



FINAL REPORT
LEGAL SERVICES CORPORATION
Office of Compliance and Enforcement

Legal Action of Wisconsin, Inc.
June 3-6, 2013
Case Service Report/Case Management System Review

Recipient No. 550010

I. EXECUTIVE SUMMARY

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

Finding 2: LAW's intake procedures and case management system support the program's compliance related requirements.

Finding 3: LAW is in substantial compliance with the income eligibility documentation required by Finding 45 CFR § 1611.4, CSR Handbook (2008 Ed., as amended 2011), § 5.3, and applicable LSC instructions for clients whose income exceeds 125% of the Federal Poverty Guidelines ("FPG").

Finding 4: LAW is in compliance with the asset eligibility documentation requirements of 45 CFR §§ 1611.3(c) and (d) and CSR Handbook (2008 Ed. as amended 2011), § 5.4.

Finding 5: Sampled cases evidenced non-compliance with the documentation requirements as set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and CSR Handbook (2008 Ed., as amended 2011), § 5.5. Case review identified three (3) sampled cases that lacked the required citizenship documentation.

Finding 6: LAW is in substantial compliance with the retainer requirements of 45 CFR § 1611.9.

Finding 7: LAW is in compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

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

Finding 9: Sampled staff cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6 (Description of legal assistance provided). Case review identified a limited number of files that did not contain a description of the legal assistance provided.

Finding 10: The sampled files reviewed demonstrate that LAW's application of the CSR case closing categories is in compliance with Chapters VIII and IX, CSR Handbook (2008 Ed., as amended 2011).

Finding 11: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3 regarding the timely closing of cases. Case review revealed a limited number of sampled cases that were dormant or untimely closed.

Finding 12: Sample cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

Finding 13: Review of LAW's policies and the list of attorneys who have engaged in the outside practice of law revealed that LAW is in substantial compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

Finding 14: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

Finding 15: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Finding 16: A limited review of LAW's accounting and financial records indicate compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). LAW is also in compliance with the funding source notifications of 45 CFR § 1610.5 as necessary written notifications had been sent to all relevant funders.

Finding 17: LAW is in compliance with 45 CFR §§ 1614.3(a), (b), (c), and (d) which is designed to ensure that recipients of LSC funds involve private attorneys in the delivery of legal assistance to eligible clients. Moreover, LAW is in substantial compliance with 45 CFR § 1614.3(e)(1)(i) which is designed to ensure that recipients of LSC funds correctly allocate administrative, overhead, staff, and support costs related to PAI activities.

Finding 18: LAW is in substantial compliance with 45 CFR Part 1627. A limited review of documents and interviews with staff revealed LAW initially was not in compliance with 45 CFR § 1627.4(a) (Membership fees or dues) as it was determined that NLADA dues (\$8,500 per annum) were paid with LSC funds.

Finding 19: LAW is in compliance with the requirements of 45 CFR Part 1635 (Timekeeping requirement).

Finding 20: Sampled cases evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Finding 21: From a limited review of documents and interviews with staff, it was determined that LAW is in compliance with 45 CFR Part 1612 (Restrictions on lobbying and certain other activities).

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

Finding 23: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Part 1617 (Class actions).

Finding 24: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1632 (Redistricting).

Finding 25: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings).

Finding 26: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Finding 27: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

Finding 28: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing).

Finding 29: Sampled cases, as well as interviews, evidenced compliance with the requirements of certain other LSC statutory prohibitions (42 USC 2996f § 1007 (a) (8) (Abortion), 42 USC 2996f § 1007 (a) (9) (School desegregation litigation), and 42 USC 2996f § 1007 (a) (10) (Military selective service act or desertion).

Finding 30: A limited review of the cost standards and procedures of LAW evidenced compliance with the requirements of 45 CFR Part 1630 (Cost standards and procedures).

Finding 31: A limited review of LAW's internal control policies and procedures evidenced that they compare favorably to the elements outlined in Chapter 3 - Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System of the Accounting Guide for LSC Recipients (2010 Ed.) ("AGLSCR").

Finding 32: Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with 2011 TIG grant assurances Nos. 7, 8, and 9, and other applicable LSC regulations, rules, and guidelines.

Finding 33: A limited review of the LAW Accounting Manual disclosed that the September 2012 updates made to this manual have not been approved by the Board of Directors, and that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

II. BACKGROUND OF REVIEW

On June 3 - 6, 2013, the Legal Services Corporation's ("LSC") Office of Compliance and Enforcement ("OCE") conducted a Case Service Report/Case Management System ("CSR/CMS") on-site visit at Legal Action of Wisconsin, Inc. ("LAW"). The purpose of the visit was to assess the program's compliance with the LSC Act, regulations, and other applicable laws such as Program Letters, the LSC Accounting Guide for LSC Recipients ("AGLSCR"), (2010 Edition), and the Property Acquisition and Management Manual ("PAMM"). The visit was conducted by five (5) attorneys, one (1) management analyst, and two (2) fiscal compliance specialists. Four (4) of the attorneys were OCE staff members and one (1) was a temporary employee. Both fiscal compliance specialists were OCE staff members and the management analyst was an OCE temporary employee.

The on-site review was designed and executed to assess the program's compliance with basic client eligibility, intake, case management, regulatory and statutory requirements as well as to ensure that LAW has correctly implemented the CSR Handbook (2008 Ed., as amended 2011). Specifically, the review team assessed LAW for compliance with 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);¹ 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 and 1615 (Restrictions on legal assistance with respect to criminal proceedings and Restrictions on actions collaterally attacking criminal convictions); 45 CFR Part 1617 (Class actions); 45 CFR Part 1632 (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); 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, or mercy killing); and 42 USC 2996f § 1007 (Abortion, school desegregation litigation and military selective service act or desertion).

Additionally, the review team evaluated LAW's management of its Technology Initiative Grant ("TIG") projects and its use of TIG funds as well as assessing compliance with certain Grant Assurances, Grant Award Agreements, and other applicable LSC regulations and requirements.

The OCE team interviewed members of LAW's upper and middle management, staff attorneys, and support staff. LAW's case intake, case acceptance, case management, and case closure

¹ In addition, when reviewing files with pleadings and court decisions, compliance with other regulatory restrictions was reviewed as more fully reported *infra*.

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.

practices and policies in all substantive units were assessed. In addition to interviews, a case file review was conducted. The sample case review period was from January 1, 2011 through April 15, 2013. Case file review relied upon randomly selected files as well as targeted files identified to test for compliance with LSC requirements, including eligibility, potential duplication, timely closing, and proper application of case closure categories. In the course of the on-site review, the OCE team reviewed a total of 547 case files.

LAW is an LSC recipient that operates six (6) offices in Wisconsin. The administrative office is headquartered in Milwaukee with field offices located in Madison, Racine, La Crosse, Oshkosh, and Green Bay. LAW's executive staff consists of an Executive Director, Administrator, Volunteer Lawyers Project ("VLP") Coordinator, and Supervisor of Accounting and Grants Reporting.

In 2013, LAW is expected to receive \$3,149,162 (basic field) and \$83,991 (migrant) in LSC funding for a total of \$ 3,233,153; in 2012, LAW received \$3,018,570 (basic field), \$85,760 (migrant) and \$113,643 (other) funding in addition to \$807,095 LSC prior year carryover funding for a total of \$4,025,068; and in 2011, LAW received \$3,357,100 (basic field), \$100,491 (migrant), \$28,378 (other) funding and \$517,545 LSC prior year carryover funding for a total of \$4,181,657 in LSC funding.

LSC awarded LAW two (2) TIGs. In 2002, LAW was awarded TIG No. 02377 in the amount of \$101,818 and, in 2011; LAW was awarded TIG No. 11028 in the amount of \$51,600. TIG No. 11028 was the only TIG open at the time of the visit.

In its 2012 CSR data submission to LSC, LAW reported 5,947 closed cases. In its 2011 CSR data submission, LAW reported 7,123 closed cases.

For the year 2012, LAW's self-inspection error rate was 2.6 %. LAW reported errors in the areas relating to non-telephone cases which lacked a citizenship attestation or documentation of alien eligibility, and cases in which there was no written evidence of legal assistance. For the year 2011, LAW's self-inspection error rate was 0.6%. LAW reported a case in which household income exceeded 200% of the Federal Poverty Guidelines.

By letter dated April 2, 2013, OCE requested that LAW provide a list of all cases reported to LSC in its 2012 CSR data submission ("closed 2012 cases"), a list of all cases reported in its 2011 CSR data submission ("closed 2011 cases"), a list of all cases closed between January 1, 2013 and April 15, 2013 ("closed 2013 cases"), and a list of all cases which remained open as of April 15, 2013 ("open cases"). OCE requested that the lists 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 closing category assigned to the case and the funding code assigned to the case. OCE requested that two (2) sets of lists be compiled - one (1) for cases handled by LAW staff and the other for cases handled through LAW's PAI component. LAW was advised that OCE would seek access to such cases 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). LAW was requested to promptly notify OCE, 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.

In discussions with OCE, LAW indicated that it had a confidentiality issue with the disclosure of client names in the course of case review pursuant to the Wisconsin Rules of Professional Conduct, Supreme Court Rule, Chapter 20. In order to accommodate this concern in accordance with the LSC *Access to Records* protocol, both telephone and e-mail discussions were held in regard to the creation of unique client identifiers (“UCI”) for each case selected for review. These discussions culminated with an agreement between OCE and LAW, memorialized via letter on May 23, 2013, in reference to the specific UCI format and other client information redaction issues.

Thereafter, an effort was made to create a representative sample of cases which the team would review during the on-site visit. The sample was created proportionately among closed cases for 2011, 2012, 2013, and open cases. The sample consisted largely of randomly selected cases, but also included targeted cases selected to test for compliance with the CSR instructions relative to timely closings, proper application of the CSR case closing categories, duplicate reporting, etc.

During the on-site visit, access to case-related information was provided through staff intermediaries. Pursuant to the OCE and LAW agreement of May 23, 2013, LAW staff maintained possession of the file and discussed with the team the nature of the client’s legal problem and the nature of the legal assistance rendered. In order to maintain confidentiality, such discussion, in some instances, was limited to a general discussion of the nature of the problem and the nature of the assistance provided.³ LAW’s management and staff cooperated fully in the course of the review process. As discussed more fully below, LAW was made aware of any compliance issues identified during the on-site visit. This was accomplished by informing intermediaries as well as LAW management of any compliance issues throughout the case review process.

At the conclusion of the visit on June 6, 2013, OCE conducted an exit conference during which LAW’s senior management was made aware of the team’s preliminary findings. OCE cited instances of non-compliance in the areas of execution of citizenship attestations, documentation of legal advice and application of case closure categories. No distinction between 2013, 2012, and 2011 cases was found.

LAW was advised that they would receive a Draft Report (“DR”) that would include all of OCE’s findings and they would have 30 days to submit comments. By letter dated October 21, 2013, OCE issued a Draft Report (“DR”) detailing its findings, recommendations, and required corrective actions regarding the June 3-6, 2013 Compliance Review. LAW was asked to review the DR and provide written comments within 30 days of receiving the DR. By letter dated November 18, 2013, LAW submitted its comments. LAW’s most material comments have been incorporated into this Final Report and its comments in full are affixed as an exhibit in this report.⁴

³ In those instances where it was evident that the nature of the problem and/or the nature of the assistance provided had been disclosed to an unprivileged third party, such discussion was more detailed, as necessary to assess compliance.

⁴ In certain instances, LAW provided extensive comments on LAW’s procedures. OCE adopted these comments where they were found to be consistent with OCE’s findings.

III. FINDINGS

Finding 1: LAW's 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 ACMS and procedures which will ensure that information necessary for the effective management of cases is accurately and timely recorded in a case management system. At a minimum, such systems and procedures must ensure that management has timely access to accurate information on cases and the capacity to meet funding source reporting requirements. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.1.

LAW utilizes Kemps Clients Windows 2007 for its ACMS. The program has significantly modified the ACMS over the years to add screens for special grants and projects, and fields to improve compliance and accommodate reporting requirements.⁵ The ACMS is considered to be a "work in progress" and modifications continue to be made as the need arises. LAW's Administrator is responsible for database management.⁶ Staff reported that they receive training on the ACMS at least once a year and demonstrated a strong understanding of the protocols regarding key compliance fields such as the LSC eligible, funding source, problem code, income, asset, and citizenship status fields. Staff has also been trained on the use of the program's "Z" Closing Code used to deselect cases from the CSR and understand the difference between rejecting and deselecting a case. Open cases are displayed on case handlers' home screen when they log into the system and all staff are trained to generate a variety of reports. LAW's ACMS does not have defaults in fields critical to compliance, consistent with Program Letter 02-06.

A review of program statistics revealed that CSRs decreased from 7,123 cases in 2011 to 5,947 cases in 2012. Interviews revealed that this decrease in cases was the result of the loss of 35 staff positions from April 2011 through the end of 2012 and not due to ACMS issues.

Based on interviews and a comparison of the information yielded by the ACMS to information contained in the case files sampled, LAW's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded. No instances of inconsistent information were identified.

In response to the DR, LAW offered no comments with respect to this Finding.

⁵ Modifications include, but are not limited to, the addition of a field to create an electronic form to record over-income factors, modification of its asset fields to record only non-exempt asset categories, a check-box to indicate screening of future income prospects, and the addition of non-LSC reportable closure codes including a deselect code.

⁶ LAW's Supervisor for Accounting and Grants Reporting is responsible for generating data error, oversight, and annual CSR reports.

Finding 2: LAW's intake procedures and case management system support the program's compliance related requirements.

To assess LAW's intake procedures and case management policy for compliance with LSC requirements, intake, case handler, and management staff were interviewed. In addition, paper and electronic documents used to support the intake process were evaluated.⁷ The prior OCE review in August 2008 found that improvement was required to standardize policies, procedures and forms to improve consistency. The current review found that such standardization was implemented and that the procedures, practices, as well as staff's understanding of compliance requirements, were consistent and support the program's compliance related requirements.

LAW's intake screening system is based on a decentralized model in which intake procedures and hours vary depending upon the size of the field office. Larger offices such as Madison and Milwaukee conduct intake by special project,⁸ largely funded by non-LSC sources, or by substantive legal unit. Smaller offices such as Racine and Oshkosh conduct standard intake, intake for emergency issues, and intake for special projects. Pursuant to a document request, LAW provided a description of individual office intake procedures, program policies and forms relevant to intake.⁹

Intake hours and staff assigned to intake have been adjusted over the past two (2) years due to funding cuts. In the offices visited, the majority of the intake is conducted by telephone and eligible cases are assigned to advocates based upon legal problem type. Case acceptance and oversight procedures vary according to the size of the unit, project or office. In addition, some offices, units, and projects conduct in-person and outreach intake and receive referrals from community partners.

Description of Model

Milwaukee

Each of the Milwaukee special projects and substantive legal units has its own intake protocols. Some conduct intake during set hours and days. Others accept referrals from community partners. Emergencies for all units and projects are handled outside of the intake hours based upon the availability of the staff. A brief description of intake for each unit and project follows.¹⁰

⁷ LAW's standardized intake forms include the Citizenship Attestation Form and Alien Representation Record.

⁸ LAW's special projects are YWCA Supporting Families Through Work, HUD Emergency Solutions, Low Income Taxpayer Clinic ("LITC"), Road to Opportunity Project and the Disabled Offenders Economic Stability Project ("DOES").

⁹ See *Legal Action Intake Procedures and LAW Staff Manual*.

¹⁰ In addition to the projects discussed, two (2) new projects in the Employment Law Unit are near implementation. These projects are funded by the Milwaukee Area Work Force Investment Bureau and the Wisconsin Regional Training Partnership.

Family Law Unit

The majority of the family law cases are faxed referrals from the Sojourner Family Peace Center and other local domestic violence shelters, pursuant to a Victims of Crime Act (“VOCA”) grant. In most cases, the applicants are seeking assistance with obtaining a Protective Order, and other family law matters, including legal assistance relating to custody issues. While VOCA permits assistance to persons with income over 200% of the Federal Poverty Guideline (“FPG”), the majority of cases are within LSC eligibility guidelines. Cases exceeding the LSC guidelines are excluded from the CSRs. The referrals include names and sufficient information to conduct a conflict check. One and a half paralegals are assigned to review the referrals and check conflicts. If there is a conflict, the paralegals advise the referring source. If there is no conflict, the paralegals call the person referred and conduct a full intake screening, which is entered into the ACMS the same day. Eligible applications are reviewed at daily case acceptance meetings and are then assigned to attorneys.

Family Law Unit – YWCA Supporting Families Through Work

LAW participates in the YWCA Supporting Families Through Work. Non-custodial fathers participating in the YWCA’s Transitional Jobs Program are given the opportunity to meet with a LAW attorney to discuss child support and other related issues. Participants complete the YWCA’s initial orientation program, then meet with the Legal Action attorney. In advance of the meeting, the YWCA provides a list of participants that contains sufficient information for LAW to conduct a conflict check. Individuals with a conflict are not seen. During the one-on-one meeting, eligibility screening is conducted using a standardized written intake form and a citizenship attestation is signed. This project has the same financial eligibility guidelines as LSC. If the applicant is accepted for services, a retainer agreement executed. The client receives legal assistance to resolve his child support problem. Intake information and case notes are entered into the ACMS within a day.

Housing Law Unit – HUD Emergency Solutions Grant

The housing unit conducts telephone intake from 2:00 pm-4:00 pm on Tuesdays and Thursdays. A paralegal answers the calls, conducts a conflict check, and conducts a full intake using the ACMS.¹¹ At the time of the review, the unit was predominantly accepting cases pursuant to the HUD Emergency Solutions Grant (“ESG”) which has an income guideline of 30% of the relevant county’s median income. In most counties and for most household sizes this guideline is lower than the LSC income eligibility requirement. The grant permits assistance only to individuals or families facing homelessness within 14 days and whose dwelling passes a habitability review. If a caller does not meet the ESG guidelines, the paralegal calls the housing supervisor to obtain permission to proceed using LSC funds. If the paralegal is given permission from the housing supervisor to proceed, the paralegal screens the applicant for eligibility. If the applicant is eligible, the paralegal sets an in-person meeting. Half-hour appointment slots are available on Mondays and Thursdays between 8:30 am-12:00 pm and staffed by the unit’s three (3) attorneys. Attorneys can accept cases without supervisory approval. Housing staff members

¹¹ The paralegal’s time is split between two (2) units, 10% to housing intake and 90% to Senior LAW intake.

meet to strategize or when there is a question about grant eligibility. Attorneys are responsible for obtaining retainer agreements and citizenship attestations/eligible alien documentation. The unit does not hold case acceptance meetings and the attorneys are authorized to make acceptance decisions ranging from advice to extended representation.

SeniorLAW Unit

The SeniorLAW unit is exclusively funded by non-LSC sources and serves clients 60 years of age and older. LAW management stated that it does not screen for income and assets which is in accordance with the requirements of the funder. Accordingly, these cases are not included in CSRs.¹² Interviews revealed that citizenship status is screened and that citizenship attestations are obtained or eligible alien documentation reviewed as required by 45 CFR Part 1626. Also, according to management, staff has been trained on the entity restrictions which apply to all funds received by LAW.

Low Income Taxpayer Clinic ("LITC")

The LITC program began in January 2013. The Volunteer Lawyers Project ("VLP") paralegal was subsequently assigned to split time between VLP and LITC. Approximately 10-15% of his time is spent on LITC intake. LITC applicants contact the program through a published telephone line dedicated to LITC. The message instructs the caller to leave a message. The voice mailbox is checked by the paralegal at least once per day. He is responsible for returning calls and determining if the applicant has a Federal tax issue.¹³ If the tax problem meets LITC criteria, a full intake is conducted using the ACMS. LITC's financial guidelines allow assistance to persons with income up to 250% of the FPG. Cases exceeding LSC guidelines are excluded from CSRs. If eligible, the applicant is sent paperwork to complete and return, including the Citizenship Attestation Form, Retainer Agreement, and IRS Power of Attorney. These documents are returned in a self-addressed stamped envelope to the LITC supervisor who reviews the documents, updates the ACMS, makes case acceptance decisions, and assigns cases to staff. Since the project started, the paralegal has not received a request for assistance from a non-citizen although he is aware of the program's 45 CFR Part 1626 procedures.

Public Benefits Unit

The Public Benefits Unit conducts walk-in intake on Tuesdays and Thursdays from 1:30 pm-4:30 pm. Applicants sign-in with the receptionist who collects conflict information and conducts a conflict check. A paralegal with 23 years of public benefits experience meets with applicants in the order that they arrive. She reviews the conflict information and, if there appears to be a conflict, she consults with an attorney, although this is rare. The paralegal uses the program's standardized written intake form to collect eligibility information.¹⁴ If the applicant is eligible, paperwork is executed including the Citizenship Attestation or Alien Representation Record form. Documents provided to demonstrate eligible alien status are photocopied for the file. The

¹² The LSC Eligible field in the ACMS is not checked thereby ensuring they are not reported to LSC.

¹³ While the grant permits LAW to assist with state tax issues, there must also be a related federal tax issue. LAW is not permitted to assist only with state taxes.

¹⁴ When staff conducts intake offsite, this is done by remote access to the ACMS where possible.

paralegal is authorized to accept the case and provide advice, as appropriate. A Retainer Agreement, when necessary, is executed if the case is within case acceptance guidelines. Intakes are entered into the ACMS immediately following intake hours. Applications for ineligible applicants are also entered and coded as rejected. All cases, except for Social Security cases, are routed to a unit supervisor. The unit supervisor reviews all applications and makes the final decision on whether the case should be closed based upon the paralegal's advice or if additional assistance is appropriate. If approved for investigation or extended representation, the supervisor assigns the case to a case handler. All Social Security cases are routed to and handled by a senior attorney. The senior attorney provides the appropriate level of assistance.

