance.

DATED: _____

Yes No
Documentation Viewed

_____ Document Number (if any)

_____ Intake Interviewer Signature

_____ Date

CERTIFICATION OF CONFLICT OF INTEREST CHECK

Please Print Your Full Name: Steve P. Carrizales

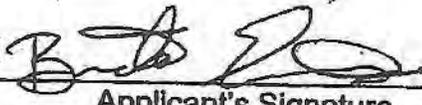
Please list any other names by which you are known, including your maiden name (if any), former married names (if any), and any nicknames you may have:

06 08280

Attachment 5-1

This is to certify that the information I have provided above is true and correct to the best of my knowledge.

I attest that I am (CHECK ONE) U.S. citizen of the United States
 lawful resident of the United States
 refugee, asylee or victims of human trafficking
 not certain

4/11/06
Date 
Applicant's Signature

VERIFICATION OF ELIGIBLE ALIEN STATUS, IF APPLICABLE

I, Brenda Bernice Everetts, declare, certify and attest that I have examined my application for legal assistance from Legal Aid of NorthWest Texas, and to the best of my knowledge and information each and every statement or entry on that application related to residence, income, assets and household size is true and correct.

I am a [CHECK ONE]:
 U.S. citizen of the United States
 lawful resident of the United States
 a refugee, asylee or victims of human trafficking

LANWT may copy any records or documents I have to verify this statement. I understand that if any of the statements made on the application should prove to be untrue, fraudulent or misrepresentations of facts, LANWT. Retains the right to terminate the attorney/client relationship and discontinue providing legal assistance.

DATED: 4/11/06 

Yes No
Documentation Viewed

Document Number (if any)

Intake Interviewer Signature

Date

CERTIFICATION OF CONFLICT OF INTEREST CHECK

Please Print Your Full Name: Brenda Bernice Everetts

Please list any other names by which you are known, including your maiden name (if any), former married names (if any), and any nicknames you may have:

Brenda Avelar

Attachment 6-1

Cases with Signed Retainer Agreements

(4 pages)

LEGAL AID OF NORTHWEST TEXAS

RETAINER AGREEMENT

Celia Gray [Client], authorizes Legal Aid of North West Texas (LANWT)

LANWT Attorney Private Attorney Reduced Fee Private Attorney

to represent Client(s) in the following matter:

Probate the Estate of Jesse Gray, Deceased

Important Note to Attorney: Please complete the blank above and check appropriate box before presenting this retainer to the client.

This representation is limited to the above matter or legal problem and does not include any other problems. Client understands and agrees that this representation does not include litigation in any forum unless specifically stated above, nor does it include an agreement to appeal this matter. The client may be represented by a LANWT attorney or a private attorney under the auspices of LANWT. This is shown above by the box checked. The "attorney" in this Retainer Agreement refers interchangeably with either the LANWT attorney or private attorney acting under the auspices of LANWT.

Client understands that there will be NO attorney's fees charged to Client for legal services provided. However, Client understands and agrees that Client is responsible for payment of all other expenses that may be required by the Court. Client understands that, should damages or other money recovery be awarded, client shall reimburse LANWT or attorney for any costs and expenses paid on behalf of the client.

Client further understands that the attorney may seek an award for costs and attorney fees to be paid by the opposing party in appropriate cases. This request will be included in any appropriate pleadings or claims that may be filed on Client's behalf. Client authorizes the attorney to ask for such costs and attorney fees. If costs or attorney fees are awarded and paid directly to the attorney, the attorney, after fully accounting for any costs that may have been paid directly by client, is authorized to collect and retain such costs and fees. Should the costs and fees be paid to client, they will be deposited into the client's trust account and, after a full accounting of costs directly paid by Client, Client agrees that the attorney may keep the remaining costs and fees.

Client understands that at the conclusion of this case, any remaining or unused client's funds deposited with the attorney will be returned to Client if the attorney is furnished a current mailing address. Client further understands that if the attorney is unable to locate Client, the funds may have to escheat [be paid] to the State of Texas.

Client shall notify the attorney of all changes of residence address, telephone and employment. Client understands that failure to do so may result in the attorney's withdrawal from representation.

Client shall cooperate fully in the conduct of this matter, including, but not limited to, keeping all appointments, attending all court dates, and responding promptly to all requests for information from the attorney. Client shall promptly notify the attorney of any and all legal papers Client receives or is served with. Client shall promptly notify the attorney of any contacts or correspondence with the opposing party or opposing counsel. Client shall not enter into any informal agreements with opposing parties without first consulting with the attorney. Client understands that a failure to abide by the provisions contained in this paragraph authorizes the attorney to withdraw from representing Client. Client further understands that the Client may terminate this relationship at any time.

LANWT will keep information about my case confidential. However, in accordance with applicable law and or contract or grant terms that funds our work, LANWT may be required to disclose certain information to its funding source(s). Client understands and agrees that the attorney may withdraw from representation should a change in Client's income or assets render Client ineligible for services, consistent with attorney's ethical obligations. Client understands that no settlement shall be made without Client's approval. Client and LANWT acknowledge that this Retainer Agreement is not binding until it is signed by both Client and an attorney representative of LANWT. LANWT shall give Client a copy of this agreement when signed.

Client acknowledges that Client understands this Retainer Agreement. If Client has a physical or learning impairment that prevents Client from reading or signing this Retainer Agreement, a sign interpreter or other accommodation has been made to provide for Client's full understanding and signing of this Agreement. This Retainer Agreement is available in English and Spanish. If Client cannot understand English or Spanish, Client acknowledges that the terms of this Agreement have been read aloud and explained in a language understood by Client. Client also understands that such accommodations will be made throughout the duration of this Agreement.

CLIENT: *John Gray* DATE: 3-18-13
CLIENT: _____ DATE: _____
ATTORNEY: *P. Paul* DATE: 3-20-2013

LEGAL AID OF NORTHWEST TEXAS	ACUERDO DE RETENCION
------------------------------	----------------------

LINDA HERRERA [CLIENTE], le autoriza a Legal Aid of North West Texas (LANWT)
 Abogado de LANWT Abogado Privado Abogado Privado y pagado por LANWT

que represente al Cliente(s) en el siguiente caso:

DIVORCE

Nota Importante para el Abogado: Por favor complete este espacio y marque la casilla correspondiente antes de presentar esta retención al cliente.