The unit also conducts callback telephone intake. Callers to LAW's main telephone line have the option to listen to a recording which provides information regarding intake hours, or they may speak directly with the receptionist. The receptionist records the applicant's name and phone number. Within the next two (2) days, an advocate calls the applicant. If the caller does not have a phone or has an emergency, a staff person speaks with the caller immediately. Conflicts are checked and intake screenings are conducted in the same manner as described above for the Public Benefits Unit walk-ins. If the intake is conducted by telephone and then in person or extended assistance is provided, the case handlers are responsible for obtaining compliance documents, such as completing the citizenship and retainer agreement, as appropriate.

Lastly, the Public Benefits Unit conducts in-person intake at the 16th Street Community Health Clinic on the 1st and 3rd Wednesday of each month between 8:30 am -12:30 pm. The paralegal sets the appointments as the applicants call or the clinic refers. Conflict checks are conducted in advance. Walk-in applicants are accepted, but the paralegal calls back to the office to have a colleague run a conflict check. Intake screening is conducted as described above for in-person office intake.

Employment Law Unit - Center for Driver's License Recovery and Employability

Two (2) LAW attorneys are contracted to the Center for Driver's License Recovery and Employability ("Center"), run by Wisconsin Community Services.¹⁵ The attorneys work out of the Center's office. Case managers for the Center identify persons who have had their driver's licenses suspended or revoked due to issues related to poverty and refer them to the LAW attorneys. The two (2) attorneys divide up the referrals and conduct conflict checks. If there is no conflict, the attorneys contact the persons referred and schedule in-person appointments. The attorneys have access to the ACMS and, during the appointment, intake is conducted using the ACMS. The attorneys obtain citizenship attestations during the meetings. Individuals must be citizens to participate in this program although the attorneys are aware of the LSC requirements having worked on other projects at LAW. The project uses the same financial eligibility guidelines as LSC. The attorneys are authorized to accept cases within the project's guidelines.

¹⁵ One (1) attorney is a full-time employee. At the time of the review, the other attorney worked 80% time for LAW and did not work for any other entity. This second position became full-time before the DR was issued. As explained at the end of this finding, LSC requested that LAW provide a copy of these contract(s) with its comments to the DR for OCE review. LAW included copies of the 2011, 2012, and 2013 Working Agreements with its response.

The senior attorney reviews the other attorney's cases and the Managing Attorney of the Milwaukee Office reviews the senior attorney's cases. Upon closure, the cases are transferred to LAW for storage.

Employment Law Unit - Road to Opportunity

Due to funding fluctuations, this project has experienced changes since its inception approximately 14 years ago. At the time of the review, the project was handling cases related to civil legal barriers that make it difficult for low-income persons to obtain or maintain employment.¹⁶ At the time of the review, two (2) full-time attorneys worked 50% of their time on the Road to Opportunity Project and 50% of their time on the Disabled Offenders Economic Stability Project, described below. Individuals are referred to the project from a number of community partners, such as the Technical College staff who screen people for career training. The two (2) attorneys and the Managing Attorney of the Milwaukee office call the persons referred to determine if their issues are within the project's legal problem acceptance criteria. If the issue is within priorities, an appointment is made to meet with one (1) of the two (2) attorneys assigned to the project. Appointments are made within four (4) days of contact with the applicant. At the meeting, the attorney conducts a full intake using the ACMS and obtains a citizenship attestation or screens for eligible alien status, and executes a Retainer Agreement if extended representation is required. The two (2) attorneys are authorized to accept cases within the project's guidelines although they generally discuss the cases with each other or the Managing Attorney of the Milwaukee office. The Managing Attorney reviews all cases closed by this project.

Disabled Offenders Economic Stability ("DOES") Project

There are currently four (4) Milwaukee attorneys assigned to the DOES Project. One (1) is assigned full-time, two (2) for 50% and one (1) for 30% of an FTE.¹⁷

The DOES Project is funded by the Wisconsin Department of Corrections and covers both the LAW and Wisconsin Judicare service areas. The purpose of the project is to identify and obtain benefits for mentally and physically disabled offenders prior to their release date. The benefits include SSI/SSDI, health care, FoodShare, Wisconsin Works and job training. The DOES Project covers 14 correctional institutions throughout the LAW service area. It has 14 LAW staff in Milwaukee, Madison, La Crosse, and Oshkosh, although the Project Director and the greatest number of staff are based in Oshkosh.

Approximately six (6) months prior to their scheduled release date, the Department of Corrections sends the Oshkosh DOES office basic information regarding the offenders who have been classified as mentally or physically disabled. The secretary conducts conflict checks and

¹⁶ For example, many jobs in Wisconsin require licenses (for example, barber, and bartender) and the project helps people resolve issues that prevent them from obtaining licenses. In some instances applicants may have outstanding warrants resulting from unpaid fees that they did not know about or could not afford to pay off. The project may also accept housing cases if the loss of housing would prevent the person from maintaining their job. While many cases involving driver's licenses are referred to the Center for Driver's License Recovery and Employability, as described above, Road to Opportunity also represents clients on driver's license matters.

¹⁷ These changes represent staffing changes since the OCE visit.

creates ACMS records based upon the known information. If there is a conflict, the Department of Corrections is notified and the offender is referred to an alternate source for assistance. If there is no conflict, the secretary sorts the names according to the correctional institution and then forwards the referrals to the DOES Project attorney who is assigned to that institution. The attorneys are responsible for meeting with the offender in the institution, completing a full intake using a Department of Corrections laptop with access to the ACMS, obtaining compliance documents and determining what benefits the offender is eligible to receive. The DOES Project does not hold case acceptance meetings. Each attorney is permitted to exercise their discretion to accept cases within the project guidelines. The Project Director in Oshkosh supervises the work of the staff in Milwaukee and Madison and travels to the offices every week. Given the distance from Oshkosh, the La Crosse attorney's work is reviewed electronically.¹⁸

Volunteer Lawyers Project ("VLP")

VLP Intake

Legal Action's Private Attorney Involvement component, the Volunteer Lawyers Project ("VLP"), offers a special VLP Intake in the Milwaukee Office. While many of the cases that the VLP refers to private attorneys are referred to VLP by Legal Action staff and projects in the Milwaukee Office, most of the cases VLP refers to volunteer attorneys come in through the VLP's twice-weekly telephone intake. This intake operates much like the other intake activities in Milwaukee. Low-income members of the community are invited to call a dedicated phone line on Tuesdays (between 2:30 pm and 4:30 pm) and Thursdays (between 8:30 am and 10:30 am). Intake is handled by the VLP paralegal, who has more than 20 years of experience handling this intake. All intake data collected is entered into Legal Action's ACMS.

Each caller is initially questioned about the type of issue for which s/he is seeking assistance. After determining that the case is one that meets Legal Action priorities and that VLP lawyers would be able to handle such a case, the caller is screened for conflicts of interest, financial and alienage eligibility. If the client meets LAW/LSC eligibility requirements, s/he is scheduled for an appointment with a volunteer attorney during one of four weekly Legal Assistance Project Clinics: Unemployment Insurance, Tenants' Rights, Consumer Advocacy and Bankruptcy, and General Legal Assistance.

Each volunteer lawyer meets with as many as six (6) people during his/her clinic on any given Wednesday. These pro bono lawyers are directed to review the information supplied by each client, to evaluate the client's case and to give the client legal advice, so that the client receives some legal assistance even when the VLP is unable to recruit a volunteer to provide extended service. Clients are asked to sign a Citizenship Attestation Form or verify immigration status, and sign a limited scope Retainer Agreement before meeting with the VLP lawyer. Within the week or two following the client's appointment, the VLP staff review the reports completed by

¹⁸ The project is designed to only prepare applications for SSI/SSDI and to identify what benefits the offender is eligible to receive upon his release. Because it does not include representation in civil litigation or participation in a proceeding to challenge the conditions of incarceration, there is no concern that this project violates 45 CFR Part 1637, the LSC regulation prohibiting the provision of legal assistance on behalf of persons incarcerated in a federal, state or local prison.

the volunteer lawyers to determine whether and how to recruit volunteer attorneys for the appropriate cases. The VLP oversees the work by volunteer attorneys consistent with Legal Action case management policies and procedures which are shared with volunteer lawyers and clients.

These intake and clinic activities enable the VLP to evaluate these cases before referring them for extended service, complementing Legal Action's service delivery plan. It also enables the VLP to broaden the range of cases the firm handles, to include landlord-tenant money claims, homeownership matters, foreclosure, non-probate transfers, bankruptcy, debt collection, contracts and warranties, unemployment insurance claims, adult guardianship and non-probate transfers.

The VLP is discussed in detail in Finding 17 of this report.

Racine

Two (2) experienced paralegals are responsible for conducting the majority of the eligibility screening in the Racine Office.¹⁹ A secretary, as well as the advocates, provide back-up. Intake applications are accepted in-person and by telephone during business hours, although walk-in intake is rare. In addition, referrals are faxed from local domestic violence and homeless shelters pursuant to special projects funded by non-LSC sources, HUD Continuum of Care – Supportive Housing Program (“HUD-COC-SHP”), HUD Emergency Solutions Grant (“HUD-ESG”), Victims of Crime Act (“VOCA”)–Racine, VOCA–Kenosha, and the Social Security Outreach Access and Recovery (“SOAR”). Referrals are divided up among the paralegals that are responsible for calling the applicants to conduct a full intake.

Regardless of the method of application, paralegals screen for eligibility using the ACMS. Paralegals ask questions guided by the eligibility and intake screens and contemporaneously record the applicant's responses. In-person applicants sign citizenship attestations or are screened for eligible alien status. Following the conflict check, and income, assets, and citizenship status screening, paralegals make an initial eligibility determination. If the applicant appears to be eligible, a case is opened, and case facts are obtained. If the applicant is ineligible, the applicant is rejected and a reason for the reject is noted.

Cases are distributed to advocates depending upon the legal issue. The attorneys are responsible for confirming eligibility, obtaining additional facts, and providing legal representation as appropriate. Racine staff complete the LSC compliance checklist before an advocate opens a case for extended representation. The Racine Managing Attorney approves the case for opening, which constitutes an approval of all LSC compliance documents, or special documents being on file. If compliance documents are not received during intake, attorneys are responsible for obtaining compliance documents and the standardized citizenship attestation, or alien representation record and retainer agreement.

¹⁹ Both paralegals work full-time for LAW although they perform intake part-time. One (1) paralegal also serves as a secretary and the other as the Coordinator for the VLP.

In addition to intake as described above, outreach intake is regularly conducted at four (4) publicized locations. Every Friday, from 9:00 am- 4:00 pm, a staff attorney conducts intake for evictions and the HUD-ESG grant on a first-come, first-served basis.²⁰ A second attorney conducts intake at three (3) locations: the Kenosha County Job Center (1st Tuesday of each month), the Kenosha Community Action Agency (every Wednesday morning), and the Urban Outreach Center (every Thursday morning). Eligibility is screened using a laptop with access to the ACMS. Conflicts are checked before income and asset information is collected. Citizenship and alien eligibility status is screened by the staff attorney using the program's standard forms.²¹ Advice is provided, and if additional assistance is required, a case is reviewed at a weekly case review meeting. Often eviction cases cannot wait until the next scheduled meeting, and the attorney speaks to the Managing Attorney to obtain an immediate case acceptance decision.

Oshkosh

At the time of the review, OCE gathered the following information regarding the Oshkosh office's intake practices through interviews with LAW intake staff:

Oshkosh conducts intake for general issues and the Disabled Offenders Economic Stability ("DOES") Project. An experienced secretary conducts intake on general priority issues. The majority of applicants contact the office by telephone during business hours. While walk-in intake is offered, it was reported that few applicants appear in person, perhaps as few as 20 per year.

All eligibility intake screening is conducted using the ACMS screens to guide the interview. The process is consistent with that described for Racine. If the applicant appears eligible at conclusion of the interview, the secretary sets appointments for the applicant to meet with an attorney. Appointments are available on Monday afternoon and Tuesday mornings. Each week the three (3) attorneys rotate responsibility for intake on Monday and Tuesday with the third responsible for emergency intake. Appointments are in-person by telephone depending upon the applicants' preference.

During the appointment, the attorney obtains additional facts, assesses eligibility, provides advice and determines whether additional assistance is necessary and possible given their caseload. The attorneys have the authority to accept a case for additional representation or investigation and may advise them of the additional work to be performed at the initial meeting. In some instances the attorney defers the decision until they speak with another attorney in the office, in which case the client is advised of the decision within a couple of days. The office is sufficiently small that staff does not hold case acceptance meetings although the Managing Attorney is available for consultation as needed. The Managing Attorney also meets with attorneys at least once a month to review open cases and reviews all cases upon closure.

In its comments to the DR, LAW stated they have changed their intake process for Oshkosh. Now the secretary screens applicants for financial eligibility and case type acceptance. If

²⁰ The staff attorney also conducted housing outreach intake at the Community Action Agency Kenosha until the end of last year. The same procedures were followed for such intake.

²¹ See LAW's Citizenship Attestation Form and Alien Representation Record.

eligible and acceptable, the intake is given to the attorney who specializes in the relevant area, such as family or housing. The attorney then calls the applicant as soon as her schedule permits, conducts a full interview, and decides whether to accept the case for whatever level of service is appropriate.

In addition, the Hmong Center in Oshkosh refers applicants to the office for assistance. A Hmong paralegal from the Green Bay office works out of the Oshkosh office on Wednesdays to translate and conduct intake. According to the Managing Attorney, there is a large Hmong population in Oshkosh that has been granted refugee status.

Madison

The Madison office is comprised of four (4) specialties: Public Benefits, Family Law, Housing, and Consumer Law and Foreclosures. Each specialty is responsible for conducting its own intake. The Public Benefits advocates conduct walk-in and telephone intake screening every Monday between 9:00 am and 12:00 pm. The Family Law attorney conducts intake on the first and third Wednesday of the month.²² The Housing staff members conduct telephone only intake on Mondays and Tuesdays between 9:00 am and 12:00 pm. The Consumer Law and Foreclosures 1/3-time attorney conducts telephone intake on Tuesdays and only takes the first three (3) callers starting at 9:00 am.

Except for family law, the intake process is uniform between each specialty, with each attorney within a specialty having intake responsibilities. The receptionist determines whether the applicants meet residence requirements for the Madison office service area, and confirms that the legal problem is within the office's priorities. The lawyer or paralegal screener then conducts a more extensive interview, which captures the applicant's basic information, such as citizenship, adverse party information, financial eligibility, and facts of the case. All intake staff interviewed indicated that, for telephone intakes, the applicant's information is entered directly into the ACMS. In family law, the receptionist gathers all of this information to ensure that the applicant is eligible before she speaks with the attorney.

In-person applicants who are United States citizens are asked to execute a Citizen Attestation Form. A review of this form determined that it is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5. Non-citizens who are eligible for assistance are asked to provide appropriate documentation demonstrating status (with the exception of those applicants who are victims of domestic violence and are seeking a related remedy as these category of applicants are exempt from producing such documentation).²³ For walk-in emergencies, an applicant is asked to sign a statement that s/he is permanent resident alien and will produce a specified document as soon as possible.

In housing and public benefits cases appropriate for extended representation and cases with unique issues are presented at a weekly case meeting. The meeting attendees will discuss the merits of each case and whether extended services is warranted. If an applicant's case is

²² The family law attorney only takes the first six (6) callers starting at 9:00 am. No walk-ins are accepted for intake by the Family Law attorney.

²³ See LSC Program Letter 06-2, pg. 5.

accepted, the applicant is sent a letter informing them that LAW will represent them. Attached to the letter is a citizen attestation and retainer for the client to sign and return.

Each case handler closes and assigns a closing code to their individual cases. All cases are then reviewed by the Managing Attorney to ensure all required documentation is in the case file and that the case was closed with the applicable closing code.

La Crosse

The La Crosse office's staff is comprised of one (1) full-time attorney, one (1) part-time attorney, and one (1) full-time legal secretary. The legal secretary is responsible for intake screening. Intake is conducted during regular office hours Monday through Friday from 8:30 am to 11:30 am on Tuesday and Thursday each week, with a staff attorney assigned on a monthly intake calendar. The assigned intake attorney will call the applicant back on the same day to complete the intake interview.

Outreach

The La Crosse Office conducts outreach once per month at the Tomah Homeless Veterans Center. The Legal Action staff attorney works with a volunteer attorney. Intake is done on paper, with conflicts checks by telephone to the La Crosse Office. Intake information is entered upon return to the office. The attorney is responsible for obtaining compliance documents at the Veterans Center.

Due to the current staffing of two senior attorneys, the La Crosse staff members do not conduct weekly case review meetings. The attorneys consult as needed on case decisions.

Cases are closed in a similar manner as described in the Madison office, as discussed above.

Green Bay

The Green Bay office conducts walk-in and telephone intake Monday through Friday between 9:00 am and 5:00 pm. Intake is conducted by a single legal secretary.

The eligibility screening process is the same as described above in the Madison office. Approximately 90% of applicants apply for services by telephone. Staff members meet to discuss unique issues in cases, but not for case acceptance or review.

Cases are closed in a similar manner as in Madison. Each advocate closes their individual cases and assigns the case a closure category code. The Managing Attorney reviews each case to ensure that all required documentation is in the case file and that the case was closed with the applicable case closures category.

Outreach

The Green Bay office conducts outreach at six (6) different locations within its service area: Golden House, Harbor House, New Community, Lakeshore CAP, Manitowoc Hmong Center, and the Emergency Shelter.

Intake is uniform between all the shelters. The attorneys who assist at the shelters are also responsible for screening applicants for eligibility. The intake process is similar in manner to intake conducted in the Green Bay office. The attorneys use a laptop computer with wireless capability and remotely log in to LAW's ACMS. Applicants who are United States citizens are asked to execute the LAW's standard citizen attestation form.²⁴ For emergencies only, non-citizens who are eligible for assistance are asked to sign a non-Citizen Status form stating that they will provide appropriate documentation demonstrating status (with the exception of those applicants who are a victims of domestic violence and are seeking a related remedy as these category of applicants are exempt from producing such documentation).²⁵

Financial Eligibility and Case Management

Compliance Forms: The Final Report from the 2008 CSR/CMS review required LAW to take corrective action to standardize intake throughout the program. The current review found that compliance forms and procedures have been standardized. Although the majority of intake is conducted using the ACMS, a single written intake form is now available in all offices. Interviews revealed that the written intake form is used by the Milwaukee public benefits unit as a back-up to the ACMS, and by other units at certain outreach locations that cannot accommodate a laptop. In addition, LAW's other written compliance forms have been standardized, for example: citizenship attestations, alien representation, retainer agreements, and compliance checklists. The forms signed by clients are available in Spanish and Hmong.

Reasonable Inquiry Regarding Income Prospects: Recipients are required to make reasonable inquiry into each applicant's income prospects, pursuant to the requirements of 45 CFR § 1611.7(a). All interviewees were aware of this requirement and stated they make appropriate inquiry as required. The ACMS contains a required field specific to this inquiry. The inquiry is also included in the standardized written form.

Income Screening: Although a large number of staff conduct intake, interviews and file review revealed that income inquiry and recordation is screened in a consistent manner. Staff demonstrated a strong understanding of the program's Client Income & Asset Schedules which include: LSC Schedule A - 125% of the FPG, LSC Schedule B - 200% of the FPG, Schedule C - LSC Assets, and the funding requirements of the program's non-LSC grants. A test of the ACMS revealed that if no income is entered and the LSC Eligible box is checked, the user receives an error message indicating that no income was recorded. While the user can proceed through the message without entering income, the user is alerted that at least zeroes must be entered.

²⁴ See LAW's Citizenship Attestation Form.

²⁵ See LSC Program Letter 06-2, pg. 5.

Authorized Exceptions to Income Ceiling: LAW has adopted authorized exceptions to its annual income ceiling in accordance with 45 CFR § 1611.5. Interviews revealed that several years ago the program modified the ACMS to allow for a user to create an electronic form to qualify applicants with income over 125% of the FPG. Initially there was no ability to save the form to the ACMS record and staff was responsible for printing a copy for the file and a copy for the program's administration. Within the past two (2) years, an additional modification was made and the electronic forms are now saved in the ACMS file. Staff is still responsible for printing a copy for the physical file but they no longer are required to provide a copy to the Administrative Office.

Procedurally, users are prompted to select the income status of an applicant on the second page of eligibility, Under A, Over A/Under B or Over B, referring to the income schedules described above. If an applicant's income is between 125% and 200% of the FPG, staff selects the Over A/Under B option and a field, Create Over A Form. An electronic form is generated listing the authorized income exceptions consistent with program policy and the regulation. Staff is responsible for checking the factor(s) that apply and enter some detail regarding the factor(s). The policy does not require a spend-down, only the presence of one (1) or more factors. All staff interviewed demonstrated a consistent understanding and application of the procedure. A test revealed that the user can enter income between 125-200% of the FPG without creating the form. During a discussion with the Managing Attorney of the Milwaukee office and the Administrator, it was recommended that the program modify the ACMS to require the creation of the form if the Over A/Under B or Over B options are selected. The Administrator stated that they have the staff capability to implement the recommendation.

In its response to the DR, LAW stated the LAW Administrator, Technology Manager and VLP paralegal met on November 13 to begin an analysis of the implication of making the recommended ACMS change to force the completion of the form. The response further stated that at the meeting it was discussed that the ACMS already automatically pops open a button when an advocate notes that a client's income is "Over A", which allows the intake person to immediately complete the form. According to LAW, since some clients are non-LSC eligible, their case work will be funded by a non-LSC funding source so an Over A/Under B form is not automatically needed for all cases. Also, at the point the intake person encounters the "Over A/Under B" and "Over B" button, intake is not yet completed and LSC eligibility has yet to be finalized. LAW is running a year-end validation query looking for cases where the case is checked as LSC-eligible and the client's income is over A but an "Over A/Under B or Over B" form has not been completed in the ACMS. LAW agrees to complete its review to automate the "Over A/Under B or Over B" as much as practical to minimize the possibility of missing forms.

Asset Screening/Authorized Exceptions to Asset Ceiling: The LAW Client Eligibility Guidelines & Procedures include an asset ceiling schedule according to household size. For example, the asset ceiling for a household of one (1) is \$12,200. Excluded from consideration are the household's principal residence, vehicles used for transportation, assets used in producing income, and assets included in an appendix which are exempt from attachment under state or federal law. The appendix is a three (3) page list of exemptions with cites to the state or federal law allowing the exemption. Assets are either wholly or partially exempt depending upon the type. Although the list is lengthy, many of the asset categories are wholly excluded. In certain of

the asset categories in which partial amounts are exempted, there are notations that they are wholly excluded by other LSC exemptions which take precedence. For example, the list includes different amounts of tools of trade exemption by state and federal statutes, but indicates that tools of trade are 100% excluded. Other categories with partially exempted amounts include bank accounts with up to \$1,000, personal property/household goods up to \$9,850 per debtor with a maximum limit of \$475 per item, jewelry up to \$1,225 per debtor, personal injury recovery up to \$18,450, cash value of life insurance up to \$9,850 and other property up to \$925 plus up to \$9,250 of unused realty exemption. Accordingly, each of these categories must be screened to ensure the program's policy is properly applied to each applicant. Neither the ACMS or the standardized written form include each of these categories, only the most common and a category of Other Non-Exempt Assets.

While this policy could be burdensome and confusing to implement, interviews revealed that LAW has sufficiently trained staff to screen for these items. Each year all staff is trained on eligibility policies and their application. All screeners who were interviewed recited income questions which would cover the partially exempted asset categories. Each screener asks the questions with some variation although the questions described in the interviews are sufficient to cover the categories. The most commonly held asset listed is a bank account. All screeners interviewed screen for bank account balances in excess of \$1,000. Only the amount in excess is recorded in the eligibility income columns. Amounts below \$1,000 may be recorded in the notes depending upon the case type and not included in asset totals used to determine eligibility. Screeners report that it is rare for applicants to own any of the additional partially exempt assets but in such cases only the amount over the exemption is recorded and other information regarding the asset is recorded in case notes. Screeners also stated that if the nature of the asset is unclear or in excess of the value, most staff consults a supervisor. A test of the ACMS revealed that if no asset information is entered and the LSC Eligible box is checked, the user receives an error message indicating that no assets were recorded. While the user can proceed through the message without entering assets, the user is alerted that at least zeroes must be entered.

Given that a large number of staff conducts eligibility screening, a significant number were interviewed and demonstrated understanding of the program's asset policy and consistent application thereof. Based upon these results, it is concluded that assets are adequately and consistently screened in accordance with the program's eligibility policy.

Financial Eligibility Determination of an Applicant who is a Victim of Domestic Violence: Recipients are required to specify in financial eligibility policies that during the financial eligibility determination of an applicant who is a victim of domestic violence, only the assets and income of the applicant and household members shall be considered. Further, the income and assets of the alleged perpetrator of the domestic violence, and any income or assets jointly held by the applicant with the alleged perpetrator, or assets jointly held with other members of the household and the alleged perpetrator also shall not be considered. See 45 CFR § 1611.3(e). LAW's financial eligibility policies include such a provision. See Client Eligibility Guidelines & Procedures for 2009, 2011, 2012, and 2013. Interviews reveal that eligibility screeners in the offices visited have been trained regarding this policy. While the alleged perpetrator's financial

information may be collected for purposes of the legal work, it is recorded in the case notes and not included in the eligibility determination.

Government Benefits Exemption: In accordance with 45 CFR § 1611.3(f) and 1611.4(c), a recipient's governing body is permitted to determine an applicant to be financially eligible without making an independent determination of income or assets, if the applicant's income is derived solely from a governmental program for low-income individuals or families. LAW's client eligibility guidelines do not contain such an exemption.²⁶

Group Clients: LAW's Client Eligibility Guidelines & Procedures permit LSC-funded assistance to groups in accordance with 45 CFR § 1611.6 although no group cases were identified within the review period.

Citizenship and Eligible Alien Status Screening: All interviewees demonstrated sufficient understanding of the citizenship and alien eligibility documentation requirements of 45 CFR Part 1626. In most cases, citizenship status is initially assessed during telephone screening and recorded in the ACMS or, in limited instances, on the written intake form. Citizen clients screened by telephone with cases which progress to include in-person contact or extended representation, or whom are screened in-person, are asked to sign a multilingual, standardized Citizenship Attestation which complies with the requirements of the CSR Handbook (2008 Ed., as amended), § 5.5. Non-citizens are asked to provide documentation of eligible alien status. Attorneys are responsible for reviewing the eligible alien documentation, making a determination of eligibility, and completing a standardized written alien representation record. Depending upon the unit, project or office, the attestation or initial eligible alien status information may be collected by the eligibility screener, although an attorney is responsible for the eligibility determination. Some staff make copies of the eligibility documentation, although others do not. Those that do not are required to record the document number and other details on the alien representation record.

One screening concern was identified. Interviews reveal that in the Oshkosh office, citizenship attestations were not obtained and eligible alien status was not screened for walk-in applicants at the time of intake. It is noted that staff estimate the office conducts as few as 20 in-person intake interviews per year. Of those, some are likely ineligible and others go on to meet with attorneys who obtain the citizenship attestation or review the eligible alien status documentation thereby curing the deficiency. The secretary and Managing Attorney were advised that citizenship attestations and/or eligible alien documents must be obtained at the time of application. A new compliance procedure was developed by the Oshkosh office before the OCE team left. The Executive Director further confirmed the new policy.

As a required corrective action, LAW was required to provide LSC a copy of its policy regarding citizenship attestations and eligible alien documentation.

²⁶ See LAW Staff Manual, Section IV which states: "Because of the complexity created by the requirement in 45 C.F.R. §1611.4(c) that Legal Action must screen for all other non-benefit income, it is easier for the applicant and Legal Action if we simply do a standard income and asset eligibility screening for all applicants, whether or not the applicants have been found eligible for a governmental program for low-income individuals or families."

In its response to the DR, LAW attached the instruction sent by the Executive Director to the Oshkosh staff on June 6, 2013 ordering the institution of procedures ensuring compliance with 45 CFR Part 1626. LAW's response further stated that the new compliance procedure is that the receptionist asks walk-in clients to sign the citizenship attestation form or to provide the alien eligibility documents immediately rather than waiting until the client speaks with an attorney. OCE reviewed the June 6, 2013 instructions to the Oshkosh staff and determined they are consistent with 45 CFR Part 1626.

OCE finds that the actions taken sufficiently satisfy this Required Corrective Action and that no further action is needed.

Conflict Checks: A program-wide conflict check is conducted during the first step of the eligibility screening process. As previously described, the majority of the intake is conducted using the ACMS. The conflict check is required on the first of the three (3) eligibility screens. If a conflict is identified by a paralegal, the conflict is reviewed by an attorney. If confirmed, the contact screen is closed as a reject and no case is created. Many outreach sites provide internet access and staff use laptops to conduct eligibility screening. In these situations conflicts can be checked in this same manner. Sites without internet access provide names in advance (for example, the YWCA Supporting Families Through Work Project or, if there are walk-ins, the LAW staff member calls back to the office to have a colleague check for conflicts before proceeding. In the Milwaukee Public Benefits walk-in intake where a written form is utilized, conflicts are checked on the ACMS by the Receptionist.

Duplicate Checks: During conflict checks described above, screeners determine whether the applicant has previously contacted LAW. If staff identifies a previous case for the same client and it appears to be the same legal issue, a new case is not opened, and the previous case is reopened.

Case Acceptance and Review: Following an eligibility screening, most applicants who appear to be eligible speak with an attorney in the office or by telephone, depending upon the unit, project and office. At that time, case handlers are permitted to accept cases for representation within LAW's priorities and case acceptance protocols for the unit or project. Cases may be closed by providing limited service or extended representation. Procedures for acceptance of cases vary. Depending upon the office, clients are advised of the case acceptance decision by telephone call within one (1) to three (3) days of the meeting. Attorneys informally speak to each other or consult a Managing Attorney as necessary.

Case Closure: When a case is ready for closure, case handlers review the written compliance checklist, which is generally completed when a case is opened and select the case closure category. Procedures for closing on the ACMS and managerial review vary, although all require the case handlers to select a case closure category. Most units, projects and offices permit case handlers to close limited assistance cases on the ACMS. In Racine, OCE interviews revealed cases closed by paralegals are primarily "Reject" cases. Reject cases are cases that are rejected at the outset of the intake process because they don't have sufficient information to make an acceptance decision. The Oshkosh Managing Attorney does not review those prior to closure. With respect to extended service cases, case handlers are responsible for completing the

standardized written compliance checklist. Some units permit case handlers to close cases on the ACMS and the manager may subsequently review all, a sample, or none of the cases, depending on staff experience and project protocols. For projects and units that do not include supervisory review of every case, other methods of oversight are employed such as open case review. Other LAW units require a managerial review prior to closing. Managers who are required to approve cases prior to closure report that they review cases within a few weeks of closure, and at least every month, and then provide the cases to a secretary to close on the ACMS.

Oversight: Supervision of intake varies. In the larger offices, eligibility screeners are supervised by the various managers, depending upon the structure of the unit or project. In the smaller offices, the Managing Attorney is responsible for supervision of intake staff. Review of case work also varies depending upon whether the project or unit holds case review meetings, the nature of work conducted, and staff experience levels. Some supervisors review all, a sample, or no closed cases. For those that do not review all of the cases, they use other methods of oversight, such as case review meetings, case status meetings, random electronic review of cases, and/or more frequent open case review. All cases closed by paralegals are reviewed prior to closure, except for Racine “Reject” As noted above, reject cases are those cases rejected at the outset of the intake process because they do not have sufficient information to make a case acceptance decision. In addition, the ACMS has the capability of generating a variety of case lists and is programmed with six (6) error reports to assist in reviewing data. In the Milwaukee office, a number of reports are generated by the Managing Attorney, Administrator, and Supervisor of Accounting and Grants Reporting to check for dormancy, duplication, missing information, and compliance discrepancies. Reports identifying errors are provided to the case handler to cure. In addition, staff with case oversight responsibilities is required to conduct open case reviews at least twice per year, although most indicated they conduct the reviews more frequently.

Compliance Training: During interviews staff reported that they receive training at least once per year on the ACMS and once per year on compliance issues. The Administrator and/or the VLP/LITC paralegal conduct the ACMS training. The Executive Director conducts the compliance training. Program policies and forms are electronically available to staff on the shared computer drive. Interviews revealed that staff understands the importance of compliance and were well trained on LSC requirements.

In the DR, LSC requested LAW provide a copy of the contract(s) for the two (2) attorneys contracted to the Center for Driver’s License Recovery and Employability with its comments to this DR for OCE review.

As requested, LAW submitted copies of the contracts with its comments to the DR. OCE has evaluated these contracts for compliance with LSC requirements. No compliance concerns were noted.

Finding 3: LAW is in substantial compliance with the income eligibility documentation required by Finding 45 CFR § 1611.4, CSR Handbook (2008 Ed., as amended 2011), § 5.3, and applicable LSC instructions for clients whose income exceeds 125% of the Federal Poverty Guidelines (“FPG”).

Recipients may provide legal assistance supported with LSC funds only to individuals whom the recipient has determined to be financially eligible for such assistance. *See* 45 CFR § 1611.4(a). Specifically, recipients must establish financial eligibility policies, including annual income ceilings for individuals and households, and record the number of members in the applicant’s household and the total income before taxes received by all members of such household in order to determine an applicant’s eligibility to receive legal assistance.²⁷ *See* 45 CFR § 1611.3(c)(1) and 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* 45 CFR § 1611.5(b) and 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) and 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.

LAW's financial eligibility policy includes income and asset screening requirements for individuals and groups whose assistance is funded by LSC. The eligibility policies for LSC-funded group cases generally follows the language at 45 CFR § 1611.6. The financial eligibility policy for income and assets and the eligibility policy for groups are both in compliance with the requirements of 45 CFR §§ 1611.3 and 1611.6. Sampled cases evidenced that LAW is in substantial compliance with CSR Handbook (2008 Ed., as amended) § 5.3, and applicable LSC instructions for clients whose income does not exceed 125% of the FPG. Case review identified two (2) over-income cases with no authorized exceptions documented in the case file. *See* open Case No. 07E-1078513 and 2012 closed Case No.12E-4138071.

In the DR, LAW was required to take corrective action to ensure that cases with clients whose income exceeds 125% of the FPG without documentation of authorized exceptions are not included in the CSR data submission reports.

²⁷ A numerical amount must be recorded, even if it is zero. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.3.

In its comments to the DR, LAW stated they will create a monitoring report that identifies files where the client is over 125% of the FPG but where no Over A-Under B form is saved in the data base. Further, LAW stated they will continue to stress the importance of this issue in their compliance training, including the use of our database “poverty calculator” in determining the level of poverty at the time of eligibility screening.

LAW is required to provide updates to OCE, within 60 days of receipt of this report, regarding: 1) its monitoring report that identifies files where the client is over 125% of the FPG but where no Over A-Under B form is saved in the data base; and 2) its efforts to stress the importance of documenting the acceptance of clients found to be eligible pursuant to an LSC-allowed over income exception.

Finding 4: LAW is in compliance with the asset eligibility documentation requirements of 45 CFR §§ 1611.3(c) and (d) and 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.²⁸ *See* CSR Handbook (2008 Ed., as amended), § 5.4.

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

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

Sampled case files reviewed revealed that LAW maintains asset eligibility documentation required by 45 CFR §§ 1611.3(c) and (d), and CSR Handbook (2008 Ed., as amended 2011), § 5.4.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

²⁸ 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.

Finding 5: Sampled cases evidenced non-compliance with the documentation requirements as set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and CSR Handbook (2008 Ed., as amended 2011), § 5.5. Case review identified three (3) sampled cases that lacked the required citizenship documentation.

The level of documentation necessary to evidence citizenship or alien eligibility depends on the nature of the services provided. With the exception of brief advice or consultation by telephone, which does not involve continuous representation, LSC regulations require that all applicants for legal assistance who claim to be citizens execute a written attestation. *See* 45 CFR § 1626.6. Aliens seeking representation are required to submit documentation verifying their eligibility. *See* 45 CFR § 1626.7. In those instances involving brief advice and consultation by telephone, which does not involve continuous representation, LSC has instructed recipients that the documentation of citizenship/alien eligibility must include a written notation or computer entry that reflects the applicant's oral response to the recipient's inquiry regarding citizenship/alien eligibility. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.5; *See also*, LSC Program Letter 99-3 (July 14, 1999). In the absence of the foregoing documentation, assistance rendered may not be reported to LSC. *See* CSR Handbook (2008 Ed., 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.²⁹ 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.

Sampled cases evidenced non-compliance with the documentation requirements set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and the CSR Handbook (2008 Ed., as amended 2011), § 5.5. Three (3) sampled cases did not contain citizenship attestations. *See* open Case No. 09-1095108 and closed 2012 Case Nos. 12E-4133990 and 12E-4137852.³⁰

In the DR, LAW was required to take corrective action to ensure that all case files, where necessary, contain required citizenship attestations. As a part of this corrective action, it was recommended that LAW adopt additional, ongoing case management oversight protocols to ensure that citizenship attestations, when necessary, are obtained during initial screening or when a case is opened.

²⁹ *See* Kennedy Amendment at 45 CFR § 1626.4.

³⁰ In its response to the DR, LAW commented that in Case No. 09-1095108, a citizenship attestation was sent to the client, but the form was never returned and they had no way to compel its return. OCE reiterates that the file did not meet the requirements of 45 CFR 1626.6(a) and 1626.7(a) because recipients must determine the eligibility and immigrant status of all persons who receive assistance.

In its response to the DR, LAW stated they will include a checklist in their database which requires citizenship, retainer agreements, and Over A-Under B forms. They also stated they will include an automatic reminder, a form of tickler that prompts advocates to obtain the required documents.

LAW is required to provide OCE, within 60 days of receipt of this report, documentation showing the implementation of a checklist in their database which requires citizenship, retainer agreements, and Over A-Under B forms, as well as, documentation indicating they have implemented an automatic reminder tickler system.

Finding 6: LAW is in substantial compliance with the retainer requirements of 45 CFR § 1611.9.

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.³¹ Cases without a retainer, if otherwise eligible and properly documented, should be reported to LSC.

Case review demonstrated that LAW is in substantial compliance with the requirements of 45 CFR § 1611.9. The review revealed one (1) case file without a retainer agreement where one was required. *See* open Case No. 11E-1121535. Also, the review identified three (3) case files where services provided by LAW exceeded the type of representation it agreed to provide in the retainer agreement. *See* open Case No. 11E-2129821 and closed 2011 Case Nos. 11E-1129839 and 11E-1119222.

In the DR, LAW was required to take corrective action to ensure that retainer agreements (when required), are included in case files and that the retainer agreement subject matter accurately reflects the services provided.

In its response to the DR, LAW attached a copy of the PowerPoint presentation used for compliance training. LAW also stated in its response that during the training it was strongly emphasized that both a statement identifying the legal problem and the nature of the legal services need to be included in each retainer agreement.

OCE reviewed the PowerPoint presentation submitted by LAW and found that the information presented to be consistent with 45 CFR 1611.9.

³¹ However, a retainer is more than a regulatory requirement. It is also a key document clarifying the expectations and obligations of both client and program, thus assisting in a recipient's risk management.

Based on the comments provided by LAW, OCE finds that the actions taken sufficiently satisfy this Required Corrective Action and that no further action is needed.

Finding 7: LAW is in 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 files, 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).

The statement is not required in every case. It is required only when a recipient files 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).

Case files reviewed evidenced that LAW is in compliance with the requirements of 45 CFR Part 1636.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 8: Sampled cases evidenced 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, LAW provided LSC with a list of its priorities. The priorities are stated as “shelter preservation, family stability and economic security.”

A review of LAW’s policies and sampled cases, as well as interviews evidenced compliance with the requirements of 45 CFR § 1620.3(a) and 45 CFR § 1620.4.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 9: Sampled staff cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6 (Description of legal assistance provided). Case review identified a limited number of sampled case files that did not contain a description of the legal assistance provided.

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* 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.

Case review of sampled case files evidenced that LAW is in substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6. Case review identified a limited number of sampled case files that lacked sufficient documentation of the legal assistance provided. *See* open Case Nos. 09E-1095323, 09E-1095335, 13E-4146379 (PAI), and 13E-4144960 (PAI), closed 2012 Case Nos. 12E-7137245 and 11E-7120721 and closed 2011 Case No. 11E-1122180.

LAW is required to only report case files that contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6. In the DR, it was recommended that LAW provide training to staff on the requirements of this section to ensure case files contain a description of the legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6.

In its response to the DR, LAW informed OCE that it has deselected for CSR reporting the following files as lacking a description of legal assistance: Case Nos. 09E-1095323, 09E-1095335, 13E-4146379, and 13E-4144960. Also, according to LAW, case no. 12E-7137245 contained documentation showing the client was provided advice. OCE is not persuaded that this case file contained sufficiently detailed documentation of the legal advice provided. In regard to case no. 11E-1122180, LAW states that the client received advice that her case was a criminal matter and she should contact the police. OCE is not persuaded that to merely refer a client to the police constitutes legal advice as defined by CSR Handbook (2008 Ed., as amended 2011), § 8.2.

In its response to the DR, LAW stated they will provide training to staff to ensure case files contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended), § 5.6.

Finding 10: The sampled files reviewed demonstrate that LAW's application of the CSR case closing categories is in compliance with Chapters VIII and IX, 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.

The sampled files reviewed demonstrate that LAW's application of the CSR case closing categories is in compliance with Chapters VIII and IX, CSR Handbook (2008 Ed., as amended 2011). The case files reviewed evidence that LAW's application of the CSR case closing categories is generally consistent with Chapters VIII and IX, CSR Handbook (2008 Ed., as amended 2011). However, the OCE review team found six (6) sampled files with case closure category errors.

In its response to the DR, LAW commented that they disagreed that the four (4) case files cited in the DR were closed with incorrect closing codes. *See* Case Nos. 12E-7137245, 11E-7119341, 10E-1108268 and 11E-6130716. OCE reviewed these cases, agreed with LAW's analysis and found these four (4) cases files are in compliance with Chapters VIII and IX, CSR Handbook (2008 Ed., as amended 2011).

There are no recommendations or corrective actions required.

Finding 11: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3 regarding the timely closing of cases. Case review revealed a limited number of sampled cases that were dormant or untimely closed.

To the extent practicable, programs shall report cases as having been closed in the year in which assistance ceased, depending on case type. Cases in which the only assistance provided is counsel and advice or limited action (CSR Categories A and B), should be reported as having been closed in the grant year in which the case was opened. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(a).³² There is, however, an exception for limited service cases opened after September 30, and those cases containing a determination to hold the file open because further

³² The time limitation of the 2001 Handbook that a brief service case should be closed "as a result of an action taken at or within a few days or weeks of intake" has been eliminated. However, cases closed as limited action are subject to the time limitation on case closure found in CSR Handbook (2008 Ed., as amended 2011), § 3.3(a). This category is intended to be used for the preparation of relatively simple or routine documents and relatively brief interactions with other parties. More complex and/or extensive cases that would otherwise be closed in this category should be closed in the new CSR Closure Category L (Extensive Service).

assistance is likely. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(a). All other cases (CSR Categories F through L, 2008 CSR Handbook) should be reported as having been closed in the grant year in which the recipient determines that further legal assistance is unnecessary, not possible or inadvisable, and a closing memorandum or other case-closing notation is prepared. *See* CSR Handbook (2008 Ed., 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).