Esta representación se limita a el asunto o problema legal mencionada anteriormente y no incluye ningún otro problema. El cliente entiende y acepta que esta representación no incluye litigio en cualquier foro a menos que esté mencionado específicamente en el espacio anterior, ni incluye un acuerdo para apelar este asunto. El cliente puede ser representado por un abogado de LANWT o un abogado privado bajo los auspicios de LANWT. Esto se muestra por la casilla marcada anteriormente. El "abogado" en este Acuerdo de Retención se refiere indistintamente al abogado de LANWT o al abogado privado que actúa bajo los auspicios de LANWT.

El Cliente entiende que cargos del abogado para servicios legales prestados NO se le cobrarán al cliente. Sin embargo, el Cliente entiende y acepta que el Cliente tiene responsabilidad en los pagos de todos los demás cobros relacionados con el caso del cliente, incluyendo pero no limitado a, cobros de la corte, honorarios, y otros gastos que puedan ser requeridos por la corte. El Cliente entiende que si recibe dinero por daños relacionados a o por recuperación en su caso, el cliente reembolsará los cobros y gastos pagados en nombre del cliente a LANWT o a el abogado.

El Cliente también entiende que en situaciones apropiadas, el abogado puede solicitarle a la contraparte una indemnización por honorarios del abogado y cobros asociados con el caso del cliente. Esta petición se incluirá en cualquier petición o reclamación que sea formulada en nombre del cliente. El Cliente le autoriza al abogado de pedir estos cobros de la corte y honorarios del abogado. Si los cobros o honorarios del abogado se adjudican y se pagan directamente al abogado, el abogado, después de dar una contabilidad por cualquier gasto que pudiera haber abonado directamente por el cliente, está autorizado a cobrar y retener estos gastos y honorarios. Si los gastos y honorarios se pagan directamente al cliente, este pago se depositará en una cuenta fiduciaria del cliente y, después de una contabilidad completa de los gastos directamente pagados por el Cliente, el Cliente está de acuerdo que el abogado puede retener el resto de los gastos y honorarios.

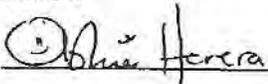
El Cliente entiende que, al término de este caso, los fondos del cliente depositados con el abogado que restan o que no han sido utilizados serán devueltos al cliente si se le entrega una dirección postal actual al abogado. El Cliente entiende también que si el abogado no puede encontrar al cliente, los fondos pueden ser pagados al Estado de Texas.

El Cliente notificará al abogado de cualquier cambio en su domicilio, teléfono o empleo. El Cliente entiende que si no lo hace, el abogado pueda retirar su representación.

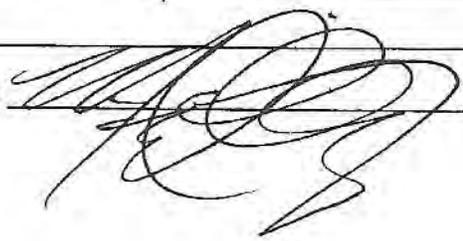
El Cliente deberá cooperar plenamente en la conducción de este asunto, incluyendo, pero no limitado a, manteniendo todas las citas, asistiendo a todas las fechas de corte, y de respondiendo con prontitud a todas las solicitudes de información del abogado. El Cliente deberá informar inmediatamente al abogado de cualquiera y todos los documentos legales que el cliente reciba. El Cliente deberá informar inmediatamente al abogado de cualquier contacto o correspondencia que reciba de la contraparte o del abogado de la contraparte. El Cliente no puede entrar en ningún acuerdo formal o informal con contrapartes sin antes consultar con el abogado. El Cliente entiende que un incumplimiento de las disposiciones contenidas en el presente párrafo le autoriza al abogado que se retire de representar al cliente. El Cliente entiende también que el cliente puede terminar esta relación en cualquier momento.

LANWT mantendrá información sobre mi caso confidencial. Sin embargo, en conformidad con legislación aplicable y / o con un contrato o terminos asociados con la donación de fondos de nuestro trabajo, LANWT puede ser obligado a revelar cierta información a su fuente de financiación(es). El cliente entiende y acepta que el abogado puede retirar su representación si hay un cambio en ingreso o recursos del cliente que hará que el cliente sea ineligible por servicios, en conformidad con las obligaciones éticas del abogado. El Cliente entiende que ningún arreglo se hará sin la aprobación del cliente. El Cliente y LANWT reconocen que el presente Acuerdo de Retención no es vinculante hasta que sea firmado por el cliente y el abogado representante de LANWT. LANWT le entregará al cliente una copia de este Acuerdo cuando sea firmado.

El Cliente reconoce que el Cliente entiende este Acuerdo de Retención. Si el cliente tiene un impedimento físico o de aprendizaje que le impide leer or firmar este Acuerdo de Retención, un intérprete de señas o otro tipo de alojamiento se ha hecho para establecer la plena comprensión y firma del cliente en el presente Acuerdo. El presente Acuerdo de Retención está disponible en Inglés y Español. Si el cliente no puede entender Inglés o Español, el Cliente reconoce que los términos de este Acuerdo se han leído en voz alta y se han explicado en un idioma entendido por el Cliente. El cliente también entiende que este tipo de alojamiento se hará durante la validez del presente Acuerdo.

CLIENTE  Fecha: 29-09-2013

CLIENTE _____ Fecha: _____

ABOGADO  Fecha: 4/24/13

Attachment 6-2
Retainer Agreement Policy
(2 pages)



Legal Aid of North West Texas

600 East Weatherford Street, Fort Worth, Texas 76102
817-649-4740 (fax) 817-649-4759

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

LSC Rule 1611.9: Retainer Agreements

A SIGNED RETAINER AGREEMENT IS REQUIRED FOR ALL STAFF CASES ACCEPTED FOR EXTENDED SERVICE

When LANWT provides extended service to a client, LANWT shall execute a written retainer agreement with that client. The retainer agreement shall be executed when representation commences or as soon thereafter as is practicable. The retainer agreement must be in a form consistent with the applicable rules of professional responsibility and prevailing practices in LANWT's service area, and shall include at a minimum, a statement identifying the legal problem for which representation is sought and the nature of the legal services to be provided.