Case review revealed seven (7) sampled cases that were dormant or untimely closed. *See* open Case Nos. 05E-2049879 (This case was opened in 2005 and remains open. The legal work documented in the file was in 2005, all legal work was completed in this case in 2007 and therefore is dormant); 05E-2048903 (This case was opened in 2005 and remains open. All legal work was completed in this case 2009 and therefore was dormant); 05E-2050786 (This case was opened in 2005 and remains open with no notations in the file of any further legal assistance needed or provided since 2005, and therefore was dormant); 07E-1072480 (This case was opened in 2008 and the last legal work documented in the file was in 2008, with no notations in the file of any further legal assistance needed or provided since 2008, and therefore is dormant); 09E-1093683 (This case was opened in 2009, and the last legal work documented in the file was in 2009, with no notations in the file of any further legal assistance needed or provided since 2009, and therefore was dormant); 11E-1121535 (This case was opened in 2011 and the last legal work documented in the file was in 2011 with no notations in the file of any further legal assistance needed or provided since 2011, and therefore was dormant); and 05E-1047719 (This case was opened in 2005 and remains open with no notations in the file of any further legal assistance needed or provided since 2005, and therefore was dormant).

The case files cited above must be de-selected as being dormant. It was recommended that LAW develop and implement methods to prevent case dormancy and that LAW provide training to staff on the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3.

In its response to the DR, LAW stated they will deselect the case files identified in the DR as dormant or untimely closed and they will provide training on CSR Handbook (2008 Ed., as amended, 2011), § 3.3.

Finding 12: Sample cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

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 that related legal problems presented by the same client are to be reported as a single case. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.4.

Sampled cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 13: Review of LAW's policies and the list of attorneys who have engaged in the outside practice of law revealed that LAW is in substantial 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.

Based on an interviews with the Executive Director and program staff, as well as the review of the recipient's policies, the list of attorneys who have engaged in the outside practice of law, and emails exchanged after the review, LAW appears to be in substantial compliance with the requirements of 45 CFR Part 1604.

LAW reported that three (3) attorneys had engaged in the permissible outside practice of law during the timeframe of the review, one (1) in 2012, and two (2) in 2013. In all three (3) cases, the concerned attorneys either used their own time or vacation time and, in one (1) case, the attorney was employed on LAW's DOES grant, not LSC funds. LAW's files contained a "prior written approval of the Managing Attorney and Executive Director," as required under LAW's 45 CFR Part 1604 policy for the (2) requests made in 2013. However, LAW could not locate a written approval for the outside practice that occurred in 2012. The practice itself, however, appears to have been consistent with requirements 45 CFR § 1604(c)(a) and undertaken in consultation with LAW's management.

It is recommended that LAW remind staff of its 45 CFR 1604 policy and the requirement that approval of outside practice be formalized in writing.

Finding 14: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

LSC regulations prohibit recipients from expending grant 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. *See* 45 CFR Part 1608.

The purpose of Part 1608 is to insure that the Corporation's resources will be used to provide high quality legal assistance and not to support or promote political activities or interests. This Part should be construed and applied so as to further this purpose without infringing upon the constitutional rights of employees or the professional responsibilities of attorneys to their clients.

A limited review of accounting records and documentation for the period of January 1, 2011 through April 15, 2013, and interviews with administration and financial management disclosed that LAW does not appear to have expended any grant funds, or used personnel or equipment in prohibited activities in violation of 45 CFR § 1608.3(b).

During the course of the review, no indications were found where, while engaged in legal assistance activities supported under the Act, LAW attorneys engaged in any political activity, any activity to provide voters with transportation to the polls, or to provide similar assistance in connection with an election, or voter registration activity. Moreover, there was no indication that LAW received funds from any political parties or campaigns.

A comprehensive review of LAW's pamphlets, brochures, flyers, etc. was conducted during the onsite visit. Review of the above-referenced materials revealed that all collected information was found to be free of any prohibited political message, expression, symbol, image, or allusion, and in compliance with 45 CFR Part 1608.

Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 15: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Except as provided by LSC regulations, recipients may not provide 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 may provide 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).

LAW's detailed ledger, schedules of other income for account number 4070 which tracks attorney fees for the years 2011, 2012, and through April 30, 2013 were reviewed along with LAW's accounting and law staff manuals. During 2011, a total of \$101,076.12 was collected in attorneys' fees, while \$91,009.26 was collected during 2012 and \$13,050.00 during the first four months of 2013. These attorneys' fees were partially allocated to LSC using the same ratio with which LSC had "paid" for the endeavors undertaken to pursue the collection of attorneys' fees.

LAW has a written policy governing fee-generating cases which is consistent with 45 CFR Part 1609. The LAW accounting manual which the OCE team reviewed, under policy and procedures governing court order awards, stated that "court ordered awards shall be returned to the grant(s) and office(s) that funded the original case work unless restricted by a funding sources or some other restriction." Although not described in LAW's accounting manual, at the time of the visit, LAW's accounting staff members were allocating each attorney fee award among the grant(s) and office(s) based on the ratio of case hours charged to each location and grant.

It was recommended that LAW take action to ensure that the policy for capturing the accounting basis on which attorneys' fees will be allocated among the various grants is included in the LAW Accounting Manual.

In response to the DR, LAW stated that LAW's Accounting Manual now provides, under policies and procedures governing court ordered awards, the following: "the classification of the attorney fee award shall be determined by the ratio of case hours charged to each location and grant."

In its response, LAW also stated that on July 20, 2013, the LAW Board of Directors approved a revised LAW accounting manual which stipulated under the general policies governing attorney fee awards the following: "The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant." In August 2013, LAW also emailed to OCE its revised Board-approved Attorney Fee Awards Policy and Attorney Fee Awards section of the LAW Accounting Manual dated July 20, 2013.

Finding 16: A limited review of LAW's accounting and financial records indicate compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). LAW is also in compliance with the funding source notifications of 45 CFR § 1610.5 as necessary written notifications had been sent to all relevant funders.

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 regulations contain 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. The presence or absence of any one or more factors is not determinative. 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).

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. 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).

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).

From a limited review of LAW policies and procedures, cash receipts journals, cash disbursements journals, chart of accounts, vendor's list, grants, contracts, web page, observations of the physical location of the program offices, and interviews with management, LAW does not appear to be engaged in any restricted activity which would present 45 CFR Part 1610 compliance issues.

A review of a sampling of entries in LAW's cash receipt and disbursement journals for the review period identified no inappropriate transfers (45 CFR § 1610.7) or expenditures (45 CFR § 1610.4) by LAW of its LSC and non-LSC funds. LAW's cost allocation methodology for direct costs is based on costs allocated to a particular grant. LAW uses LSC Basic Field funds to support LSC expenditures and services.

Upon request of OCE, the Development and Information Director generated a list of all funding sources of at least \$250 or greater for the years 2011, 2012, and through April, 30, 2013. A sample comprised of notification letters to 17 funding sources was selected for an in-depth review. This review showed that LAW is in compliance with the requirements of 45 CFR Part 1610.5(a), in that the program sent written notifications to all funding sources, including Cy Pres awards and community development grant applications. These notifications to funding sources specifically mentioned that the funds may not be used in any manner inconsistent with the Legal Services Corporation Act or §504 of Public Law 104-134.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 17: LAW is in compliance with 45 CFR §§ 1614.3(a), (b), (c), and (d) which is designed to ensure that recipients of LSC funds involve private attorneys in the delivery of legal assistance to eligible clients. Moreover, LAW is in substantial compliance with 45 CFR § 1614.3(e)(1)(i) which is designed to ensure that recipients of LSC funds correctly allocate administrative, overhead, staff, and support costs related to PAI activities.

45 CFR Part 1614 requires LSC recipients to devote an amount of LSC and/or non-LSC funds equal to 12.5% of its LSC annualized basic field award for the involvement of private attorneys in the delivery of legal assistance to eligible clients. This requirement is referred to as the "PAI" or private attorney involvement requirement.

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

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 Audited Financial Statements ("AFS") for the year ending December 31, 2012 reported separate expenditures dedicated to the PAI effort, as required by 45 CFR § 1614.4(e)(2). The reported figure of \$415,075 in 2012 represents 13.8% of the total basic field grant of \$3,018,750 during that year. LAW's attorneys' and paralegals' time dedicated to PAI activities is entered into the case management system by placing a check mark in the PAI box next to a grant number. The Accounting Supervisor manages a "running tab" of all PAI activities on an annual basis. The indirect cost methodology uses total salaries divided by PAI salaries. The cumulative PAI calculations for FY 2012 were reviewed, and tested, and were found to be allocated and computed correctly. Also, indirect cost rates were tested and found to be allocated on the basis of reasonable operating data.

Private Attorney Involvement (Overview)

LAW's PAI efforts are carried out through its Volunteer Lawyer Project ("VLP").

The VLP makes referrals to volunteer (private) attorneys for the direct delivery of legal services. The VLP is administered by the VLP Coordinator in the Milwaukee office. There is also a full-time PAI paralegal working in the Milwaukee office. Referrals to private attorneys are made directly from LAW's field offices, community organizations, and LAW's regular intake screening process. Types of cases handled by VLP attorneys are in the areas of family law, housing (tenant's money claims), unemployment compensation, consumer, bankruptcy, and probate.

Intake for VLP cases is done through the intake processes and procedures discussed under Finding 2, and that applicants are screened for conflicts, financial eligibility, and citizenship/alien eligibility. The intake staff develops and evaluates the facts of an applicant's case pursuant to LAW's program priorities. If the applicant is deemed eligible for assistance, and if the case is appropriate for a volunteer attorney, VLP staff schedule an appointment for the client to come in to the office to meet with a volunteer attorney.

Oversight and closure of these cases is conducted by VLP staff in the Milwaukee office. The VLP cases are part of the LAW's ACMS. Volunteer attorneys are periodically contacted by VLP staff to obtain the case status and disposition. A number of cases are placed and tracked by LAW field offices. The Managing Attorneys in the field offices are responsible for oversight of VLP cases in their office. The VLP attorneys report when the case is closed and VLP staff assign the appropriate case closing code.

Interviews and case review reveals that LAW is in compliance with 45 CFR § 1614.3(d)(3).

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 18: LAW is in substantial compliance with 45 CFR Part 1627. A limited review of documents and interviews with staff revealed LAW initially was not in compliance with 45 CFR § 1627.4(a) (Membership fees or dues) as it was determined that NLADA dues (\$8,500 per annum) were paid with LSC funds.

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.

LSC regulation 45 CFR § 1627.4(a) requires that:

- a) LSC funds may not be used to pay membership fees or dues to any private or nonprofit organization, whether on behalf of a recipient or an individual.
- b) Paragraph (a) of this section does not apply to the payment of membership fees or dues mandated by a government organization to engage in a profession, or to the payment of membership fees or dues from non-LSC funds.

Review of financial records, as well as interviews, evidenced that LAW had not entered into any sub-grant agreements during the review period.

LAW's sub-ledger account No. 7350 (dues, fees & licenses) was provided and sample payments were identified. Supporting documents were requested and reviewed. Between January 1, 2011 and April 15, 2013, LAW made two (2) payments to the NLADA and according to the funding code chart used LSC funds or "200 funds." These payments were pointed out to the Administrator while the OCE team was still on-site. The Administrator made a corrective

accounting entry to credit the LSC fund in the amount of \$17,000, while charging that amount to the general fund for the dues paid to the NLADA.

As a required corrective action, LAW was required to develop a policy and procedure pursuant to 45 CFR §1627.4 regarding the use of LSC funds to pay membership fees or dues.

In its response to the DR, LAW stated that in accordance with 45 CFR §1627.4, the Board of Directors, on November 8, 1996, adopted a policy concerning subgrants and dues. LAW's response also stated the LAW Staff Manual on page IX-G-1 contains a Board-approved policy dated October 6, 1997 specifically governing the payment of "Other Dues" in accordance with 45 CFR § 1627.4. LAW's response to the DR included a copy of the November 8, 1996 and October 6, 1997 policies.

LAW's response also stated that LAW agrees to create a new section for the LAW Accounting Policies and Procedures Manual entitled "Membership Fees and Dues." The new section will incorporate the above policies, plus detail LAW's accounting procedures for processing membership fees and dues requests in accordance with 45 CFR §1627.4 and the requirements of other funders.

OCE has reviewed the policies provided and does not find them sufficiently detailed to meet the requirements of 45 CFR §1627.8. OCE will provide additional guidance on this matter under separate cover. LAW is requested to provide to LSC, within 60 days of the receipt of this Final Report, a revised and implemented policy. OCE is available to review a draft of this policy before its implementation to help ensure LAW's compliance with this requirement.

Finding 19: LAW is in compliance with the requirements of 45 CFR Part 1635 (Timekeeping requirement).

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.

The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type. Recipients shall require any attorney or paralegal who works part-time for the recipient and part-time for an organization that engages in restricted activities to certify in writing that the attorney or paralegal has not engaged in restricted activity during any time for which the attorney or paralegal was compensated by the recipient or has not used recipient resources for restricted activities.

The time spent on each case, matter or supporting activity is recorded in substantial compliance with 45 CFR §§ 1635.3(b) and (c).

A review of 11 advocates timekeeping records selected from LAW's office for one pay period in March 2013, and another in October 2012, disclosed that the records are electronically and contemporaneously kept. The time spent on each case, matter, or supporting activity is recorded in compliance with 45 CFR §§ 1635.3(b) and (c).

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 20: Sampled cases evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Prior to December 16, 2009, except as otherwise provided by LSC regulations, recipients could not claim, or collect and retain attorneys' fees in any case undertaken on behalf of a client of the recipient. *See* 45 CFR § 1642.3.³³ 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 30, 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.³⁴

Sampled files reviewed, interviews with the Executive Director and review of the recipient's policies evidenced that LAW is in compliance with the requirements of former 45 CFR Part 1642.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

³³ The regulations define "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* former 45 CFR § 1642.2(a).

³⁴ LSC further determined that it will not take enforcement action 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. As well, the regulatory provisions regarding 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. *See* LSC Program Letter 10-1 (February 18, 2010).

Finding 21: From a limited review of documents and interviews with staff, it was determined that LAW is in compliance with 45 CFR Part 1612 (Restrictions on lobbying and certain other activities).

The purpose of 45 CFR Part 1612 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.

45 CFR § 1612.10, regarding recordkeeping and accounting for activities funded with non-LSC funds, states that:

- (a) No funds made available by the Corporation shall be used to pay for administrative overhead or related costs associated with any activity listed in § 1612.6.
- (b) Recipients shall maintain separate records documenting the expenditure of non-LSC funds for legislative and rulemaking activities permitted by § 1612.6.
- (c) Recipients shall submit semi-annual reports describing their legislative activities with non-LSC funds conducted pursuant to § 1612.6, together with such supporting documentation as specified by the Corporation.

The review of financial records and other documents for the period of January 1, 2011 through April 15, 2013, interviews with the Executive Director, Development and Information Director, Administrator, and program staff, and generalized web searches on standard search engines regarding LAW produced no information to indicate that LAW has been involved in activity restricted by Part 1612.

LAW's policy on legislative and administrative advocacy was reviewed while on-site and determined to be in compliance with 45 CFR Part 1612.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 22: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Parts 1613 and 1615 (Restrictions on legal assistance with respect to criminal proceedings, and 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.

None of the sampled files reviewed involved legal assistance with respect to a criminal proceeding, or a collateral attack in a criminal conviction. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 23: Sampled cases, as well as interviews, 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).³⁵

LAW has a written policy concerning the initiation or participation in class action lawsuits as required by 45 CFR Part 1617.³⁶ A review of the policy determined it is in compliance with the requirements of 45 CFR Part 1617.

None of the sampled files reviewed involved initiation or participation in a class action. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 24: Sampled cases 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.

LAW has a written policy concerning redistricting, as required by 45 CFR Part 1632.³⁷

³⁵ 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).

³⁶ *See* LAW Staff Manual IV-D, Class Action Policy, 10/3/11.

³⁷ *See* LAW Staff Manual III-H, Regulatory Compliance Policies, 10/3/11.

A review of the policy determined it is in compliance with the requirements of 45 CFR Part 1632.

None of the sampled files reviewed revealed participation in litigation related to redistricting. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 25: Sampled cases 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.

LAW has a written policy concerning representation in certain eviction proceedings as required by 45 CFR Part 1633.³⁸ A review of the policy determined it is in compliance with the requirements of 45 CFR Part 1633.

None of the sampled files reviewed involved defense of any such eviction proceeding. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 26: Sampled cases 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.

³⁸ *See* LAW Staff Manual IV-J, Public Housing Evictions Policy, 10/3/11.

LAW has a written policy concerning the representation of prisoners as required by 45 CFR Part 1637.³⁹ The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1637.

None of the sampled files reviewed involved participation in civil litigation, or administrative proceedings, on behalf of an incarcerated person. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 27: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

In 1996, Congress passed, and the President signed, the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (the "1996 Appropriations Act"), Pub. L. 104-134, 110 Stat. 1321 (April 26, 1996). The 1996 Appropriations Act contained a new restriction which prohibited LSC recipients and their staff from engaging a client which it solicited.⁴⁰ This restriction has been contained in all subsequent appropriations acts.⁴¹ This new restriction is a strict prohibition from being involved in a case in which the program actually solicited the client. As stated clearly and concisely in 45 CFR § 1638.1: "This part is designed to ensure that recipients and their employees do not solicit clients."

LAW has a written policy concerning solicitation as required by 45 CFR Part 1638.⁴² The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1638.

None of the sampled files, including documentation, such as community education materials and program literature indicated program involvement in such activity. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 28: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing).

³⁹ See LAW Staff Manual IV-K, Prisoner Representation Policy, 10/3/11.

⁴⁰ See Section 504(a) (18).

⁴¹ See Pub. L. 108-7, 117 Stat. 11 (2003) (FY 2003), Pub. L. 108-199, 118 Stat. 3 (2004) (FY 2004), Pub. L. 108-447, 118 Stat. 2809 (2005) (FY 2005), and Pub. L. 109-108, 119 Stat. 2290 (2006) (FY 2006).

⁴² See LAW Staff Manual III-B, LSC Regulatory Compliance Policies, 10/3/11.

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. No 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.

LAW has a written policy concerning solicitation as required by 45 CFR Part 1643.⁴³ The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1643.

None of the sampled files reviewed involved such activity. Discussions with the Executive Director also confirmed that LAW is not involved in these prohibited activities.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 29: Sampled cases, as well as interviews, evidenced compliance with the requirements of certain other LSC statutory prohibitions (42 USC 2996f § 1007 (a) (8) (Abortion), 42 USC 2996f § 1007 (a) (9) (School desegregation litigation), and 42 USC 2996f § 1007 (a) (10) (Military selective service act or desertion).

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.

⁴³ *See* LAW Staff Manual III-B, LSC Regulatory Compliance Policies, 10/3/11.

All of the sampled files reviewed demonstrated compliance with the above LSC statutory prohibitions. Interviews conducted further evidenced and confirmed that LAW was not engaged in any litigation which would be in violation of Section 1007(b) (8) of the LSC Act, Section 1007(b) (9) of the LSC Act, or Section 1007(b) (10) of the LSC Act.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 30: A limited review of the cost standards and procedures of LAW evidenced compliance with the requirements of 45 CFR Part 1630 (Cost standards and procedures).

LSC regulations provide uniform standards for allowability of costs and to provide a comprehensive, fair, timely and flexible process for the resolution of questionable costs, under Corporation grants and contracts. *See* 45 CFR Part 1630.

A review of the allocation of costs by LAW disclosed the allocation policies and procedures are adequate and the allocations are proper and in compliance with LAW's Accounting Manual and 45 CFR § 1630.3(4) (c) - (h).

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 31: A limited review of LAW's internal control policies and procedures evidenced that they compare favorably to the elements outlined in Chapter 3 - Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System of the Accounting Guide for LSC Recipients (2010 Ed.) ("AGLSCR").

In accepting LSC funds, recipients agree to administer these funds in accordance with requirements of the Legal Services Corporation Act of 1974 as amended (Act), any applicable appropriations acts and any other applicable law, rules, regulations, policies, guidelines, instructions, and other directives of the LSC, including, but not limited to, LSC Audit Guide for Recipients and Auditors, Accounting Guide For LSC Recipients (2010 Ed.) ("AGLSCR"), the CSR Handbook, the LSC Property Acquisition and Management Manual, and any amendments to the foregoing. Applicants agree to comply with both substantive and procedural requirements, including recordkeeping and reporting requirements.

An LSC recipient, under the direction of its board of directors, is required to establish and maintain adequate accounting records and internal control procedures. Internal control is defined as a process effected by an entity's governing body, management and other personnel, designed to provide reasonable assurances regarding the achievement of objectives in the following categories: (1) Effectiveness and efficiency of operations; (2) Reliability of financial reporting;

and (3) Compliance with applicable laws and regulations. *See* Chapter 3 of the AGLSCR (2010 Ed.).

The AGLSCR provides guidance on all aspects of fiscal operations and the 2010 edition has a significantly revised Accounting Procedures and Internal Control Checklist that 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.

LAW Fiscal Structure and Operating Systems

LAW's fiscal department consists of an Administrator, who is responsible for the accuracy of its financial and accounting records, a Supervisor of Accounting and Grants, whose duties include the reconciliation of all bank statements and the Executive Director, hired by the board, who is responsible for hiring competent staff and overseeing the appropriate procedures for ensuring the integrity of LAW's financial accounting and reporting systems.

LAW utilizes an in-house accounting software package to process general ledger and accounts payable. An outside agency (Paylocity) provides payroll services on a contractual basis.

Bonding

A limited fiscal review evidenced that LAW maintains fidelity bond coverage exceeding the requirements of 45 CFR Part 1629.

LAW's insurance policy for its fidelity bond was reviewed. This policy covers employee dishonesty and forgery for up to \$500,000 per occurrence. The policy has a term of one (1) year beginning January 1, 2013. The existing coverage exceeds the \$50,000 coverage required by 45 CFR Part 1629 and is nearly twice as much as the required 10% of the program's annualized LSC funding level.

There are no recommendations or corrective actions required.

Segregation of Duties

LAW's management plays an important role in ensuring a proper segregation of duties in the finance department.

The limited assessment of segregation of duties including review of LSC's *Segregation of Fiscal Duties Worksheet* (as prepared by LAW), LAW's organization chart, LAW's Accounting Manual (under related roles and responsibilities), interviews with selected staff, and observations of financial work assignments was undertaken. *See* also AGLSCR (2010 Ed.), Chapter 3, Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System.

An analysis of the responses provided by LAW during the on-site visit, interviews with program staff, and a limited review of the program's policies and procedures indicate sufficient staffing assignments and management oversight to provide adequate segregation of fiscal duties and responsibilities. However, it must be noted that a weakness in LAW's internal controls, as it relates to segregation of duties, was identified within its financial operations.

A limited review of disbursements, which included a review of 28 expense reports, disclosed that the Executive Director's expense reports are approved by the Administrator who is a direct report of the Executive Director.

Strong internal controls require that an employee's supervisor approves their expense reports. A proper segregation of duties requires that the Board of Directors, who supervises the Executive Director, approve and review the Executive Director's expense reports. *See* AGLSCR (2010 Ed.), Chapter 3, §§ 3-4(3) and 3-4(4).

In the DR, LAW was required develop a policy and procedure to have the Executive Director's expense reports reviewed and approved by the Board of Directors.

In its response to the DR, LAW requested that this Required Corrective Action be a recommendation. OCE has evaluated these comments and revised this Final Report accordingly. OCE notes, however, that it is a recommended best practice for a LSC programs to require that an Executive Director's expense report be reviewed and approved by the Board of Directors.

Bank Reconciliations

The LSC accounting guidelines regarding bank reconciliations discusses the need for monthly bank account reconciliations and that the related procedures include the following: determination of whether bank statements reconcile with the respective general ledger cash account; investigation and resolution of checks that have been outstanding for more than six (6) months; examination of voided checks (including that proper journal entries are made in the general ledger and check register for voided checks); comparison of checks with the check register including number, date, payee, amount, signatures, and endorsements; and accounting for serial numbers of checks and other tests. Program procedures should also direct that bank statements are delivered unopened directly to the person preparing the reconciliation or a management official for review prior to reconciliation, and that a program's fiscal manager review and initial completed bank reconciliations. *See* AGLSCR, (2010 Ed.), Appendix VII, Section I, Bank Reconciliation Procedures.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over bank reconciliations.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Bank Reconciliations.

Petty Cash

The LSC accounting guidelines for petty cash directs recipients to have a board-approved policy, and that accounting procedures include restrictions on petty cash disbursements and reimbursement, require properly approved supporting data, be maintained on an imprest basis, and be primarily vested in only one person per program office with regard to access and physical control over the petty cash box. Also, cash receipts should not be commingled with the petty cash fund, and the reconciliation of the petty cash bank account should be done by an employee independent of the petty cash custodian along with a periodic surprise count and be part of the annual audit. *See* AGLSCR (2010 Ed.), Appendix VII, Section K, Petty Cash Controls.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over petty cash.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Petty Cash.

Client Trust Funds

LSC accounting guidelines regarding client trust funds requires policies and procedures for controlling client trust transactions including receipts, disbursements, and reconciliation. Further, accounting records should be maintained to account for individual balances for each client. *See* AGLSCR, (2010 Ed.), Chapter 3, Section 3-5.7, Client Trust Records.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over petty cash.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Client Trust Funds.

Credit Cards

LAW's Credit Card Policy and Procedures were reviewed and found to be satisfactory. A limited review of disbursements, which included a review of eight (8) credit card statements, determined LAW maintains adequate internal control for the payment and accounting of credit card statement charges. All credit card charges were proper and supported by adequate documentation.⁴⁴

⁴⁴ LAW maintains one (1) credit card for program training and travel, equipment and limited other purchases. The Executive Director, Administrator, and Technology and Communications Manager each carry a card issued in their name. *See* Law Accounting Manual 15.5, Credit Card Policies & Procedures.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Credit Cards.

Cash Receipts

LSC accounting guidelines regarding cash receipts discusses the need for various policy and practices to include procedures to ensure that cash received is properly handled, and that a cash receipts log and cash receipts journal be maintained. LSC guidelines further discuss the need for prompt deposit of cash receipts; procedures for reconciliation; and ensuring that checks and money orders be restrictively endorsed, among other items. *See* AGLSCR, (2010 Ed.), Appendix VII, Section H, Controls over Cash Receipts.

A limited review of cash receipts for March 2013 disclosed no internal control deficiencies.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Cash Receipts.

Cash Disbursements

LSC accounting guidelines regarding cash disbursements discusses the need for: written accounting policies and procedures that describe the accounting system and assure that similar transactions are processed consistently. *See* AGLSCR, (2010 Ed.), Appendix VII, Section G, Controls over Cash Disbursements.

A review of cash disbursements for March 2013 determined LAW has adequate internal controls governing the handling of cash disbursements. The policies and procedures as they relate to cash disbursements are included in LAW's Accounting Manual.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Cash Disbursements.

Electronic Transfers

A review of electronic transfers for the month of March 2013 disclosed no internal control deficiencies and the transfers made were in compliance with LAW's Accounting Manual Policies and Procedures.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Electronic Transfers.

Travel Advances

A review of five (5) employee travel advances disclosed adequate internal controls and that the travel advance policies and procedures were in compliance with LAW's Accounting Manual.

Also, it was disclosed through discussions with the Administrator, as well as a review of the Accounting Manual and the General Ledger, that LAW does not make payroll advances and that none existed during the review period.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Travel Advances.

Payroll Process

A limited review of LAW's payroll policy was conducted which disclosed that LAW has an adequate policy and adequate internal controls surrounding the payroll process.

A limited review of LAW's payroll policies and procedures compared favorably with the LSC requirements. LAW uses an outside payroll service for semi-monthly payroll, tax and payroll records processing. Adequate supporting documentation, such as time and attendance records, is also utilized.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to the Payroll Process.

Fiscal Integrity

The OCE review team interviewed three (3) members⁴⁵ of LAW's Board of Directors and asked them questions from the AGLSCR, Chapter 1, Section 1-7, *Responsibilities of the Financial Oversight Committee(s)*. In sum, the interview revealed that LAW's Board of Directors is very knowledgeable and very engaged in the operations of the program, thereby fully discharging its fiduciary responsibility.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Fiscal Integrity.

⁴⁵ LAW's Board Treasurer Elect, Finance Committee Chairman, and Board Chairman were interviewed.

Property Controls

A limited review of property records and internal controls over property evidenced LAW has written policies and procedures in accordance with the AGLSCR (2010 Ed.), Appendix IV- Accounting for Property.

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* AGLSCR, Chapter 3, Section 3-5.4(c), Cash Disbursements – Recordkeeping: Property Record.

A review of property records for 2011 and 2012 disclosed that they were in accordance with LAW's property management policy, which requires, among other items, that three (3) bids are solicited for property purchases greater than \$5,000. The review also indicated that a physical inventory is conducted every two (2) years. Detailed physical inventory records were reviewed which showed no adjustments and that LAW adheres to its own policy.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to Property Controls.

Finding 32: Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with 2011 TIG grant assurances Nos. 7, 8, and 9, and other applicable LSC regulations, rules, and guidelines.

Recipients' use of TIG funds is subject 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 for LSC Recipients, applicable TIG Grant Assurances, contract terms, the Property Acquisition and Management Manual, and with any amendments of the foregoing adopted before or during the period of the TIG.

A limited review of relevant materials and interviews concerning LAW's TIG No. 11028 was conducted. According to the Evaluation Report of TIG No. 11028, the goal of the TIG was to enhance the effectiveness and efficiency of LAW's operations and services to clients by upgrading the program's technological infrastructure. Two (2) objectives were necessary to accomplish this goal. The first objective was to implement a range of technology infrastructure enhancements including the design and implementation of a central data system readily

accessible to all staff. The second objective was to develop and implement a new backup system that preserves and protects the firm's data and enhances disaster recovery practices. The term of TIG No. 11028 was 18 months, beginning October 1, 2011. The total amount of the grant award was \$51,600.

The OCE review disclosed that the TIG was properly disclosed as a separate funding source in the 2012 Audited Financial Statements; that proper reporting was made to LSC (initial budget, final budget and milestone reports); that approvals were obtained for purchases of equipment in excess of \$10,000; and that the purchases had three (3) bidders as required by the LSC's Property Acquisition and Management Manual. All of the TIG funds were spent and the cash disbursements and cash receipts were properly accounted for by LAW. It should be noted that no TIG funds were spent on LAW personnel costs.

Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with TIG grant assurances Nos. 7, 8, and 9 and other applicable LSC regulations, rules, and guidelines.

There are no recommendations or corrective actions required.

In response to the DR, LAW offered no comments with respect to this Finding.

Finding 33: A limited review of the LAW Accounting Manual disclosed that the September 2012 updates made to this manual have not been approved by the Board of Directors, and that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

A limited review of the LAW Accounting Manual disclosed that the September 2012 updates to this manual have not yet been approved by the Board of Directors.⁴⁶ Further, the review revealed that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

As such, it was recommended that LAW update its LAW Accounting Manual to include any policies not yet reflected therein.

In its response to the DR, LAW stated that its Board of Directors formally reviewed and approved the LAW Accounting Policies and Procedures Manual dated July 20, 2013. LAW's response also included an attachment of the Manual's Table of Contents and the Introduction and Overview sections as of July 20, 2013. Additionally, LAW's response to the DR stated the July 20, 2013 version of the manual includes new Payroll & Timekeeping (Sections 2.2) and

⁴⁶ In an e-mail to OCE dated August 12, 2013, the Administrator wrote that Board of Directors had formally voted on and approved the updates to the LAW Accounting Manual and moved to include a payroll and timekeeping policy and an employee travel/training policy.

Employee Travel/Training Policies (Section 5.5) sections. Both of these sections were previously only contained in the LAW Staff Manual.

IV. RECOMMENDATIONS⁴⁷

Consistent with the findings of this report, it was recommended that LAW:

1. Provide to LSC copies of the contract (s) for the two (2) LAW attorneys contracted to the Center for Driver's License Recovery and Employability;

As requested, LAW submitted copies of the contracts with its comments to the DR. OCE has evaluated these contracts for compliance. No compliance concerns were noted.

2. Ensure that the policy for capturing the accounting basis on which attorneys' fees will be allocated among the various grants is included in the LAW Accounting Manual and the LAW Staff Manual;

In response to the DR, LAW stated that LAW's Accounting Manual now provides, under policies and procedures governing court ordered awards, the following: "the classification of the attorney fee award shall be determined by the ratio of case hours charged to each location and grant."

In its response, LAW also stated that on July 20, 2013, the LAW Board of Directors approved a revised LAW accounting manual which stipulated under the general policies governing attorney fee awards the following: "The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant." In August 2013, LAW also emailed to OCE its revised Board-approved Attorney Fee Awards Policy and Attorney Fee Awards section of the LAW Accounting Manual dated July 20, 2013.

3. Update the LAW Accounting Manual to include any of policies not yet reflected therein;

In its response to the DR, LAW stated that its Board of Directors formally reviewed and approved the LAW Accounting Policies and Procedures Manual dated July 20, 2013. LAW's response also included an attachment of the Manual's Table of Contents and the Introduction and Overview sections as of July 20, 2013. Additionally, LAW's response to the DR stated the July 20, 2013 version of the manual includes new Payroll & Timekeeping (Sections 2.2) and Employee Travel/Training Policies (Section 5.5) sections. Both of these sections were previously only contained in the LAW Staff Manual.

⁴⁷ Items appearing in the "Recommendations" section are not enforced by LSC and therefore the program 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 the program 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 the program, and will be enforced by LSC.

4. Only report case files that contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6. It is recommended that LAW provide training to staff on the requirements of this section;

In its response to the DR, LAW stated they will provide training to staff to ensure case files contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended), § 5.6.

5. Develop and implement methods to prevent case dormancy. It is further recommended that LAW provide training to staff on the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3;

In its response to the DR, LAW stated they will deselect the case files identified in the DR as dormant or untimely closed. LAW also stated they will provide training on CSR Handbook (2008 Ed., as amended), § 3.3.

6. Develop a policy and procedure to have the Executive Director's expense reports reviewed and approved by the Board of Directors; and

OCE notes that it is a recommended best practice for a LSC programs to require that an Executive Director's expense report be reviewed and approved by the Board of Directors.

7. Remind staff of its 45 CFR 1604 policy and the requirement that approval of outside practice be formalized in writing.

LAW has not provided comments to this recommendation because it came to OCE's attention after the Draft Report was issued. As explained in footnote 47, however, LAW is not required to take action on the recommendations listed in this section.

V. REQUIRED CORRECTIVE ACTIONS

Consistent with the findings of this report, LAW was required to take the following corrective actions:

1. Ensure that cases with clients whose income exceeds 125% of the FPG without documentation of authorized exceptions are not included in the CSR reports;

In its comments to the DR, LAW stated they will create a monitoring report that identifies files where the client is over 125% of the FPG but where no Over A-Under B form is saved in the data base. Further, LAW stated they will continue to stress the importance of this issue in their compliance training, including the use of our database “poverty calculator” in determining the level of poverty at the time of eligibility screening.

LAW is required to provide updates to OCE, within 60 days of receipt of this report, regarding: 1) its monitoring report that identifies files where the client is over 125% of the FPG but where no Over A-Under B form is saved in the data base; and 2) its efforts to stress the importance of documenting the acceptance of clients found to be eligible pursuant to an LSC-allowed over income exception.

2. Ensure compliance with 45 CFR § 1626.6 regarding the inclusion (when required) of a signed citizenship attestation in all cases files. As a part of this corrective action, it was recommended that LAW adopt additional ongoing case management oversight protocols to ensure that citizenship attestations, when required, are obtained during initial screening or when a case is opened;

In its response to the DR, LAW stated they will include a checklist in their database which requires citizenship, retainer agreements, and Over A-Under B forms. They also stated they will include an automatic reminder, a form of tickler that prompts advocates to obtain the required documents.

LAW is required to provide OCE, within 60 days of receipt of this report, documentation showing the implementation of a checklist in their database which requires citizenship, retainer agreements, and Over A-Under B forms, as well as, documentation indicating LAW has implemented an automatic reminder tickler system.

3. Ensure that retainer agreements (when required), are included in case files and that the retainer agreement subject matter accurately reflects the services provided;

In its response to the DR, LAW attached a copy of the PowerPoint presentation used for compliance training. LAW also stated in its response, that during the training it was strongly emphasized that both a statement identifying the legal problem and the nature of the legal services need to be included in each retainer agreement.

Based on the comments provided by LAW, OCE finds that the actions taken sufficiently satisfy this Required Corrective Action and that no further action is needed.

4. Provide LSC with a copy of its policy regarding citizenship attestations and eligible alien documentation (that apply to the Oshkosh office); and

In its response to the DR, LAW attached the instructions sent by the Executive Director to the Oshkosh staff on June 6, 2013, ordering the institution of procedures ensuring compliance with 45 CFR Part 1626. LAW's response further stated that the new compliance procedure requires the receptionist to ask walk-in clients to sign the citizenship attestation form or to provide the alien eligibility documents immediately, rather than waiting until the client speaks with an attorney.

OCE reviewed the June 6, 2013 instructions and determined they are consistent with 45 CFR Part 1626. OCE finds that the actions taken sufficiently satisfy this Required Corrective Action and that no further action is needed.

5. Develop policies and procedures pursuant to 45 CFR § 1627.4 regarding the use of LSC funds to pay membership fees or dues to a private or nonprofit organization.

In its response to the DR, LAW stated that in accordance with 45 CFR §1627.4, the Board of Directors, on November 8, 1996, adopted a policy concerning subgrants and dues. LAW's response also stated the LAW Staff Manual on page IX-G-1 contains a Board-approved policy dated October 6, 1997, specifically governing the payment of "Other Dues" in accordance with 45 CFR § 1627.4. LAW's response to the DR included a copy of the November 8, 1996 and October 6, 1997 policies.

LAW's response also stated that LAW agrees to create a new section for the LAW Accounting Policies and Procedures Manual entitled "Membership Fees and Dues." The new section will incorporate the above policies, plus detail LAW's accounting procedures for processing membership fees and dues requests in accordance with 45 CFR §1627.4 and the requirements of other funders.

OCE has reviewed the policies provided and does not find them sufficiently detailed to meet the requirements of 45 CFR §1627.8. OCE will provide additional guidance on this matter under separate cover. LAW is requested to provide to LSC, within 60 days of the receipt of this Final Report, a revised and implemented policy. OCE is available to review a draft of this policy before its implementation to help ensure LAW's compliance with this requirement.

Legal Action of Wisconsin

Response to

Draft Report of the LSC
Office of Compliance and Enforcement

Case Service Report/Case
Management System Review,
conducted June 3-6, 2013

Legal Action's response to the OCE Draft Report arising out of its June 3-6, 2013 review is set forth in the attached legislative style changes and comments to the OCE Draft Report. We are submitting one version single-spaced and pdf, which is to serve as our formal response. We are submitting a second version double-spaced and in Word for OCE's use in annotation.

Our recommended deletions are shown with lines through words; the replacements and additions are shown as underscored. Our comments are generally placed in brackets. All of the Legal Action language is in bold.

We would like to emphasize that the OCE team was professional, courteous and knowledgeable, and that we appreciate very much the consideration they showed us before, during and after the visit. Our changes are proffered in the interest of accuracy. They are not an attempt to cast any kind of reflection on the OCE team. An organization as far-flung and complex as Legal Action is very difficult to describe with complete accuracy. The necessity over the past couple of decades for us to pursue and obtain special grants funding has introduced a great deal of complexity and subtlety into our intake mechanisms and our service delivery. In addition, we have made some changes just since the OCE visit in June. So, in the interest of accuracy, we have made a number of amendments to the Draft Report's description of our law firm and our service delivery.

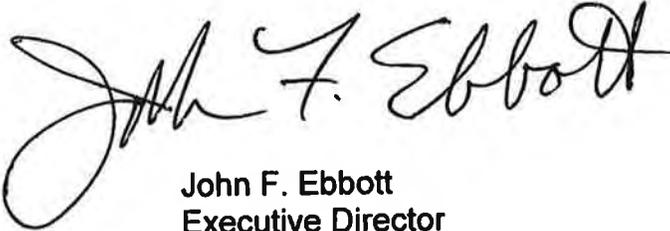
Any review of 547 cases covering 6 offices in the space of 4 days, with 10-digit case numbers, is bound to generate some variances in opinion between reviewer and reviewee. We have double-checked the cases cited in the Draft Report and have made good-faith changes in those instances in which we view the cases differently than the OCE team. We have also tried to honestly acknowledge those instances in which our compliance could have been improved.

At a couple of points, we insert a statement that the number of cases of noncompliance is very small in a 547-case review. While this is implied in OCE's use of the term "substantial compliance," we feel that it is important to expressly state that Legal Action has done a good job of ensuring compliance.

Again, we appreciate the OCE team's professionalism and cooperation, especially in the matter of protecting client confidences. We hope that our responsive comments will be helpful in the drafting of a final report.

Thank you for your consideration of the attached response.

Yours truly,

A handwritten signature in black ink that reads "John F. Ebbott". The signature is written in a cursive style with a large, looping initial "J".

John F. Ebbott
Executive Director

JFE:caj
Attachment

**Legal Action of
Wisconsin
Response to**

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

**Legal Action of Wisconsin, Inc.
June 3-6, 2013
Case Service Report/Case Management System Review**

Recipient No. 550010

I. EXECUTIVE SUMMARY

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

Finding 2: LAW's intake procedures and case management system support the program's compliance related requirements.

Finding 3: LAW is in substantial compliance with the income eligibility documentation required by Finding 45 CFR § 1611.4, CSR Handbook (2008 Ed., as amended 2011), § 5.3, and applicable LSC instructions for clients whose income exceeds 125% of the Federal Poverty Guidelines ("FPG").

Finding 4: LAW is in compliance with the asset eligibility documentation requirements of 45 CFR §§ 1611.3(c) and (d) and CSR Handbook (2008 Ed. as amended 2011), § 5.4.

Finding 5: Sampled cases evidenced non-compliance with the documentation requirements as set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and CSR Handbook (2008 Ed., as amended 2011), § 5.5. Case review identified four (4) sampled cases that lacked the required citizenship documentation.

Finding 6: LAW is in substantial compliance with the retainer requirements of 45 CFR § 1611.9.

Finding 7: LAW is in compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

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

Finding 9: Sampled staff cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6 (Description of legal assistance provided). Case review identified seven (7) sampled PAI files that did not contain a description of the legal assistance provided.

Finding 10: The sampled files reviewed demonstrate that LAW's application of the CSR case closing categories is in substantial compliance with Chapters VIII and IX, CSR Handbook (2008 Ed., as amended 2011).

Finding 11: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3 regarding the timely closing of cases. Case review revealed a limited number of sampled cases that were dormant or untimely closed.

Finding 12: Sample cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

Finding 13: Review of LAW's policies and the list of attorneys who have engaged in the outside practice of law revealed that LAW is in compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

Finding 14: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

Finding 15: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Finding 16: A limited review of LAW's accounting and financial records indicate compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). LAW is also in compliance with the funding source notifications of 45 CFR § 1610.5 as necessary written notifications had been sent to all relevant funders.

Finding 17: LAW is in compliance with 45 CFR §§ 1614.3(a), (b), (c), and (d) which is designed to ensure that recipients of LSC funds involve private attorneys in the delivery of legal assistance to eligible clients. Moreover, LAW is in substantial compliance with 45 CFR § 1614.3(e)(1)(i) which is designed to ensure that recipients of LSC funds correctly allocate administrative, overhead, staff, and support costs related to PAI activities.