No written retainer agreement is required for advice and counsel cases or brief services cases. Pro Bono PAI cases do not require a retainer agreement; however, all Reduced Fee cases must have an executed retainer agreement in the file.

The original of the retainer agreement shall be given to the client and after it has been scanned and uploaded to the ACMS. A hard copy shall be retained on the left hand side of the client's physical file. A copy of the standard retainer agreement can be found at the back of this manual.

Best Practices:

The signing of the retainer agreement should not be a rote activity, nor should it be signed before the initial client meeting occurs. The retainer agreement defines the nature of LANWT's and the particular attorney's duties and responsibilities during the representation. It should be specific to the client's facts and should state clearly what action is to be undertaken. Simply writing "Divorce" or "SAPCR" is insufficient. The retainer agreement should describe what actions LANWT will undertake, including whether or not litigation is contemplated.

The client must understand that it is her responsibility to maintain regular contact with the advocate, to assist in the preparation of the case, and to refrain from contact with the opposing party or his attorney without prior permission from the LANWT advocate.

Where appropriate, the client will also be advised that federal law may preclude the program and the advocate from providing the client with certain types of services, asserting certain legitimate claims and from using particular advocacy tools such as lobbying or class actions. The client must agree that the program may represent her despite these limitations, and must be advised that the program may have to withdraw from the case if it appears that these restrictions so adversely affect the advocate's ability to fully prosecute or defend the case.

Bringing justice to North and West Texans since 1951



Any restrictions, limitations, or conditions which affect the scope of representation must be clearly spelled out in the retainer agreement. If insufficient room is provided to do that, then attach an addendum to the retainer. Remember that while you are beginning the case, the case may be reassigned at some future date and the firm will be bound by what is in the retainer agreement.

Attachment 9-1

Cases with Documented Legal Assistance Provided

(11 pages)

13-0993530

Attachment 9-1

Intake Sheet

Funding Code : 20 LSC - PAI

Case Disposition : Rejected

Case Status : Closed or Rejected

Date Closed : N/A

Outcome : [REDACTED]

Closing Notes : [REDACTED]

Matter/Case ID# : 13-0993530

Home Phone :

First Name : Chrysanthemum

Work Phone :

Middle, Last Name : D Pitts

Fax :

Full Address : [REDACTED]

Mobile Phone : [REDACTED]

[REDACTED]

Employer : [REDACTED]

[REDACTED]

Other Phone, Language, Language :

[REDACTED]

[REDACTED]

Appt / Lots : [REDACTED]

English / English : [REDACTED]

[REDACTED]

County of Residence : TARRANT

County of Dispute : TARRANT

Date of Birth : [REDACTED]

Gender : [REDACTED]

Race : [REDACTED]

[REDACTED]

Citizenship Status : US Citizen

Marital Status : Separated

Household Residents

Name	Relationship	Gender	Date of Birth	Age	Action
------	--------------	--------	---------------	-----	--------

Case Information

Intake Date : 01/03/2013

Legal Problem Code : 32

Divorce/Sep./Annul.

Print Carol Sloan-Acosta (1029681) Notes

Show Filters

Intake Notes (Intake & Closing Notes)

Posted on 11/08/2010 by Glenda Hill - Edit - Delete/Transfer

11/08/2010 03:10 PM (HILLG) Texas Tile and Granite began installation of granite counter tops. They did not measure properly and they did not do a complete installation. The client stopped payment on the check. Texas Tile and Granite sued and was granted judgment. Subsequently, the client became aware of a sagging and cracking from the improper installation of the granite countertop.

ADVICE: The installation of the countertops should be done to generally accepted standards of craftsmanship and if warranted to the standards of the warranty. If they are not installed properly, then the contractor may be responsible for the repairs.

1029681

Attachment 9-1



Legal Aid of North West Texas

Equal Justice Volunteer Program

625 Dallas Drive, Suite 350, Denton, Texas 76205

800.955.1407 940.383.1406 (fax) 940.382.7797

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

February 7, 2012

Ms. Carol Sloan-Acosta

[Redacted]
[Redacted]

Dear Ms. Sloan-Acosta:

As you know, the attorney who agreed to help you with your case was referred to you by our office during a Veteran's Clinic. She is a volunteer attorney who donates her time to our Equal Justice Volunteer Program.

Our office has been informed that your case is now closed with her office due to failure to communicate. She also states that the statute of limitations has expired on your legal matter as well.

Thank you very much for your cooperation in this matter.

Sincerely,

Glenda Hill
EJVP Coordinator



Attachment 9-1

Print Tasha R Coleman (13-0993784) Notes

[Show Filters](#)

(Case Close Notes)

Posted on 01/31/2013 by Michael Cowles - [Edit](#) - [Delete/Transfer](#)

Staffing group determined that an FMLA case, especially one as complicated as this, would not be best use of my project time.

contacting Ms. Coleman (Case Notes)

Posted on 01/30/2013 by Michael Cowles.

Updated on 03/12/2013 at 4:55 PM by Michael Cowles - [Edit](#) - [Delete/Transfer](#)

Called Ms. Coleman and informed her we would not be able to take her case. *advised her to go through her HR person at the company - to try to resolve this through the company's internal processes, then to consult an attorney if that failed. I sent her the following follow up e-mail:

Hello Ms. Coleman,

This is Michael Cowles with Legal Aid. As I just told you over the phone, we are unfortunately not able to take your case. I have included in this e-mail an article on the FMLA and a few brochures from the Department of Labor on the law that may help you in determining whether you have an FMLA claim. These materials were not put together by anyone in this office, and I am passing them along to you only for your reference.

We will be sending a more formal case rejection letter, but in the mean time I wanted to advise you that you may want to contact the following parties to inquire about getting representation:

Gillespie, Rozen and Watsky P.C. - 214-720-2009

Rob Wiley P.C. - 214-528-6500

State Bar Referral Service - 214-220-7444

U.S. Department of Labor - 877-872-5627

Good Luck with your case.

Michael O'Keefe Cowles

UT Law Glickman Fellow

Legal Aid of Northwest Texas

e-mail: cowlesm@lanwt.org

Case review w/ Doug and Tom (Case Notes)

Posted on 01/23/2013 by Michael Cowles.

Updated on 03/12/2013 at 4:54 PM by Michael Cowles - [Edit](#) - [Delete/Transfer](#)

Tasha R. Coleman

-brief service her, or reject w/ referral - w/ competing concerns (e.g. outreach and developing other wage and hour cases), the time that it would take to properly prepare an FMLA case like this would push a lot of those things back even further

-there is a DOL know your rights FMLA doc - Doug will forward this - but don't spend too much time on this

-refer her to DFW NELA website; also clue her in to Joe Gillespie (don't want to refer to same attorneys every time)

Attachment 9-1

- [^](#)
- [Case Contacts](#)
- [Assignments](#)
- [Events](#)
- [Tasks](#)
- [Timekeeping Log](#)
- [Referrals](#)
- [Income](#)
- [Assets](#)
- [Expenses](#)
- [Family/Household](#)

Kerri Ann Harris (11-0905474) (Rejected)

Name : Kerri Ann Harris [Edit]

Pro Bono/Reduced Fee? : Pro Bono

Master/ Subordinate Case Status : No Associated Cases [Expand](#)

Domestic Violence Case? : N/A

Client Demographics

- [Address](#)
- [Phone Numbers](#)

Case Name: [REDACTED]

Case Number: [REDACTED]

Case Type: [REDACTED]

Case Status: [REDACTED]

Case Date: [REDACTED]

Case Location: [REDACTED]

Case Description: [REDACTED]

Case Notes: [REDACTED]

Case History: [REDACTED]

Case Contact: [REDACTED]

Case Assignments: [REDACTED]

Case Events: [REDACTED]

Case Tasks: [REDACTED]

Case Timekeeping Log: [REDACTED]

Case Referrals: [REDACTED]

Case Income: [REDACTED]

Case Assets: [REDACTED]

Case Expenses: [REDACTED]

Case Family/Household: [REDACTED]

Citizenship Status : US Citizen

Disabled : Yes

Has the client served in the military, including the Reserve or National Guard? [REDACTED]

Has anyone in the household ever served in the military, including the Reserve or National Guard? [REDACTED]

Adverse Party

Adverse Party

Adverse Party Name: [REDACTED]

Date of Birth: [REDACTED]

Age: [REDACTED]

Gender: [REDACTED]

Social Security Number: [REDACTED]

Current Address: [REDACTED]

Previous Address: [REDACTED]

Phone Number: [REDACTED]

Email Address: [REDACTED]

Case Status: [REDACTED]

Case Date: [REDACTED]

Case Location: [REDACTED]

Case Description: [REDACTED]

Case Notes: [REDACTED]

Case History: [REDACTED]

Case Contact: [REDACTED]

Case Assignments: [REDACTED]

Case Events: [REDACTED]

Case Tasks: [REDACTED]

Case Timekeeping Log: [REDACTED]

Case Referrals: [REDACTED]

Case Income: [REDACTED]

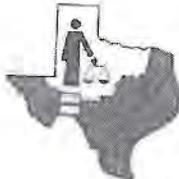
Case Assets: [REDACTED]

Case Expenses: [REDACTED]

Case Family/Household: [REDACTED]

12-0991624

Attachment 9-1



Legal Aid of North West Texas

300 N. Fisk Ave., Brownwood, TX 76801
325-646-8659 (fax) 325-646-6070

www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

January 18, 2013

Noah Coppler



**Re: Your Request for Legal Assistance
LANWT File No. 12-0991624**

Dear Mr. Coppler:

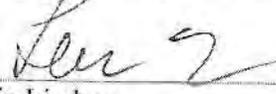
Thank you for contacting us with your legal problem and allowing us the opportunity to assist you. We hope the brief service we provided you was of some help in resolving your problem. During your consultation, you received a *ProSe Packet* containing a petition, an order and a list of documents that you need to obtain before you will be granted an occupational license. Unfortunately, we will not be able to represent you in this matter due to our limited resources and the great demand for our services. However, we are available if you have questions about the process for obtaining an occupational license.

We understand how important your problem is to you and we are sincerely sorry that we cannot assist you further. You may want to consult with another attorney concerning this matter. If you do not know an attorney, you may call The State Bar of Texas Lawyer Referral at (800) 252-9690. They will refer you to an attorney who may charge little or no fee for a 30 minute consultation. You can also get online resource for free and low-cost legal assistance in Texas by going to the web site of Texas LawHelp at www.lawhelp.org/tx. Please be advised that there may be deadlines or statute of limitations that must be met in order to protect your interests.

This letter also confirms that your case with LANWT is now closed, and LANWT does not represent you on this problem. If you have a complaint about the manner or quality of legal services provided by LANWT, please contact this office's managing attorney. Please contact us if you have any questions or if you need legal help in the future.

With kind regards,

LEGAL AID OF NORTHWEST TEXAS

By: 
Laurie Lindsey
Attorney

Attachment 9-1

Print Michael Van Brevelle (12-0984004) Notes

Show Filters

Sent close letter, failure to get official criminal history (Case Notes)

Posted on 01/28/2013 by Jack Pepper Esq. - Edit - Delete/Transfer
cannot proceed

Send close letter, brief service, did not respond to p/c, deadline for (Case Notes)

Posted on 01/28/2013 by Jack Pepper Esq. - Edit - Delete/Transfer
getting Official criminal history, cannot proceed.

Note emailed to P. Christopher Parks <Parksc@lanwt.org>, Cheryl Mitchell <mitchellc@lanwt.org>

p/c's from client, need resend retainer, also send fast portion of (Case Notes)

Posted on 01/09/2013 by Jack Pepper Esq. - Edit - Delete/Transfer
Investigation letter, he does not seem to understand.