Finding 18: LAW is in substantial compliance with 45 CFR Part 1627. A limited review of documents and interviews with staff revealed LAW initially was not in compliance with 45 CFR § 1627.4(a) (Membership fees or dues) as it was determined that NLADA dues (\$8,500 per annum) were paid with LSC funds.

Finding 19: LAW is in compliance with the requirements of 45 CFR Part 1635 (Timekeeping requirement).

Finding 20: Sampled cases evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Finding 21: From a limited review of documents and interviews with staff, it was determined that LAW is in compliance with 45 CFR Part 1612 (Restrictions on lobbying and certain other activities).

Finding 22: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Parts 1613 and 1615 (Restrictions on legal assistance with respect

to criminal proceedings, and actions collaterally attacking criminal convictions).

Finding 23: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Part 1617 (Class actions).

Finding 24: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1632 (Redistricting).

Finding 25: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1633 (Restriction on representation in certain eviction proceedings).

Finding 26: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Finding 27: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

Finding 28: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing).

Finding 29: Sampled cases, as well as interviews, evidenced compliance with the requirements of certain other LSC statutory prohibitions (42 USC 2996f § 1007 (a) (8) (Abortion), 42 USC 2996f § 1007 (a) (9) (School desegregation litigation), and 42 USC 2996f § 1007 (a) (10) (Military selective service act or desertion)).

Finding 30: A limited review of the cost standards and procedures of LAW evidenced compliance with the requirements of 45 CFR Part 1630 (Cost standards and procedures).

Finding 31: A limited review of LAW's internal control policies and procedures evidenced that they compare favorably to the elements outlined in Chapter 3 - Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System of the Accounting Guide for LSC Recipients (2010 Ed.) ("AGLSCR").

Finding 32: Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with 2011 TIG grant assurances Nos. 7, 8, and 9, and other applicable LSC regulations, rules, and guidelines.

Finding 33: A limited review of the LAW Accounting Manual disclosed that the September 2012 updates made to this manual have not been approved by the Board of Directors, and that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

II. BACKGROUND OF REVIEW

On June 3 - 6, 2013, the Legal Services Corporation's ("LSC") Office of Compliance and Enforcement ("OCE") conducted a Case Service Report/Case Management System ("CSR/CMS") on-site visit at Legal Action of Wisconsin, Inc. ("LAW"). The purpose of the visit was to assess the program's compliance with the LSC Act, regulations, and other applicable laws such as Program Letters, the LSC Accounting Guide for LSC Recipients ("AGLSCR"), (2010 Edition), and the Property Acquisition and Management Manual ("PAMM"). The visit was conducted by five (5) attorneys, one (1) management analyst, and two (2) fiscal compliance specialists. Four (4) of the attorneys were OCE staff members and one (1) was a temporary employee. Both fiscal compliance specialists were OCE staff members and the management analyst was an OCE temporary employee.

The on-site review was designed and executed to assess the program's compliance with basic client eligibility, intake, case management, regulatory and statutory requirements as well as to ensure that LAW has correctly implemented the CSR Handbook (2008 Ed., as amended 2011). Specifically, the review team assessed LAW for compliance with 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); ¹45 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 and 1615 (Restrictions on legal assistance with respect to criminal proceedings and Restrictions on actions collaterally attacking criminal convictions); 45 CFR Part 1617 (Class actions); 45 CFR Part 1632 (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); 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, or mercy killing); and 42 USC 2996f § 1007 (Abortion, school desegregation litigation and military selective service act or desertion).

Additionally, the review team evaluated LAW's management of its Technology Initiative Grant ("TIG") projects and its use of TIG funds as well as assessing compliance with certain Grant Assurances, Grant Award Agreements, and other applicable LSC regulations and requirements.

The OCE team interviewed members of LAW's upper and middle management, staff attorneys, and support staff. LAW's case intake, case acceptance, case management, and case closure

¹ In addition, when reviewing files with pleadings and court decisions, compliance with other regulatory restrictions was reviewed as more fully reported *infra*.

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.

practices and policies in all substantive units were assessed. In addition to interviews, a case file review was conducted. The sample case review period was from January 1, 2011 through April 15, 2013. Case file review relied upon randomly selected files as well as targeted files identified to test for compliance with LSC requirements, including eligibility, potential duplication, timely closing, and proper application of case closure categories. In the course of the on-site review, the OCE team reviewed a total of 547 case files.

LAW is an LSC recipient that operates six (6) offices in Wisconsin. The administrative office is headquartered in Milwaukee with field offices located in Madison, Racine, La Crosse, Oshkosh, and Green Bay. LAW's executive staff consists of an Executive Director, Administrator, Volunteer Lawyers Project ("VLP") Coordinator, and Supervisor of Accounting and Grants Reporting.

In 2013, LAW is expected to receive \$3,149,162 (basic field) and \$83,991 (migrant) in LSC funding for a total of \$ 3,233,153; in 2012, LAW received \$3,018,570 (basic field), \$85,760 (migrant), ~~and \$920,738 (other) funding~~ **\$113,643, other funding, and \$807,095 LSC prior year carryover funding,** for a total of \$4,025,068; and in 2011, LAW received **\$3,537,100 Basic Field, \$100,491 Migrant funding, \$28,378 other funding and \$517,545 LSC prior year carryover funding,** for a total of \$4,181,657 in LSC funding.

LSC awarded LAW two (2) TIGs. In 2002, LAW was awarded TIG No. 02377 in the amount of \$101,818 and, in 2011, LAW was awarded TIG No. 11028 in the amount of \$51,600. TIG No. 11028 was the only TIG open at the time of the visit.

In its 2012 CSR data submission to LSC, LAW reported 5,947 closed cases. In its 2011 CSR data submission, LAW reported 7,123 closed cases.

For the year 2012, LAW's self-inspection error rate was 2.6 %. LAW reported errors in the areas relating to non-telephone cases which lacked a citizenship attestation or documentation of alien eligibility, and cases in which there was no written evidence of legal assistance. For the year 2011, LAW's self-inspection error rate was 0.6%. LAW reported a case in which household income exceeded 200% of the Federal Poverty Guidelines.

By letter dated April 2, 2013, OCE requested that LAW provide a list of all cases reported to LSC in its 2012 CSR data submission ("closed 2012 cases"), a list of all cases reported in its 2011 CSR data submission ("closed 2011 cases"), a list of all cases closed between January 1, 2013 and April 15, 2013 ("closed 2013 cases"), and a list of all cases which remained open as of April 15, 2013 ("open cases"). OCE requested that the lists 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 closing category assigned to the case and the funding code assigned to the case. OCE requested that two (2) sets of lists be compiled - one (1) for cases handled by LAW staff and the other for cases handled through LAW's PAI component. LAW was advised that OCE would seek access to such cases 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). LAW was requested to promptly notify OCE, 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.

In discussions with OCE, LAW indicated that it had a confidentiality issue with the disclosure of client names in the course of case review pursuant to the Wisconsin Rules of Professional Conduct, Supreme Court Rule, Chapter 20. In order to accommodate this concern in accordance with the LSC *Access to Records* protocol, both telephone and e-mail discussions were held in regard to the creation of unique client identifiers ("UCI") for each case selected for review. These discussions culminated with an agreement between OCE and LAW, memorialized via letter on May 23, 2013, in reference to the specific UCI format and other client information redaction issues.

Thereafter, an effort was made to create a representative sample of cases which the team would review during the on-site visit. The sample was created proportionately among closed cases for 2011, 2012, 2013, and open cases. The sample consisted largely of randomly selected cases, but also included targeted cases selected to test for compliance with the CSR instructions relative to timely closings, proper application of the CSR case closing categories, duplicate reporting, etc.

During the on-site visit, access to case-related information was provided through staff intermediaries. Pursuant to the OCE and LAW agreement of May 23, 2013, LAW staff maintained possession of the file and discussed with the team the nature of the client's legal problem and the nature of the legal assistance rendered. In order to maintain confidentiality, such discussion, in some instances, was limited to a general discussion of the nature of the problem and the nature of the assistance provided.³ LAW's management and staff cooperated fully in the course of the review process. As discussed more fully below, LAW was made aware of any compliance issues identified during the on-site visit. This was accomplished by informing intermediaries as well as LAW management of any compliance issues throughout the case review process.

At the conclusion of the visit on June 6, 2013, OCE conducted an exit conference during which LAW's senior management was made aware of the team's preliminary findings. OCE cited instances of non-compliance in the areas of execution of citizenship attestations, documentation of legal advice and application of case closure categories. No distinction between 2013, 2012, and 2011 cases was found.

LAW was advised that they would receive a Draft Report ("DR") that would include all of OCE's findings and they would have 30 days to submit comments.

³ In those instances where it was evident that the nature of the problem and/or the nature of the assistance provided had been disclosed to an unprivileged third party, such discussion was more detailed, as necessary to assess compliance.

III. FINDINGS

Finding 1: LAW's 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 ACMS and procedures which will ensure that information necessary for the effective management of cases is accurately and timely recorded in a case management system. At a minimum, such systems and procedures must ensure that management has timely access to accurate information on cases and the capacity to meet funding source reporting requirements. *See* CSR Handbook (2008 Ed., as amended 2011). § 3.1.

LAW utilizes Kemps Clients Windows 2007 for its ACMS. The program has significantly modified the ACMS over the years to add screens for special grants and projects, and fields to improve compliance and accommodate reporting requirements.⁴ The ACMS is considered to be a "work in progress" and modifications continue to be made as the need arises. LAW's Administrator is responsible for database management.⁵ Staff reported that they receive training on the ACMS at least once a year and demonstrated a strong understanding of the protocols regarding key compliance fields such as the LSC eligible, funding source, problem code, income, asset⁶, and citizenship status fields. Staff has also been trained on the use of the program's "Z" Closing Code used to deselect cases from the CSR and understand the difference between rejecting and deselecting a case. Open cases are displayed on case handlers' home screen when they log into the system and all staff are trained to generate a variety of reports. LAW's ACMS does not have defaults in fields critical to compliance, consistent with Program Letter 02-06.

A review of program statistics revealed that CSRs decreased from 7,123 cases in 2011 to 5,947 cases in 2012. Interviews revealed that this decrease in cases was the result of the loss of 35 staff positions from April 2011 through the end of 2012 and not due to ACMS issues.

Based on interviews and a comparison of the information yielded by the ACMS to information contained in the case files sampled, LAW's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded. No instances of inconsistent information were identified.

⁴ Modifications include, but are not limited to, the addition of a field to create an electronic form to record over-income factors, modification of its asset fields to record only non-exempt asset categories, a check-box to indicate screening of future income prospects, and the addition of non-LSC reportable closure codes including a deselect code.

⁵ LAW's Supervisor for Accounting and Grants Reporting is responsible for generating data error, oversight, and annual CSR reports.

[There is no footnote 6.]

Finding 2: LAW's intake procedures and case management system support the program's compliance related requirements.

To assess LAW's intake procedures and case management policy for compliance with LSC requirements, intake, case handler, and management staff were interviewed. In addition, paper and electronic documents used to support the intake process were evaluated.⁷ The prior OCE review in August 2008 found that improvement was required to standardize policies, procedures and forms to improve consistency. The current review found that such standardization was implemented and that the procedures, practices, as well as staff's understanding of compliance requirements, were consistent and support the program's compliance related requirements.

LAW's intake screening system is based on a decentralized model in which intake procedures and hours vary depending upon the size of the field office. Larger offices such as Madison and Milwaukee conduct intake by special project,⁸ largely funded by non-LSC sources, or by substantive legal unit. Smaller offices such as Racine and Oshkosh conduct standard ~~intake~~, intake for emergency issues, and intake for special projects. Pursuant to a document request, LAW provided a description of individual office intake procedures, program policies and forms relevant to intake.⁹

Intake hours and staff assigned to intake have been adjusted over the past two (2) years due to funding cuts. In the offices visited, the majority of the intake is conducted by telephone and eligible cases are assigned to advocates based upon legal problem type. Case acceptance and oversight procedures vary according to the size of the unit, project or office. In addition, some offices, units, and projects conduct in-person and outreach intake and receive referrals from community partners.

Description of Model

Milwaukee

Each of the Milwaukee special projects and substantive legal units has its own intake protocols. Some conduct intake during set hours and days. Others accept referrals from community partners. Emergencies for all units and projects are handled outside of the intake hours based upon the availability of the staff. A brief description of intake for each unit and project follows.¹⁰

⁷ LAW's standardized intake forms include the Citizenship Attestation Form and Alien Representation Record.

⁸ LAW's special projects are YWCA Supporting Families Through Work ~~New Hope Child Support~~ Project, HUD Emergency Solutions, Low Income Taxpayer Clinic ("LITC"), Road to Opportunity Project and the Disabled Offenders Economic Stability Project ("DOES").

⁹ See *Legal Action Intake Procedures and LAW Staff Manual*.

¹⁰ In addition to the projects discussed, two (2) new projects in the Employment Law Unit are near implementation. These projects are funded by the Milwaukee Area Work Force Investment Bureau and the Wisconsin Regional Training Partnership.

Family Law Unit

The majority of the family law cases are faxed referrals from the Sojourner Family Peace Center and other local domestic violence shelters, pursuant to a Victims of Crime Act ("VOCA") grant. In most cases, the applicants are seeking assistance with obtaining a Protective Order, ~~a divorce, or~~ **and other family law matters, including** legal assistance relating to custody issues. While VOCA permits assistance to persons with income over 200% of the Federal Poverty Guideline ("FPG"), the majority of cases are within LSC eligibility guidelines. Cases exceeding the LSC guidelines are excluded from the CSRs. The referrals include names and sufficient information to conduct a conflict check. ~~Two (2)~~ **1.5** paralegals are assigned to review the referrals and check conflicts. If there is a conflict, the paralegals advise the referring **source shelter**. If there is no conflict, the paralegals call the person referred and conduct a full intake screening, **which is entered into ACMS the same day, using the ACMS**. Eligible applications are reviewed at daily case acceptance meetings and are then assigned to attorneys.

Family Law Unit-YWCA Supporting Families Through Work New Hope Child Support Project

LAW participates in the YWCA Supporting Families Through Work New Hope Child Support Project. Non-custodial fathers **participating in attending** the YWCA's ~~three (3) day~~ Transitional Jobs Program are given the opportunity to meet with a LAW attorney to discuss child support and other related issues. **Participants complete the YWCA's initial orientation program, then meet with the Legal Action attorney. In advance of that meeting, The program is held weekly and the attorney sees applicants each Wednesday, on the program's final day. In advance of the class,** the YWCA provides a list of participants that contains sufficient information for LAW to conduct a conflict check. ~~Although it has not occurred,~~ **Individuals with a conflict are would not be seen.** During the one-on-one meeting, eligibility screening is conducted using a standardized written intake form **and a citizenship attestation is signed**. This project has the same financial eligibility guidelines as LSC. If the applicant is accepted for services, ~~LAW's standardized citizenship attestations or Alien Representation Records, and~~ a retainer agreement, **is are executed, and t** The client receives legal assistance **to resolve his child support problem onsite**. Intake information and case notes are entered into the ACMS within a day.

Housing Law Unit- HUD Emergency Solutions Grant

The housing unit conducts telephone intake from 2:00pm-4:00pm on Tuesdays and Thursdays. A paralegal answers the calls, conducts a conflict check, and conducts a full intake using the ACMS.¹¹ At the time of the review, the unit was predominantly accepting cases pursuant to the HUD Emergency Solutions Grant ("ESG") which has an income guideline of 30% of the relevant county's median income. In most counties and for most household sizes this guideline is lower than the LSC income eligibility requirement. The grant permits assistance only to individuals or families facing homelessness within 14 days and ~~whom can~~ **whose dwelling passes** a habitability review. If a caller does not meet the ESG guidelines, the paralegal calls the

¹¹ The paralegal's time is split between two (2) units, 10% to housing intake and 90% to SeniorLAW intake.

housing supervisor to obtain permission to proceed using LSC funds. If the paralegal is given permission from the housing supervisor to proceed, the paralegal screens the applicant for eligibility. If the applicant is eligible, the paralegal sets an in-person meeting. Half-hour appointment slots are available on Mondays and Thursdays between 8:30 am-12:00 pm and staffed by the unit's three (3) attorneys. **Attorneys can accept cases without supervisory approval. Housing staff members meet to strategize or when there is a question about grant eligibility.** Attorneys are responsible for obtaining retainer agreements and citizenship attestations/eligible alien documentation. The unit does not hold case acceptance meetings and the attorneys are authorized to make acceptance decisions ranging from advice to extended representation.

SeniorLAW Unit

The SeniorLAW unit is exclusively funded by non-LSC sources **and serves clients 60 and older.** LAW management stated that it does not screen for income and assets which is in accordance with the requirements of the funder. Accordingly, these cases are not included in CSRs.¹² Interviews revealed that citizenship status is screened and that citizenship attestations are obtained or eligible alien documentation reviewed as required by 45 CFR Part 1626. Also, according to management, staff has been trained on the entity restrictions which apply to all funds received by LAW.

Low Income Taxpayer Clinic ("LITC")

The LITC program began in January 2013. The Volunteer Lawyers Project ("VLP") paralegal was subsequently assigned to split time between VLP and LITC. Approximately 10-15% of his time is spent on LITC intake. LITC applicants contact the program through a published telephone line dedicated to LITC. The message instructs the caller to leave a message. The voice mailbox is checked by the paralegal at least once per day. He is responsible for returning calls and determining if the applicant has a Federal tax issue.¹³ If the tax problem meets LITC criteria, a full intake is conducted using the ACMS. LITC's financial guidelines allow assistance to persons with income up to 250% of the FPG. Cases exceeding LSC guidelines are excluded from CSRs. If eligible, the applicant is sent paperwork to complete and return, including the Citizenship Attestation Form, Retainer Agreement, and IRS Power of Attorney. These documents are returned in a self-addressed stamped envelope to the LITC supervisor who reviews the documents, updates the ACMS, makes case acceptance decisions, and assigns cases to staff. Since the project started, the paralegal has not received a request for assistance from a non-citizen although he is aware of the program's 45 CFR Part 1626 procedures.

¹²The LSC Eligible field in the ACMS is not checked thereby ensuring they are not reported to LSC.

¹³ While the grant permits LAW to assist with state tax issues, there must also be a related federal tax issue. LAW is not permitted to assist only with state taxes.

Public Benefits Unit

The Public Benefits Unit conducts walk-in intake on Tuesdays and Thursdays from 1:30pm-4:30 pm. Applicants sign-in with the receptionist who collects conflict information and conducts a conflict check. A paralegal with 23 years of public benefits experience meets with applicants in the order that they arrive. She reviews the conflict information and, if there appears to be a conflict, she consults with an attorney, although this is rare. The paralegal uses the program's standardized written intake form to collect eligibility information.¹⁴ If the applicant is eligible, paperwork is executed including the Citizenship Attestation or Alien Representation Record form. Documents provided to demonstrate eligible alien status are photocopied for the file. The paralegal is authorized to accept the case and provide advice, as appropriate. A Retainer Agreement, when necessary, is executed if the case is within case acceptance guidelines. Intakes are entered into the ACMS immediately following intake hours. Applications for ineligible applicants are also entered and coded as rejected. All cases, except for Social Security cases, are routed to a unit supervisor. The unit supervisor reviews all applications and makes the final decision on whether the case should be closed based upon the paralegal's advice or if additional assistance is appropriate. If approved for investigation or extended representation, the supervisor assigns the case to a case handler. All Social Security cases are routed to and handled by a senior attorney. The senior attorney provides the appropriate level of assistance.

The unit also conducts callback telephone intake. Callers to LAW's main telephone line have the option to listen to a recording which provides information regarding intake hours, or they may speak directly with the receptionist. The receptionist records the applicant's name and phone number. Within the next two days, an advocate calls the applicant. ~~hear a message regarding the Public Benefit Unit's walk-in hours and may leave a message in a voice mailbox with their name, telephone number, and address.~~ If the caller does not have a phone or has have an emergency, a staff person speaks with the caller immediately. ~~they are directed to the receptionist who contacts the unit. The voice mailbox is checked by either the supervisor or paralegal who are responsible for returning calls as soon as possible, but no later than two days.~~ Conflicts are checked and intake screenings are conducted in the same manner as described above for the Public Benefits Unit walk-ins. If the intake is conducted by telephone and then in person or extended assistance is provided, the case handlers are responsible for obtaining compliance documents, such as completing the citizenship and retainer agreement, as appropriate.

¹⁴ When staff conducts intake offsite, this is done by remote access to the ACMS where possible.

Lastly, the Public Benefits Unit conducts in-person intake at the 16th Street Community Health Clinic on the 1st and 3rd Wednesday of each month between 8:30am -12:30 pm. The ~~paralegal clinic generally~~ sets the appointments as the applicants call or the clinic refers. in-advance. ~~The clinic submits applicants' names and contact information to the unit and e~~ Conflict checks are conducted in advance. Walk-in applicants are accepted, but the paralegal calls back to the office to have a colleague run a conflict check. Intake screening is conducted as described above for in-person office intake.

Employment Law Unit - Center for Driver's License Recovery and Employability

Two (2) LAW attorneys are contracted to the Center for Driver's License Recovery and Employability ("Center"), run by Wisconsin Community Services.¹⁵ The attorneys work out of the Center's office. Case managers for the Center identify persons who have had their driver's licenses suspended or revoked due to issues related to poverty and refer them to the LAW attorneys. The two (2) attorneys divide up the referrals and conduct conflict checks. If there is no conflict, the attorneys contact the persons referred and schedule in-person appointments. The attorneys have access to the ACMS and, during the appointment, intake is conducted using the ACMS. The attorneys obtain citizenship attestations during the meetings. Individuals must be citizens to participate in this program although the attorneys are aware of the LSC requirements having worked on other projects at LAW. The project uses the same financial eligibility guidelines as LSC. The attorneys are authorized to accept cases within the project's guidelines. The senior attorney reviews the other ~~attorneys'~~ attorney's cases and the Managing Attorney of the Milwaukee Office reviews the senior attorney's cases. Upon closure, the cases are transferred to LAW for storage.