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>

p/c's voice mails, 1-903-771-1924 (v), 1-903-422-6479 (v) (Case Notes)

Posted on 01/09/2013 by Jack Pepper Esq. - Edit - Delete/Transfer
left voice mails, retainer, official criminal history, no response will close, send letter

Sent letter with copy dismissal, step 1 (Case Notes)

Posted on 01/02/2013 by Jack Pepper Esq. - Edit - Delete/Transfer
records step 2

Copy of order dismissing proceedings to client (Case Notes)

Posted on 12/27/2012 by Jack Pepper Esq. - Edit - Delete/Transfer
Reminder that non-disclosure is two step process, this was 1st step, next step is after official report as to criminal history, filing non-disclosure lawsuit.

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>

p/c from applicant, claims Grayson County jail records (Case Notes)

Posted on 12/13/2012 by Jack Pepper Esq. - Edit - Delete/Transfer
have sex crime arrest, I have not found this case reported to Public data or in Criminal records Grayson County.

He to send DPS/L-1, records when received and jail record .

Criminal history, Grayson, motion to dismiss (Calendar Notes)

Posted on 12/12/2012 by Jack Pepper Esq. - Edit - Delete/Transfer
sent client and court

12-0984004

Attachment 9-1

Send to Grayson County Order dismissing proceedings (Case Notes)

Posted on 12/11/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

Case was transferred from 336th [which moved to Fannin County] to 397th, cc client, also send to client copy public records at this time Criminal cases Grayson County, call upon receipt.

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>

p/c 903-813-4352 x6, Deferred 4yrs. now 397th 038110 (Case Notes)

Posted on 12/10/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

Do order for this file dismissal of case, order as in other deferred probation's completed.

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>

Send to client MorphoTrust locations Texas for fast forms (Case Notes)

Posted on 12/03/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

Have not received back any of the documents requested.

Did have phone conversation about going to FAST himself.

Please call upon receipt of this letter to discuss progress and process.

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>

p/c exchange with applicant (Case Notes)

Posted on 11/29/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

still says Grayson County SO has jail records, claims did not get letter from us dated, 11-12, till today.

Going to Fast to get criminal history.

p/c 1-903-422-6479, 1-903-771-1924 (Case Notes)

Posted on 11/29/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

left voice mail

Note review of Public data .com;

CCL Sherman, DWLS 200611580, TRN 16380283

Feb. '90 Deferred Poss. C/S, Dangerous Drugs

No listing '82, Sex case or other case

Chris this maybe expunction/non-disclosure, may not be, change code ? (Case Notes)

Posted on 11/27/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

Investigation

Note emailed to P. Christopher Parks <Parksc@lanwt.org>

Chris, Crim. history please, Michael Van Brevelle, w/m, dob 09-06-1961 (Case Notes)

Posted on 11/08/2012 by Jack Pepper Esq. - Edit - Delete/Transfer

12-0984004

Attachment 9-1

Supposedly arrested injury to a child 1982.

Cheryl, investigation letter expunction/non-disclosure

Note emailed to Cheryl Mitchell <mitchellc@lanwt.org>, P. Christopher Parks <Parksc@lanwt.org>

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Attachment 9-1

Print Velma Morris (11-0903531) Notes

[Show Filters](#)**(Case Notes)**

Posted on 10/27/2011 by Freida Edwards-King - [Edit](#) - [Delete/Transfer](#)

Spoke with applicant this morning.

App has spoken with "Brent" at the Medicaid office. She stated he has filed another appeal for her and has requested a hearing.

She stated that Brent told her that first of all she should not be receiving letters from Superior Health demanding payment, because she is Medicaid (she recently received an invoice requesting payment).

Her original claim was denied, while she was still in the hospital.

I stated this matter will be closed since she is getting the help she needed through the benefits office at Medicaid.

She understood.

(Case Notes)

Posted on 10/24/2011 by Freida Edwards-King - [Edit](#) - [Delete/Transfer](#)

Accept letter mailed on 9/26/2011. Attorney stated on 10/11/2011 that she was no longer available for pro bono matter. No retainer agreement has not been initiated.

Re-staffed matter and spoke with Staff Attorney John Shaw. It appears app may have missed deadline to appeal. He instructed me to contact the appeal coordinator, to verify the appeal process. Coordinator would not speak with me in general about their appeal process. She stated that it varies based on the type of denial letter received.

I have left a voice mail for Ms. Morris to return my call.

(Case Notes)

Posted on 09/15/2011 by Freida Edwards-King - [Edit](#) - [Delete/Transfer](#)

Spoke with Ms.Morris.

I have requested that she send in all paperwork received from Superior Health Plan.

(Pending Notes)

Posted on 09/13/2011 by Freida Edwards-King - [Edit](#) - [Delete/Transfer](#)

Attorney requested complete form to allow her to speak to Superior Health on her behalf

(Case Facts)

Posted on 09/13/2011 by Freida Edwards-King - [Edit](#) - [Delete/Transfer](#)

App seeks assistance with appealing Medicare Claim (Superior Health Plan)

She was admitted 7/17/2011 - 7/21/2011.

11-0903531

Attachment 9-1

App appealed verbally 7/18/2011 of their denial to pay for admission.

A letter was sent requesting that she appeal in writing.

She complied Superior Health Plan sent letter stating that she was denied saying service was not medically necessary because there was no evidence that required she needed continuous cardiac monitoring.

App appealed in writing and received

Previous appeal March 2011, they denied twice then approved for the same procedure as now.

April 15, 2011 they denied new battery for pacemakers, then she appealed and they approved.

Attachment 12-1
Cases not Duplicates
(3 pages)

IN THE COURT OF APPEALS
FOR THE 3RD DISTRICT, AT AUSTIN, TEXAS
CAUSE NUMBER 03-12-00031-CV

RUDY LOPEZ, APPELLANT

V.

MARY SOTO AND ASCENSION SOTO, APPELLEES

DOCKETING STATEMENT

Pursuant to Texas Rule of Appellate Procedure 32.1, Appellant RUDY LOPEZ files this

Docketing Statement and would show the Court:

1. Appellant is RUDY LOPEZ.
2. Counsel for Appellant is LANCE HALL, 119 East Third Street, P.O. Box 168, Sweetwater, Texas 79556, Telephone: 235-4345, Fax: 235-4348, State Bar of Texas ID number 08763500.
3. The Notice of Appeal in this case was mailed to the trial court clerk on December 7, 2011 and filed on December 13, 2011 in the trial court.
4. This case was tried in the County Court of Runnels County, Texas, before the Honorable Barry Hilliard, Judge. The judgment of the trial court was signed on November 28, 2011.
5. No post-judgment motion that affects the time for perfecting the appeal was filed in the trial court.
6. The names, addresses and telephone numbers of the other parties are as follows:

LEXIE JAN WILEY
Attorney for MARY SOTO and ASCENSION SOTO
17 S. Chadbourne, Suite 403
San Angelo, Texas 76903
TEL: (325) 653-6982
FAX: (325) 655-9012
7. This appeal should be given priority under Rule 28 as an accelerated appeal.

12 - 0932249
A. Soto Appeal

CAUSE NO. 3109

MARY SOTO AND ASCENSION
SOTO
Plaintiffs,

§
§
§
§
§
§
§

IN THE COUNTY COURT

V.

OF

RUDY LOPEZ
Defendant.

RUNNELS COUNTY, TEXAS

NOTICE OF APPEAL

Defendant, Rudy Lopez, party to this case, files this Notice of Appeal seeking to alter the trial court's judgment or other appealable order.

The trial court, trial court case number and style of this matter are shown in the above caption.

The judgment or order appealed from was signed on November 28, 2011.

Rudy Lopez desires to appeal to the Third Court of Appeals in Austin, Texas.

This notice is being filed by Rudy Lopez.

Respectfully submitted,

The Hall Law Firm

By: *Lance Hall*

Lance Hall
Texas Bar No. 08763500
P.O. Box 168
119 East Third Street
Sweetwater, Texas 79556
Tel. (325) 235-4345
Fax. (325) 235-4348
Attorney for Defendant
Rudy Lopez

CERTIFICATE OF SERVICE

I certify that on December 7, 2011, a true and correct copy of Defendant's Notice of Appeal was served by facsimile transmission on Lexie Wilcy at (325) 655-9012.

Lance Hall
Lance Hall

FILED Dec. 13, 2011
At 8:40 o'clock A. M.
Elesa Ocker
County Clerk, Runnels County, Texas
By *Elesa Ocker*

218
210

Attachment 13-1
Outside Practice of Law Policy
(2 pages)



Legal Aid of North West Texas

600 East Weatherford Street, Fort Worth, Texas 76102
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OUTSIDE PRACTICE OF LAW {Part 1604}

Full-time attorneys employed by Legal Aid of North West Texas (LANWT) may not engage in the outside practice of law except when authorized by the Chief Executive Officer (CEO) or his designee in certain limited circumstances.

Definitions:

Full-time Attorney means an attorney who is employed for at least thirty hours each week, and who is licensed to practice law in the State of Texas.

Outside Practice of Law means the provision of legal assistance to a client who is not receiving that legal assistance from LANWT, but does not include court appointments except where specifically stated below or the performance of duties as a Judge Advocate General in the United States armed forces reserves.

Court Appointment means an appointment in a criminal or civil case made by a court or administrative agency under a statute, rule or practice applied generally to attorneys practicing in the court or before the administrative agency where the appointment is made.

The CEO or his designee may authorize the outside practice of law if the CEO first determines that such representation is consistent with the full-time attorney's responsibilities to LANWT's clients and that the attorney does not intentionally identify the case or matter with the Legal Service Corporation or LANWT (except that for certain court appointments as described below the attorney may identify the case with LANWT). If the foregoing determinations are made, then the CEO or his designee may authorize the outside practice of law in the following circumstances:

The attorney is:

1. Newly employed and has a professional responsibility to close cases from a previous law practice and does so on the attorney's own time as expeditiously as possible;
2. Acting on behalf of him or herself, a close friend, family member, or another member of LANWT's staff;
3. Acting on behalf of a religious community or charitable group; or,
4. Participating in a voluntary pro bono or legal referral program affiliated with or sponsored by a bar association, other legal organization or religious, community, or charitable group.

Compensation:

A full-time attorney may not receive compensation for the outside practice of law, except that newly employed attorneys practicing under section 1 above may seek and receive personal compensation for work performed under that section.

Use of LANWT Resources:

LANWT will permit a *de minimus* use of LANWT resources if necessary for attorneys practicing under section 1 above to carry out the attorney's professional responsibilities and expeditiously close their remaining cases. However, LANWT funds are not to be used for any activities for which the use of such funds is prohibited. LANWT will permit attorneys practicing under sections 2 through 4 above to use a limited amount of LANWT's resources if necessary to carry out the attorney's professional responsibilities as long as LANWT's funds are not used for any activity for which the use of such funds is prohibited.

Court Appointments:

The CEO or his designee may permit a full-time attorney to accept a court appointment if the CEO determines that such appointment is consistent with the recipient's primary responsibility to provide legal assistance to eligible clients in civil matters; such appointment is made and the attorney will receive compensation for the court appointment under the same terms and conditions as are applied generally to attorneys practicing in the court where the appointment is made; and, subject to the applicable law and rules of professional responsibility, the attorney agrees to remit to LANWT any compensation received as a result of the appointment.

Full-time attorneys who accept appointments under this provision may use LANWT resources for the legal representation and may identify LANWT as his or her employer.

Mandatory Pro Bono

If the State Bar of Texas promulgates mandatory pro bono regulations that do not exclude full-time attorneys employed by LANWT, and if such mandatory pro bono is required under State or local rules of practice or rules of professional responsibility, then LANWT will treat such mandatory pro bono as if it were a court appointment as defined above but no compensation shall be requested. {If attorney's fees are awarded as part of the pro bono representation, those fees must be remitted to LANWT.}

Attorneys must request and receive written approval from the CEO or his designee prior to the inception of any outside practice of law. The Outside Practice of Law form is located on the LANWT intranet site.