Employment Law Unit - Road to Opportunity

Due to funding fluctuations, this project has experienced changes since its inception approximately ~~fourteen two and a half (2 1/2)~~ years ago. At the time of the review, the project was handling ~~unemployment related~~ cases ~~with LSC funding.~~ ~~The project's focus is to~~ ~~remove~~ related to civil legal barriers that make it difficult for low-income persons to obtain or

¹⁵ One (1) attorney is a full-time employee. ~~The~~ At the time of review, the other attorney worked ~~s~~80% time for LAW and ~~did~~ does not work for any other entity. This second position became fulltime before the Draft Report was issued. As explained at the end of this finding, LSC requests that LAW provide a copy of these contract(s) with its comments to this DR for OCE review. [Copies of the 2011, 2012, and 2013 Working Agreements are attached to this response.]

maintain employment.¹⁶

At the time of the review, two (2) full-time attorneys worked 50% of their time on the Road to Opportunity Project and 50% of their time on the Disabled Offenders Economic Stability Project, described below. Individuals are referred to the project from a number of community partners, such as the Technical College staff who screen people for career training. The two (2) attorneys and the Managing Attorney of the Milwaukee office call the persons referred to determine if their issues are within the project's legal problem acceptance criteria. If the issue is within priorities, an appointment is made to meet with one (1) of the two (2) attorneys assigned to the project. Appointments are made within four (4) days of contact with the applicant. At the meeting, the attorney conducts a full intake using the ACMS and obtains a citizenship attestation or screens for eligible alien status, and executes a Retainer Agreement if extended representation is required. The two (2) attorneys are authorized to accept cases within the project's guidelines although they generally discuss the cases with each other or the Managing Attorney of the Milwaukee office. The Managing Attorney reviews all cases closed by this project.

Disabled Offenders Economic Stability ("DOES") Project

There are ~~four (4) two (2)~~ Milwaukee attorneys assigned to the DOES Project, ~~for 50% of their time. One is assigned fulltime, two for 50%, and one for 30% of an FTE. These represent staffing changes since the OCE visit.~~

The DOES Project is funded by the Wisconsin Department of Corrections and covers **both the entire LAW and Wisconsin Judicare** service areas. The purpose of the project is to identify and obtain benefits for mentally and physically disabled offenders prior to their release date. The benefits include SSI/SSDI, health care, FoodShare, Wisconsin Works and job training. The DOES Project covers 14 correctional institutions throughout the LAW service area. It has 14 LAW staff in Milwaukee, Madison, La Crosse, and Oshkosh, although the Project Director and the greatest number of staff are based in Oshkosh.

Approximately six (6) months prior to their scheduled release date, the Department of Corrections sends the Oshkosh DOES office basic information regarding the offenders who have been classified as mentally or physically disabled. The ~~secretary paralegal~~ conducts conflict checks and creates ACMS records based upon the known information. If there is a conflict, the Department of Corrections is notified and the offender is referred to an alternate source for assistance. If there is no conflict, the ~~secretary paralegal~~ sorts the names according to the correctional institution and then forwards the referrals to the DOES Project attorney who is assigned to that institution. The attorneys are responsible for meeting with the offender in the institution, completing a full intake using a Department of Corrections laptop with

¹⁶ For example, many jobs in Wisconsin require licenses (for example, barber, bartender) and the project helps people resolve issues that prevent them from obtaining licenses. In some instances applicants may have outstanding warrants resulting from unpaid fees that they did not know about or could not afford to pay off. The project may also accept housing cases if the loss of housing would prevent the person from maintaining their job. **Generally While many cases involving driver's licenses are referred to the Center for Driver's License Recovery and Employability, as described above, Road to Opportunity also represents clients on driver's license matters.**

access to the ACMS, obtaining compliance documents and determining what benefits the offender is eligible to receive.¹⁷ The DOES Project does not hold case acceptance meetings. ~~A~~ Each attorneys are is permitted to exercise her discretion to accept cases within the project guidelines. The Project Director in Oshkosh supervises the work of the staff in Milwaukee and Madison and travels to the offices every other week. Given the distance from Oshkosh, the ~~Racine~~ La Crosse attorney's work is reviewed electronically.¹⁸

Volunteer Lawyers Project ("VLP ")

~~LAW's Private Attorney Involvement component, the VLP, receives referrals from other units and projects. In addition, it operates its own limited telephone intake.~~

Milwaukee
Legal Action's Private Attorney Involvement component, the Volunteer Lawyers Project (VLP), offers a special VLP Intake in the Milwaukee Office. While many of the cases that the VLP refers to private attorneys are referred to VLP by Legal Action staff and projects in the Milwaukee Office, most of the cases VLP refers to volunteer attorneys come in through the VLP's twice-weekly telephone intake. This intake operates much like the other intake activities in Milwaukee. Low-income members of the community are invited to call a dedicated phone line on Tuesdays (between 2:30 and 4:30 p.m.) and Thursdays (between 8:30 and 10:30 a.m.). Intake is handled by the VLP paralegal, who has more than 20 years of experience handling this intake. All intake data collected is entered into Legal Action's ACMS.

Each caller is initially questioned about the type of issue for which s/he is seeking assistance. After determining that the case is one that meets Legal Action priorities and that VLP lawyers would be able to handle such a case, the caller is screened for conflicts of interest, financial and alienage eligibility. If the client meets LAW/LSC eligibility requirements, s/he is scheduled for an appointment with a volunteer attorney during one of four weekly Legal Assistance Project Clinics: Unemployment Insurance, Tenants' Rights, Consumer Advocacy and Bankruptcy, and General Legal Assistance.

¹⁷ ~~Interviews revealed that paralegals could provide such assistance, however, LAW decided to only use attorneys given the risk associated with meeting clients in correctional institution and Department of Corrections training and background check requirements. [We are not certain which interviews revealed this, as this is not consistent with our understanding or recollection of the DOES project startup. We persuaded the DOC to use attorneys with the argument that these are legal cases, and that providing aggressive legal advocacy is the most effective way to serve our clients. There is no substitute for the judgment and legal analysis of a trained attorney. It is possible that someone in an interview spoke of safety, training and background checks, but those are not the reasons that we use attorneys rather than paralegals.]~~

¹⁸ ~~Because~~ The project is designed to only prepare applications for SSSI/SSDI and to identify what benefits the offender is eligible to receive upon his release. Because it ,and does not include representation in civil litigation or participation in a proceeding to challenge the conditions of incarceration, there is no concern that this project violates 45 CFR Part 1637, the LSC regulation prohibiting the provision of legal assistance on behalf of persons incarcerated in a federal, state or local prison

Each volunteer lawyer meets with as many as six people during his/her clinic on any given Wednesday. These pro bono lawyers are directed to review the information supplied by each client, to evaluate the client's case and to give the client legal advice, so that the client receives some legal assistance even when the VLP is unable to recruit a volunteer for extended service. Clients are asked to sign a Citizenship Attestation Form or verify immigration status, and sign a limited scope Retainer Agreement before meeting with the VLP lawyer. Within the week or two following the client's appointment, the VLP staff review the reports completed by the volunteer lawyers to determine whether and how to recruit volunteer attorneys for the appropriate cases. The VLP oversees the work by volunteer attorneys consistent with Legal Action case management policies and procedures which are shared with volunteer lawyers and clients.

These intake and clinic activities enable the VLP to evaluate these cases before referring them for extended service, complementing Legal Action's service delivery plan. It also enables the VLP to broaden the range of cases the firm handles, to include landlord-tenant money claims, homeownership matters, foreclosure, non-probate transfers, bankruptcy, debt collection, contracts and warranties, unemployment insurance claims, adult guardianship and non-probate transfers.

The VLP is discussed in detail in Finding 17 of this report.

Racine

Two (2) experienced paralegals are responsible for conducting the majority of the eligibility screening in the Racine Office.¹⁹ ~~A third paralegal, who serves as a~~ The secretary, as well as the advocates, provides back-up. Intake applications are accepted in-person and by telephone during business hours, although walk-in intake is rare, ~~as it was when the office was in a since the program moved from its~~ downtown location ~~in~~ until July of 2008.^{19a} In addition, referrals are faxed from local domestic violence and homeless shelters pursuant to special projects funded by non-LSC sources: HUD Continuum of Care – Supportive Housing Program ("HUD-COC-SHP"), HUD Emergency Solutions Grant ("HUD-ESG"), Victims of Crime Act ("VOCA")-Racine, VOCA-Kenosha, and the Social Security Outreach Access and Recovery ("SOAR"). Referrals are divided up among the paralegals that are responsible for calling the applicants to conduct a full intake.

Regardless of the method of application, paralegals screen for eligibility using the ACMS. Paralegals ask questions guided by the eligibility and intake screens and contemporaneously

¹⁹ Both paralegals work full-time for LAW although they perform intake part-time. One (1) paralegal also serves as a secretary and the other as the Coordinator for the VLP.

19a [The decrease in walk-in traffic occurred while we were still downtown, and we changed from specific walk-in hours to open telephone intake.]

record the applicant's responses. In-person applicants sign citizenship attestations or are screened for eligible alien status. Following the conflict check, and income, assets, and citizenship status screening, paralegals make an initial eligibility determination. If the applicant appears to be eligible, a case is opened, and case facts are obtained. If the applicant is ineligible, the applicant is rejected and a reason for the reject is noted.

Cases are distributed to advocates depending upon the legal issue. The attorneys are responsible for confirming eligibility, obtaining additional facts, and providing advice legal representation as appropriate. ~~If the advocate determines additional assistance is required, cases are reviewed at weekly case acceptance review meetings, or if work is necessary before the next scheduled meeting, advocates speak to the Managing Attorney.~~ Racine staff complete the LSC compliance checklist before an advocate opens a case for extended representation. The Racine Managing Attorney approves the case for opening, which constitutes an approval of all of the LSC compliance documents, or special grant documents, being in the file. It is not a prior approval of the propriety of extended representation. If compliance documents are not received during intake, attorneys are responsible for obtaining compliance documents and the standardized citizenship attestation, or alien representation record and retainer agreement.

In addition to intake as described above, outreach intake is regularly conducted at four (4) publicized locations. Every Friday, from 9:00 am-4:00pm, a staff attorney conducts intake for evictions and the HUD-ESG grant on a first-come, first-served basis²⁰ A second attorney conducts intake at three (3) locations: the Kenosha County Job Center (1st Tuesday of each month), the Kenosha Community Action Agency (every Wednesday morning), and the Urban Outreach Center (every Thursday morning). Eligibility is screened using a laptop with access to the ACMS. Conflicts are checked before income and asset information is collected. Citizenship and alien eligibility status is screened by the staff attorney using the program's standard forms.²¹ Advice is provided and, if additional assistance is required, a case is reviewed at a weekly case review acceptance meeting. Often eviction cases cannot wait until the next scheduled meeting, and the attorney speaks to the Managing Attorney to obtain an immediate case acceptance decision.

Oshkosh

Oshkosh conducts intake for general issues and the Disabled Offenders Economic Stability ("DOES") Project.

An experienced secretary conducts intake on general priority issues. The majority of applicants contact the office by telephone during business hours. While walk-in intake is offered, it was reported that few applicants appear in person, perhaps as few as 20 per year.

²⁰ The staff attorney also conducted housing outreach intake at the Community Action Agency Kenosha until the end of last year. The same procedures were followed for such intake.

²¹ See LAW's Citizenship Attestation Form and Alien Representation Record.

All eligibility intake screening is conducted using the ACMS screens to guide the interview. ~~The process is consistent with that described for Racine's intake practices. If the applicant appears eligible at the conclusion of the intake interview, the secretary sets appointments for the applicant to meet with an attorney. Appointments are available on Monday afternoon and Tuesday mornings.²² Each week, three (3) attorneys rotate responsibility for the following: 1) Monday intake; 2) Tuesday intake; and 3) emergency intake for Monday and Tuesday. Appointments are in-person or by telephone depending upon the applicant's preference. [We have changed our intake process for Oshkosh. Now the secretary screens applicants for financial eligibility and case type acceptance. If eligible and acceptable, the intake is given to the attorney who specializes in the relevant area, such as family or housing. The attorney then calls the applicant as soon as her schedule permits, conducts a full interview, and decides whether to accept the case for whatever level of service is appropriate.]~~

~~During the appointment, the attorney obtains additional facts, assesses eligibility, provides advice, and determines whether additional assistance is necessary and possible given their caseload. The attorneys have the authority to accept a case for additional representation or investigation, and may advise the applicant of the additional work that may need to be performed before their case can be accepted. In some instances the attorney defers the decision until they speak with another attorney in the office, in which case the applicant is advised of the case acceptance decision within a couple of days.~~ The office is sufficiently small that staff does not hold case acceptance meetings, although the Managing Attorney is available for consultation as needed. The Managing Attorney also meets with attorneys at least once a month to review open cases and reviews all cases upon closure.

In addition, the Hmong Center in Oshkosh refers applicants to the office for assistance. A Hmong paralegal from the Green Bay office works out of the Oshkosh office on Wednesdays to translate and conduct intake. According to the Managing Attorney, there is a large Hmong population in Oshkosh that has been granted refugee status.

²² ~~Six (6) half-hour slots are available each day except that applicants with disability issues are scheduled for a one-hour slot.~~

Madison

The Madison office is comprised of four (4) specialties divisions: Public Benefits and Education, Family Law, Housing and General Law, and Consumer Law and Foreclosures. [We do not have large enough staff numbers to support "divisions," and we do not use that term. Usually, we use "specialty" or "unit." For instance, in the Madison Office, the "Consumer Division" would consist of only one-third of an attorney. This is too small to constitute even a "unit," so we say "specialty" or "specialist."] Each specialty division is responsible for conducting its own intake. The Public Benefits and Education division advocates conducts walk-in and telephone intake screening every Monday between 9:00 am and 12:00 pm. The Family Law attorney division conducts intake on the first and third Wednesday of the month.²³ The Housing and General Law division staff members conducts telephone only intake on Mondays and Tuesdays, between 9:00am and 12:00 pm. The Consumer Law and Foreclosures 1/3-time attorney division conducts telephone intake on Tuesdays and only takes the first three (3) callers starting at 9:00 am.

Except for Family Law, the intake process is uniform between each specialty, division with each attorney with a specialty within a division having intake responsibilities. The receptionist intake screener determines whether the applicants meet residence requirements for the Madison Office respective service area, and confirms that the legal problem is within the office's priorities, and verifies that there is not an apparent conflict. The lawyer or paralegal screener then asks questions conducts a more extensive eligibility interview, which captures the applicant's basic information, such as citizenship, adverse party information, financial eligibility, and facts of the case. All intake staff interviewed indicated that, for telephone intakes, the applicant's information is entered directly into the ACMS. In Family Law, the receptionist garners all of this information to ensure that the applicant is eligible before she speaks with the attorney.

In-person applicants who are United States citizens are asked to execute a Citizen Attestation Form. A review of this form determined that it is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5. Non-citizens who are eligible for assistance are asked to sign a non-citizen status form²⁴ in addition to providing provide appropriate documentation demonstrating status (with the exception of those applicants who are a victims of domestic violence and are seeking a related remedy as these category of applicants are exempt from producing such documentation).²⁵ For walk-in emergencies, an applicant is asked to sign a statement that s/he is a permanent resident alien and will produce a specified document as soon as possible.²⁴

²³ The Family Law attorney division only takes the first six (6) callers starting at 9:00 am. No walk-ins are accepted for intake by in the Family Law attorney division.

²⁴ See LAW's Alien Representation Record.

²⁵ See LSC Program Letter 06-2, pg. 5.

In Housing and Public Benefits, ~~C~~ cases appropriate for extended representation and cases with unique issues are presented at a weekly case meeting, ~~within each division.~~ The meeting attendees will discuss the merits of each case and whether extended services is warranted. If an applicant's case is accepted, the applicant is sent a letter informing them that LAW will represent them. Attached to the letter is a citizen attestation and retainer for the client to sign and return.

Each case handler closes and assigns a closing code to their individual cases. All cases are then reviewed by the Managing Attorney to ensure all required documentation is in the case file and that the case was closed with the applicable closing code.

La Crosse

The La Crosse office's staff is comprised of one (1) full-time attorney, one (1) part-time attorney, and one (1) full-time legal secretary. The legal secretary is responsible for ~~conducting~~ **intake screening.** Intake is conducted ~~during regular office hours Monday through Friday from 8:30 a.m. to 11:30 a.m. on Tuesday and Thursday each week, with a staff attorney assigned on a monthly intake calendar. The assigned intake attorney will call the applicant back on the same day to complete the intake interview.~~

Outreach: The La Crosse Office conducts outreach once per month at the Tomah Homeless Veterans Center. The Legal Action staff attorney works with a volunteer attorney. Intake is done on paper, with conflicts checks by telephone to the La Crosse Office. Intake information is entered upon return to the office. The attorney is responsible for obtaining compliance documents at the Veterans Center.

Due to the current staffing of two senior attorneys, the La Crosse staff members do not conduct weekly case review meetings. The attorneys consult as needed on case decisions.

~~The intake process is the same as described in the Madison office.~~ Cases are ~~also~~ closed in a similar manner as described in the Madison office, as discussed above.

Green Bay

The Green Bay office conducts walk-in and telephone intake Monday through Friday between 9:00 am and 5:00 pm. Intake is conducted by a single legal secretary.

The ~~intake~~ **eligibility screening** process is the same as described above in the Madison office. Approximately 90% of applicants apply for services by telephone. **Staff members meet to discuss unique issues in cases, but not for case acceptance or review.**

Cases are closed in a similar manner as in Madison. Each ~~advocate case handler~~ closes their individual cases and assigns the case a closure category code. The Managing Attorney reviews each case to ensure that all required documentation is in the case file and that the case was closed

with the applicable case closures category.

Outreach

The Green Bay office conducts outreach at six (6) different locations within its service area: Golden House, Harbor House, New Community, Lakeshore CAP, Manitowoc Hmong Center, and the Emergency Shelter.

Intake is uniform between all the shelters. The attorneys who assist at the shelters are also responsible for screening applicants for eligibility. The intake process is similar in manner to intake conducted in the Green Bay office. The attorneys use a laptop computer with wireless capability and remotely log in to LAW's ACMS. Applicants who are United States citizens are asked to execute the LAW's standard citizen attestation form.²⁶ **For emergencies only, N non-citizens who are eligible for assistance are asked to sign a non-Citizen Status form stating that they will in addition to provide ing appropriate documentation demonstrating status (with the exception of those applicants who are a victims of domestic violence and are seeking a related remedy as these category of applicants are exempt from producing such documentation)**²⁷

Financial Eligibility and Case Management

Compliance Forms: The Final Report from the 2008 CSR/CMS review required LAW to take corrective action to standardize intake throughout the program. The current review found that compliance forms and procedures have been standardized. Although the majority of intake is conducted using the ACMS, a single written intake form is now available in all offices. Interviews revealed that the written intake form is used **only by the Milwaukee Public Benefits Unit**, as a back-up to the ACMS, and **by other units** at certain outreach locations that cannot accommodate a laptop. In addition, LAW's other written compliance forms have been standardized, for example: citizenship attestations, alien representation, retainer agreements, and compliance checklists. The forms signed by clients are available in Spanish and Hmong.

Reasonable Inquiry Regarding Income Prospects: Recipients are required to make reasonable inquiry into each applicant's income prospects, pursuant to the requirements of 45 CFR § 1611.7(a). All interviewees were aware of this requirement and stated they make appropriate inquiry as required. The ACMS contains a required field specific to this inquiry. The inquiry is also included in the standardized written form.

Income Screening: Although a large number of staff conduct intake, interviews and file review revealed that income inquiry and recordation is screened in a consistent manner. Staff demonstrated a strong understanding of the program's Client Income & Asset Schedules which include: LSC Schedule A-125% of the FPG, LSC Schedule B-200% of the FPG, Schedule C-LSC Assets, and the funding requirements of the program's non-LSC grants. A test of the ACMS revealed that if no income is entered and the LSC Eligible box is checked, the user receives an error message indicating that no income was recorded. While the user can proceed through the message without entering income, the user is alerted that at least zeroes must be entered.

²⁶ See LAW's Citizenship Attestation Form.

²⁷ See LSC Program Letter 06-2, pg. 5.

Authorized Exceptions to Income Ceiling: LAW has adopted authorized exceptions to its annual income ceiling in accordance with 45 CFR § 1611.5. Interviews revealed that several years ago the program modified the ACMS to allow for a user to create an electronic form to qualify applicants with income over 125% of the FPG. Initially there was no ability to save the form to the ACMS record and staff was responsible for printing a copy for the file and a copy for the program's administration. Within the past two (2) years, an additional modification was made and the electronic forms are now saved in the ACMS file. Staff is still responsible for printing a copy for the physical file but they no longer are required to provide a copy to the Administrative Office.

Procedurally, users are prompted to select the income status of an applicant on the second page of eligibility, Under A, Over A/Under B or Over B, referring to the income schedules described above. If an applicant's income is between 125% and 200% of the FPG, staff selects the Over A/Under B option and a field, Create Over A Form. An electronic form is generated listing the authorized income exceptions consistent with program policy and the regulation. Staff is responsible for checking the factor(s) that apply and enter some detail regarding the factor(s). The policy does not require a spend-down, only the presence of one (1) or more factors. All staff interviewed demonstrated a consistent understanding and application of the procedure. A test revealed that the user can enter income between 125-200% of the FPG without creating the form. During a discussion with the Managing Attorney of the Milwaukee office and the Administrator, it was recommended that the program modify the ACMS to require the creation of the form if the Over A/Under B or Over B options are selected. The Administrator stated that they have the staff capability to implement the recommendation.