Attachment 18-1

Donor Letters

(2 pages)



Legal Aid of North West Texas

600 E. Weatherford Street, Fort Worth, Texas 76102
817-649-4740 (fax) 817-649-4758
www.lanwt.org

With offices in Abilene, Amarillo, Brownwood, Dallas, Denton, Fort Worth, Lubbock, McKinney, Midland, Odessa, Plainview, San Angelo, Waxahachie, Wichita Falls and Weatherford

December 21, 2012

Mr. Michael Forsyth
Nation Boggs LLP
1000 McKinney Ave, Suite 1700
Dallas, TX 75201

RE: 2013 Campaign for Equal Access to Justice Gift

Dear Mr. Forsyth:

On behalf of the staff and Board of Directors of Legal Aid of NorthWest Texas, I want to take this opportunity to thank you for your gift of \$7,500.00 to the 2013 Equal Access to Justice Campaign. This money will be used to provide civil legal aid to low-income families.

We so appreciate your contribution. You truly did a wonderful thing. Your generosity will directly benefit clients and their families as they seek to solve legal problems that can often mean the difference between home and homelessness.

To provide you with contemporaneous written substantiation under the Internal Revenue code Section 170 (f)(8), this is to advise you that Legal Aid of NorthWest Texas is a 501(c)(3), tax exempt, nonprofit organization and that no goods or services were provided to you in exchange for your gift. All gifts are tax deductible to the extent allowed by law.

Again, thanks so much for all you've done for Legal Aid and the Dallas Volunteer Attorney Program.

Sincerely,

Charles Q. Grimm
Interim Chief Executive Officer

Legal Aid of NorthWest Texas, Inc. is funded in part by the Legal Services Corporation ("LSC"). As a condition of the funding it receives from LSC, it is restricted in certain activities in all of its legal work- including work supported by other funding sources. Legal Aid of NorthWest Texas Inc. may not expend any funds for any activity prohibited by the Legal Services Corporation Act, 42 U.S.C. 2996 et seq. or by Public Law 104-134, Public Law 104-234 §504(d) required that notice of these restriction be given to all funders or programs funded by the Legal Service Corporation. For a copy of these laws or any further information, please contact: Samuel M. Prince, Director of Development, Legal Aid of NorthWest Texas, 600 E. Weatherford Street, Fort Worth, Texas 76102.



Fair Access to Justice for All!





Legal Aid of North West Texas

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Plainview, San Angelo, Waxahachie, Weatherford and Wichita Falls

October 11, 2013

[REDACTED]

RE: 2014 Campaign for Equal Access to Justice Gift

Dear Mr. & Mrs. [REDACTED]

On behalf of the staff and Board of Directors of Legal Aid of North West Texas, I want to take this opportunity to thank you for your gift of **\$2,550.00** through the Communities Foundation – North Texas Giving Day Campaign, to the Equal Access to Justice Campaign benefitting the Dallas Volunteer Attorney Program. Your money will be used to provide civil legal aid to low-income families.

We so appreciate your contribution. You truly did a wonderful thing. Your generosity will directly benefit clients and their families as they seek to solve legal problems that can often mean the difference between home and homelessness.

Again, thanks so much for all you've done for Legal Aid and the Dallas Volunteer Attorney Program.

Sincerely,

Joel K.B. Winful
Chief Executive Officer

Legal Aid of North West Texas, Inc. is funded in part by the Legal Services Corporation ("LSC"). As a condition of the funding it receives from LSC, it is restricted in certain activities in all of its legal work-including work supported by other funding sources. Legal Aid of North West Texas Inc. may not expend any funds for any activity prohibited by the Legal Services Corporation Act, 42 U.S.C. 2996 et seq. or by Public Law 104-134. Public Law 104-234 §504(d) requires that notice of these restrictions be given to all funders and contributors to programs funded by the Legal Service Corporation.

Bringing justice to North and West Texans since 1951



Attachment 21-1

OCE Semi-Annual Report on Legislative and Rulemaking
Activities: June 18, 2013

(2 pages)



VIA US MAIL AND EMAIL

June 18, 2013

Joel K. B. Winful, Executive Director
LEGAL AID OF NORTHWEST TEXAS
600 East Weatherford Street
Fort Worth, TX 76102

President
James J. Sandman

Board of Directors
John G. Levi
Chicago, IL
Chairman

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Cambridge, MA
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Louisville, KY

Laurie Mikva
Evanston, IL

Fr. Plus Pietrzyk, OP
Zanesville, OH

Julie A. Reskin
Denver, CO

Gloria Valencia-Weber
Albuquerque, NM

Re: *Semi-Annual Report on Legislative and Rulemaking Activities*
Recipient No. 744050
Reporting Period: July 1, 2012– December 31, 2012

Dear Mr. Winful:

The Office of Compliance and Enforcement of the Legal Services Corporation (hereinafter "LSC") is in receipt of Legal Aid of NorthWest Texas' (hereinafter "LANWT") correspondence dated June 4, 2013, responding to LSC's request for supporting documentation regarding the following activity noted in LANWT's Semi-Annual Report on Legislative and Rulemaking Activities (hereinafter "Report"):¹

1. Oral comments to the Texas State Senator Wendy Davis' office regarding the need for legislation pertaining to access to legal services for persons with disabilities (July 2012). LANWT's response indicated that a staff member for State Senator Wendy Davis contacted a LANWT Director of Litigation by telephone to discuss issues concerning access to legal services for persons with disabilities. It was further related that the Director of Litigation discussed the request with another LANWT Director of Litigation regarding 45 CFR Part 1612 requirements and, as a result of that conversation, informed the staff member of the 45 CFR Part 1612 requirements. Subsequent to informing the staff member of the relevant requirements, LANWT's response stated that the staff member forwarded a written request, via email, requesting information regarding the possible need for new legislation concerning a disabled person's access to legal assistance. Included in LANWT's response was a copy of the email from the staff member, dated July 20, 2012, requesting that the Director of Litigation participate in a conference call concerning the same.

LANWT's response further indicated that no written comments were generated and information was provided during the call concerning LANWT's disability

¹ This list is a sampling taken from LANWT's Report and does not represent all of LANWT's legislative activities undertaken during the above-referenced reporting period.

rights project, the current issues faced by disabled clients in LANWT's service area, and the need for additional funding to maintain services to disabled clients. The response also stated that no legislation or rulemaking was proposed or discussed during the conference call, and that the activity was included in LANWT's Report out of an abundance of caution.

Based upon a review of the sampled activity enumerated in LANWT's Report, as well as the provided supplemental documentation, LANWT is in compliance with 45 CFR § 1612.6 for the above-referenced reporting period and no further action is needed.

Thank you for your cooperation in this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Lora M. Rath". The signature is written in a cursive, flowing style.

Lora M. Rath, Director
Office of Compliance and Enforcement

Attachment 29-1

Revised Assisted Suicide Policy

(1 page)



Legal Aid of North West Texas

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LANWT Policy on Assisted Suicide, Euthanasia, and Mercy Killing (45 CFR 1643)

LSC funds may not be used to assist in, fund, or support any activity or service which has a purpose of assisting in, or to bring suit or to provide any other form of legal assistance for the purpose of:

- A. Securing or funding any item, benefit, program, or service furnished for the purpose of causing, or for the purposing of assisting in causing, the suicide, euthanasia, or mercy killing of any individual;
- B. Compelling any person, institution, or governmental entity to provide or fund any item, benefit, program, or service for such purpose; or,
- C. Asserting or advocating a legal right to cause, or assist in causing the suicide, euthanasia, or mercy killing of any individual.

Nothing in the above policy shall apply to:

1. the withholding or withdrawing of medical treatment or medical care;
2. the withholding or withdrawing of nutrition or hydration;
3. abortion;
4. the use of items, goods, benefits, or services furnished for the purposes relating to the alleviation of pain or discomfort, even if they may increase the risk of death, unless they are furnished for the purpose of causing or assisting in causing death; or,
5. The provision of factual information regarding applicable law on assisted suicide, euthanasia, and mercy killing.

Nor shall this policy be interpreted as limiting or interfering with the operation of any other statute or regulation governing the activities listed in 1-5 above.

This policy does not apply to LANWT activities funded with non-LSC funds.

Attachment 31-1
Biennial Inventory Form
(1 page)

BIENNIAL INVENTORY

DATE: _____

OFFICE: _____

MANAGING ATTORNEY: _____

1. A biennial inventory has been completed for this office by administrative staff.
2. I have been informed of any discrepancies or "missing" equipment.

Admin Staff Signature

Date

Admin Staff Signature

Date

Managing Attorney Signature

Date

Attachment 31-2
Records Retention and Destruction Policy
(4 pages)



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RECORDS RETENTION AND RECORDS DESTRUCTION POLICY

Non-Personnel Records. LANWT designates the Director of Administration as custodian of all non-personnel records who will be responsible for accumulating, preserving, and storing all such records on the premises of, as applicable, LANWT's principal office, a branch office, or a designated off-site storage location. Any record not identified herein shall be maintained for at least five years. Any record not identified for permanent retention shall be destroyed by shredding, burning, or some other manner that ensures complete destruction. Retention time for each non-personnel record will be as follows:

CLIENT FILES

Client files, including court files, may be destroyed after the case has been closed for at least five years. This provision applies to all client files, regardless of the level or type of service provided. Originals of documents that have been scanned into the case file on LANWT's electronic case management system, however, may generally be destroyed after the original has been scanned. Originals of any of the following types of documents and instruments shall not be destroyed, even if they are scanned: wills, trusts, original promissory notes, deeds, and any documents that have intrinsic value. The originals of such documents should be returned to the client or retained permanently.

ACCOUNTING RECORDS	
Title	Retention Years
General journal	Permanent
General ledger	Permanent
Cash receipts ledger	7
Cash receipts log	7
Cash receipts book	7
Cash disbursement ledger	7
Bank statements and canceled checks	7
Bank reconciliations	7
Billing for services	7
Employee travel and expense reports	7
Expense bills (source documents)	7

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Petty cash records	7
Financial statements – annual	Permanent
Financial statements – monthly or quarterly	7
Audit reports	Permanent
Inventories	7
Indirect cost allocation documentation (after fiscal year end)	7

FIXED ASSETS	
Title	Retention Years
Land and buildings	Permanent
Equipment (after disposition)	3
Equipment traded in on similar asset (after disposition)	3
Equipment disposed of (no trade-ins)	3
Depreciation schedules	Permanent

CONTRACTS	
Title	Retention Years
Leases (after termination)	7
Grant agreements (after expiration of grant)	6
Restricted funds documentation (after use of funds)	7
Contracts for services (including PAI/EJVP), after termination	7

TAX RETURNS	
Title	Retention Years
Federal form 990 and working papers	Permanent
State information returns and working papers	Permanent
Payroll tax returns	4
Withholding tax statements (W-2)	4

CORPORATE ORGANIZATION RECORDS	
Title	Retention Years
Corporate charter and certificate of incorporation	Permanent
Minutes of Board of Directors meetings	Permanent
Annual reports	Permanent

CORRESPONDENCE	
Title	Retention Years
General correspondence	2
Legal correspondence	Permanent

FUNDER REPORTS	
Title	Retention Years
TAJF Self-Assessment Reports	Permanent
Other non-LSC grant reports	6 after expiration of the grant, unless otherwise required by the grant

Personnel Records. LANWT designates the Director of Human Resources as custodian of all personnel records who will be responsible for accumulating, preserving, and storing all such records on the premises of the principal office of the corporation or at a designated off-site storage location. Any record not identified for permanent retention shall be destroyed by shredding, burning, or some other manner that ensures complete destruction. Retention time for each record will be as follows:

PERSONNEL RECORDS	
Title	Retention Years
Individual employee records (after termination)	4
Payroll master ledger (annual)	Permanent
Employment application	2
Timecards and daily reports (after termination)	4
Union agreements and materials relating to collective bargaining	Permanent
Employee pension and insurance records	Permanent

Employment Eligibility Verification Forms (I-9)	3 years from date of hire, or 1 year after termination, whichever is longer
---	---

Electronic Records Retention:

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis. Voicemails need not be kept unless they contain threats or are the sole documentation of an event or occurrence.