[The LAW Administrator, Technology Manager and VLP paralegal met on November 13 to begin an analysis of the implication of making the recommended ACMS change to force the completion of the form. The ACMS already automatically pops open a button when an advocate notes that a client's income is enter Over A, which allows the intake person to immediately complete the form. Since some clients are non-LSC eligible, their case work will be funded by a non-LSC funding source; an Over A/Under B form is not automatically needed for all cases. Also, at the point the intake person encounters the "Over A/Under B" and "Over B" button, intake is not yet completed and LSC eligibility has yet to be finalized. LAW is already running a year-end validation query looking for cases where the case is checked as LSC-eligible and the client's income is over A but an "Over A/Under B or Over B" form has not been completed in the ACMS. LAW agrees to complete its review to automate the "Over A/Under B or Over B" as much as practical to minimize the possibility of missing forms.]

Asset Screening/Authorized Exceptions to Asset Ceiling: The LAW Client Eligibility Guidelines & Procedures include an asset ceiling schedule according to household size. For example, the asset ceiling for a household of one (1) is \$12,200. Excluded from consideration are the household's principal residence, vehicles used for transportation, assets used in producing income, and assets included in an appendix which are exempt from attachment under state or federal law. The appendix is a three (3) page list of exemptions with cites to the state or federal law allowing the exemption. Assets are either wholly or partially exempt depending upon the type. Although the list is lengthy, many of the asset categories are wholly excluded. In certain of the asset categories in which partial amounts are exempted, there are notations that they are wholly excluded by other LSC exemptions which take precedence. For example, the list

includes different amounts of tools of trade exemption by state and federal statutes, but indicates that tools of trade are 100% excluded. Other categories with partially exempted amounts include bank accounts with up to \$1,000, personal property/household goods up to \$9,850 per debtor with a maximum limit of \$475 per item, jewelry up to \$1,225 per debtor, personal injury recovery up to \$18,450, cash value of life insurance up to \$9,850 and other property up to \$925 plus up to \$9,250 of unused realty exemption. Accordingly, each of these categories must be screened to ensure the program's policy is properly applied to each applicant. Neither the ACMS or the standardized written form include each of these categories, only the most common and a category of Other Non-Exempt Assets.

While this policy could be burdensome and confusing to implement, interviews revealed that LAW has sufficiently trained staff to screen for these items. Each year all staff is trained on eligibility policies and their application. All screeners who were interviewed recited income questions which would cover the partially exempted asset categories. Each screener asks the questions with some variation although the questions described in the interviews are sufficient to cover the categories. The most commonly held asset listed is a bank account. All screeners interviewed screen for bank account balances in excess of \$1,000. Only the amount in excess is recorded in the eligibility income columns. Amounts below \$1,000 may be recorded in the notes depending upon the case type and not included in asset totals used to determine eligibility. Screeners report that it is rare for applicants to own any of the additional partially exempt assets but in such cases only the amount over the exemption is recorded and other information regarding the asset is recorded in case notes. Screeners also stated that if the nature of the asset is unclear or in excess of the value, most staff consults a supervisor. A test of the ACMS revealed that if no asset information is entered and the LSC Eligible box is checked, the user receives an error message indicating that no ~~income was~~ assets were recorded. While the user can proceed through the message without entering assets income, the user is alerted that at least zeroes must be entered.

Given that a large number of staff conducts eligibility screening, a significant number were interviewed and demonstrated understanding of the program's asset policy and consistent application thereof. Based upon these results, it is concluded that assets are adequately and consistently screened in accordance with the program's eligibility policy.

Financial Eligibility Determination of an Applicant who is a Victim of Domestic Violence:

Recipients are required to specify in financial eligibility policies that during the financial eligibility determination of an applicant who is a victim of domestic violence, only the assets and income of the applicant and household members shall be considered. Further, the income and assets of the alleged perpetrator of the domestic violence, and any income or assets jointly held by the applicant with the alleged perpetrator, or assets jointly held with other members of the household and the alleged perpetrator also shall not be considered. See 45 CFR § 1611.3(e). LAW's financial eligibility policies include such a provision. See Client Eligibility Guidelines & Procedures for 2009, 2011, 2012, and 2013. Interviews reveal that eligibility screeners in the offices visited have been trained regarding this policy. While the alleged perpetrator's financial information may be collected for purposes of the legal work, it is recorded in the case notes and not included in the eligibility determination.

Government Benefits Exemption: In accordance with 45 CFR § 1611.3(f) and 1611.4(c), a

recipient's governing body is permitted to determine an applicant to be financially eligible without making an independent determination of income or assets, if the applicant's income is derived solely from a governmental program for low-income individuals or families. LAW's client eligibility guidelines do not contain such an exemption.²⁸ **As to this, the guidelines state at Staff Manual p. IV-A-7:**

Because of the complexity created by the requirement in 45 C.F.R. §1611.4(c) that Legal Action must screen for all other non-benefit income, it is easier for the applicant and for Legal Action if we simply do a standard income and asset eligibility screening for all applicants, whether or not the applicants have been found eligible for a governmental program for low-income individuals or families.

Group Clients: LAW's Client Eligibility Guidelines & Procedures permit LSC-funded assistance to groups in accordance with 45 CFR § 1611.6 although no group cases were identified within the review period.

Citizenship and Eligible Alien Status Screening: All interviewees demonstrated sufficient understanding of the citizenship and alien eligibility documentation requirements of 45 CFR Part 1626. In most cases, citizenship status is initially assessed during telephone screening and recorded in the ACMS or, in limited instances, on the written intake form. Citizen clients screened by telephone with cases which progress to include in-person contact or extended representation, or whom are screened in-person, are asked to sign a multilingual, standardized Citizenship Attestation which complies with the requirements of the CSR Handbook (2008 Ed., as amended), § 5.5. Non-citizens are asked to provide documentation of eligible alien status.

Attorneys are responsible for reviewing the eligible alien documentation, making a determination of eligibility, and completing a standardized written alien representation record. Depending upon the unit, project or office, the attestation or initial eligible alien status information may be collected by the eligibility screener, although an attorney is responsible for the eligibility determination. Some staff make copies of the eligibility documentation, although others do not. Those that do not are required to record the document number and other details on the alien representation record.

One screening concern was identified. Interviews reveal that in the Oshkosh office, citizenship attestations were not obtained and eligible alien status was not screened for walk-in applicants at the time of intake. It is noted that staff estimate the office conducts as few as 20 in-person intake interviews per year. Of those, some are likely ineligible and others go on to meet with attorneys who obtain the citizenship attestation or review the eligible alien status documentation thereby curing the deficiency. The secretary and Managing Attorney were advised that citizenship attestations and/or eligible alien documents must be obtained at the time of application. A new compliance procedure was developed by the Oshkosh office before the OCE team left. The Executive Director further confirmed the new policy.

²⁸ See LAW Staff Manual, Section IV.

As a required corrective action, LAW must provide LSC a copy of its policy regarding citizenship attestations and eligible alien documentation. **[We have attached the instruction sent by the Executive Director to the Oshkosh staff on June 6, 2013 ordering the institution of procedures ensuring compliance with §1626. The new compliance procedure is that the receptionist asks walk-in clients to sign the citizenship attestation form or to provide the alien eligibility documents immediately rather than waiting until the client speaks with an attorney.]**

Conflict Checks: A program-wide conflict check is conducted during the first step of the eligibility screening process. As previously described, the majority of the intake is conducted using the ACMS. The conflict check is required on the first of the three (3) eligibility screens. If a conflict is identified by a paralegal, the conflict is reviewed by an attorney. If confirmed, the contact screen is closed as a reject and no case is created. Many outreach sites provide internet access and staff use laptops to conduct eligibility screening. In these situations conflicts can be checked in this same manner. Sites without internet access provide names in advance (for example, the YWCA **Supporting Families Through Work** ~~New Hope Child Support~~ Project) or, if there are walk-ins, the LAW staff member calls back to the office to have a colleague check for conflicts before proceeding. In the Milwaukee Public Benefits walk-in intake where a written form is utilized, conflicts are checked on the ACMS by the Receptionist.

Duplicate Checks: During conflict checks described above, screeners determine whether the applicant has previously contacted LAW. If staff identifies a previous case for the same client and it appears to be the same legal issue, a new case is not opened, and the previous case is reopened.

Case Acceptance and Review: Following an eligibility screening, most applicants who appear to be eligible speak with an attorney in the office or by telephone, depending upon the unit, project and office. At that time, case handlers are permitted to accept cases for **representation limited assistance**, within LAW's priorities and case acceptance protocols for the unit or project. Cases may be closed by providing **limited service advice** or ~~considered for~~ extended representation. Procedures for acceptance of ~~cases extended assistance~~ vary. ~~The Racine office and many of the units and projects based in Milwaukee hold case acceptance meetings attended by all advocates and eligibility screeners. While all staff in attendance provides input, the Managing Attorney makes the final decision regarding the level of assistance to be provided. The Managing Attorney may also approve referral to the VLP if the case meets the VLP acceptance criteria.~~ Depending upon the office, clients are advised of the **case acceptance** decision by telephone call within one (1) to three (3) days of the meeting. ~~Within smaller offices or projects case acceptance is less structured and/or each project has its own protocol to determine whether extended representation must be approved by a supervisor or other attorney.~~ Attorneys informally speak to each other or consult a Managing Attorney as necessary. Some projects are funded to accept a limited range of cases and, therefore, decisions are straight-forward, ~~and do not require approval. In these projects, the protocols permit attorneys to accept cases.~~

[We do not have two procedures, one for accepting limited service cases and one for accepting extended service cases. We accept cases for legal representation, and then determine the level of service which is appropriate.]

Group case meetings are conducted by a minority of units, and those are primarily for a review of case strategy, not for case acceptance, though occasionally case acceptance decisions are made. We do not have any requirement that a Managing Attorney grant approval before an advocate can progress from limited to extended service on a case. To the extent there is managerial review prior to case acceptance, it is most often to ascertain client eligibility for special grants or LSC regulatory compliance, rather than approval of extended representation.

We are uncertain how the OCE team acquired the perception that managerial approval is required for extended service representation. It is understandable that interviews with advocates of varying experience levels in a system possessing the complexities and subtleties of Legal Action's might convey misimpressions. Also, we may have too readily agreed to or used the term "case acceptance" when we meant "case review." In any event, we feel the need to attempt to correct this perception.]

Case Closure: When a case is ready for closure, case handlers ~~complete a~~ review the written compliance checklist, which is generally completed when a case is opened, and select the case closure category. Procedures for closing on the ACMS and managerial review vary, although all require the case handlers to select a case closure category. Most units, projects and offices permit case handlers to close limited assistance cases on the ACMS. In Racine, cases closed by paralegals are primarily "Reject" cases, and the Managing Attorney does not review those prior to closure. With respect to extended service cases, case handlers are responsible for completing the standardized written compliance checklist. Some ~~units divisions~~ permit case handlers to close cases on the ACMS and the manager may subsequently review all, a sample, or none of the cases, depending on staff experience and project protocols. For projects and units that do not include supervisory review of every case, other methods of oversight are employed such as ~~review prior to acceptance for representation, and~~ open case review. Other LAW ~~units divisions~~ require a managerial review prior to closing. Managers who are required to approve cases prior to closure report that they review cases within a few weeks of closure, and at least every month, and then provide the cases to a secretary to close on the ACMS.

Oversight: Supervision of intake varies. In the larger offices, eligibility screeners are supervised by the various managers, Supervising Attorneys or Priority Committee Coordinators, depending upon the structure of the unit or project. In the smaller offices, the Managing Attorney is responsible for supervision of intake staff. Review of case work also varies depending upon whether the project or unit holds case review acceptance meetings, the nature of work conducted, and staff experience levels. Some supervisors review all, a sample, or no closed cases. For those that do not review all of the cases, they use other methods of oversight, such as case review acceptance meetings, case status meetings, random electronic review of cases, and/or more frequent open case review. All cases closed by paralegals are reviewed prior to closure, except for the Racine "Reject" cases noted above. In addition, the ACMS has the capability of generating a variety of case lists and is programmed with six (6) error reports to assist in reviewing data. In the Milwaukee office, a number of reports are generated by the Managing Attorney, Administrator, and Supervisor of Accounting and Grants Reporting Director of

Grant Compliance to check for dormancy, duplication, missing information, and compliance discrepancies. Reports identifying errors are provided to the case handler to cure. In addition, staff with case oversight responsibilities is required to conduct open case reviews at least twice per year, although most indicated they conduct the reviews more frequently.

Compliance Training: During interviews staff reported that they receive training at least once per year on the ACMS and once per year on compliance issues. The Administrator and/or the VLP/LITC paralegal conduct the ACMS training. The Executive Director conducts the compliance training. Program policies and forms are electronically available to staff on the shared computer drive. Interviews revealed that staff understands the importance of compliance and were well trained on LSC requirements.

LSC requests LAW provide a copy of the contract(s) for the two (2) attorneys contracted to the Center for Driver's License Recovery and Employability with its comments to this DR for OCE review. **[The contracts are attached to this response.]**

Finding 3: LAW is in substantial compliance with the income eligibility documentation required by Finding 45 CFR § 1611.4, CSR Handbook (2008 Ed., as amended 2011), § 5.3, and applicable LSC instructions for clients whose income exceeds 125% of the Federal Poverty Guidelines ("FPG").

Recipients may provide legal assistance supported with LSC funds only to individuals whom the recipient has determined to be financially eligible for such assistance. *See* 45 CFR § 1611.4(a). Specifically, recipients must establish financial eligibility policies, including annual income ceilings for individuals and households, and record the number of members in the applicant's household and the total income before taxes received by all members of such household in order to determine an applicant's eligibility to receive legal assistance²⁹ *See* 45 CFR § 1611.3(c)(1) and 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* 45 CFR § 1611.5(b) and 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) and CSR Handbook (2008 Ed., as amended 2011), § 5.3.

²⁹ 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.

LAW's financial eligibility policy includes income and asset screening requirements for individuals and groups whose assistance is funded by LSC. The eligibility policies for LSC-funded group cases generally follows the language at 45 CFR § 1611.6. The financial eligibility policy for income and assets and the eligibility policy for groups are both in compliance with the requirements of 45 CFR §§ 1611.3 and 1611.6. Sampled cases evidenced that LAW is in substantial compliance with CSR Handbook (2008 Ed., as amended) § 5.3, and applicable LSC instructions for clients whose income does not exceed 125% of the FPG. Case review identified five (5) over-income cases with no authorized exceptions documented in the case file. *See* open Case Nos. 07E-1072480 and 05E-1047719, closed 2012 Case No. 12E-4138071, and closed 2011 Case Nos. 07E-1078513 and 11E-1124412. No group cases were identified during the review.

LAW must take required corrective action to ensure that cases with clients whose income exceeds 125% of the FPG without documentation of authorized exceptions are not included in the CSR data submission reports.

Only two of the five cases were out of compliance with Section 5.3 of the CSR Handbook. These are 07E-1078513 and 12E-4138071. The other three were not out of compliance. Case No. 7E-1074280 was never marked LSC-eligible. It was funded entirely by a non-LSC funding source. As it is an open case, it has never been included in Legal Action's CSRs. When it is closed, it will be excluded from our CSRs.

Case No. 11E-1124412 does contain the Over A-Under B form, both in the data base and in the file. Therefore, this case is in compliance.

In Case No. 07E-1078513, the client was \$280 over A, but was marked "Under A" on the intake sheet. An "Over A-Under B" calculation should have been made and the form completed, but the client was only slightly over A.

Case 05E-1047719, while the file has no Over A-Under B form, has not yet been closed and will not be included in Legal Action's CSRs, thus there is no noncompliance with the CSR Handbook.

Case No. 12E-4138071 was included in the CSRs without an Over A-Under B form, It should not have been.]

[Legal Action will create a monitoring report that identifies files regarding which the client is over 125% of the FPG and which do not have an Over A-Under B form saved in the data base. We will continue to stress the importance of this issue in our compliance training, including the use of our database "poverty calculator" in determining the level of poverty at time of eligibility screening.]

Finding 4: LAW is in compliance with the asset eligibility documentation requirements of 45 CFR §§ 1611.3(c) and (d) and 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.³⁰ *See* CSR Handbook (2008 Ed., as amended), § 5.4.

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

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

Sampled case files reviewed revealed that LAW maintains asset eligibility documentation required by 45 CFR §§ 1611.3(c) and (d), and CSR Handbook (2008 Ed., as amended 2011), § 5.4.

There are no recommendations or corrective actions required.

³⁰ 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.

Finding 5: Sampled cases evidenced non-compliance with the documentation requirements as set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and CSR Handbook (2008 Ed., as amended 2011), § 5.5. Case review identified four (4) sampled cases that lacked the required citizenship documentation.

The level of documentation necessary to evidence citizenship or alien eligibility depends on the nature of the services provided. With the exception of brief advice or consultation by telephone, which does not involve continuous representation, LSC regulations require that all applicants for legal assistance who claim to be citizens execute a written attestation. *See* 45 CFR § 1626.6. Aliens seeking representation are required to submit documentation verifying their eligibility. *See* 45 CFR § 1626.7. In those instances involving brief advice and consultation by telephone, which does not involve continuous representation, LSC has instructed recipients that the documentation of citizenship/alien eligibility must include a written notation or computer entry that reflects the applicant's oral response to the recipient's inquiry regarding citizenship/alien eligibility. *See* CSR Handbook (2008 Ed., as amended 2011), § 5.5; *See also*, LSC Program Letter 99-3 (July 14, 1999). In the absence of the foregoing documentation, assistance rendered may not be reported to LSC. *See* CSR Handbook (2008 Ed., 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.³¹ 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.

Sampled cases evidenced non-compliance with the documentation requirements set forth in 45 CFR Part 1626 (Restrictions on legal assistance to aliens) and the CSR Handbook (2008 Ed., as amended 2011), § 5.5. Four (4) sampled cases did not contain citizenship attestations. *See* open Case Nos. 11E-121535 and 09-1095108 and closed 2012 Case Nos. 12E-4133990 and 12E-4137852.

Case No. 11E-1121535 is the wrong case number. We believe that it should be 11E-1129839. We did obtain a signed citizenship form for this client, in the companion file 10E-1115658. Thus, we did not violate §1626.6 – this applicant for legal assistance did execute a citizenship attestation form. We simply did not photocopy it and place it in the second file.

³¹ *See* Kennedy Amendment at 45 CFR § 1626.4.

In Case No. 09-1095108, we sent the citizenship attestation form to the applicant, who failed to return it. We have no ability to compel return of the form where we have no further contact with the client.

Regarding Case Nos. 12E-4133990 and 12E-4137852, there was a failure to obtain the citizenship attestation form.]

LAW must take required corrective action to ensure that all case files, where necessary, contain required citizenship attestations. As a part of this corrective action, it is recommended that LAW adopt additional, ongoing case management oversight protocols to ensure that citizenship attestations, when necessary, are obtained during initial screening or when a case is opened.

[We will include a checklist in our database which requires citizenship, retainer agreements and Over A-Under B forms. We will also include an automatic reminder, a form of tickler, that prompts advocates to obtain the required documents.]

Finding 6: LAW is in substantial compliance with the retainer requirements of 45 CFR §1611.9.

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.³² Cases without a retainer, if otherwise eligible and properly documented, should be reported to LSC.

Case review demonstrated that LAW is in substantial compliance with the requirements of 45 CFR § 1611.9. The review revealed one (1) case file without a retainer agreement where one was required. *See* open Case No. 11E-1121535. Also, the review identified three (3) case files where services provided by LAW exceeded the type of representation it agreed to provide in the retainer agreement. *See* open Case No. 11E-2129821 and closed 2011 Case Nos. 11E-29839 and 11E-1119222.

³² However, a retainer is more than a regulatory requirement. It is also a key document clarifying the expectations and obligations of both client and program, thus assisting in a recipient's risk management.

[We believe that the correct case number for 11E-29839 is 11E-1129839. Case No. 11E-1121535 has a companion file in which there is a retainer agreement, but provides only "Evaluate my case:" Thus, we do not lack a retainer agreement for this client, but it is probably insufficient for the level of service provided.]

LAW must take corrective action to ensure that retainer agreements (when required), are included in case files and that the retainer agreement subject matter accurately reflects the services provided.

The PowerPoint used for compliance training is attached. The need for a statement identifying the legal problem and the nature of legal services is strongly emphasized during each training. It seems to have had good effect, as four cases out of 547 covering 30 months, and involving only 3 lawyers, is not very many. Our corrective action will be to continue to stress retainer agreements during compliance training.

Finding 7: LAW is in 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 files, 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).

The statement is not required in every case. It is required only when a recipient files 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).

Case files reviewed evidenced that LAW is in compliance with the requirements of 45 CFR Part 1636.

There are no recommendations or corrective actions required.

Finding 8: Sampled cases evidenced 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, LAW provided LSC with a list of its priorities. The priorities are stated as "shelter preservation, family stability and economic security."

A review of LAW's policies and sampled cases, as well as interviews evidenced compliance with the requirements of 45 CFR § 1620.3(a) and 45 CFR § 1620.4.

There are no recommendations or corrective actions required.

Finding 9: Sampled staff cases evidenced substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6 (Description of legal assistance provided). Case review identified seven (7) sampled PAI files that did not contain a description of the legal assistance provided.

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* 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.

Case review of sampled files evidenced that LAW is in substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 5.6. Case review identified seven (7) sampled PAI files that lacked sufficient documentation of the legal assistance provided. *See* open Case Nos. 09E-1095323, 09E-1095335, 13E-4146379 (PAI), and 13E-4144960 (PAI), closed 2012 Case Nos. 12E-7137245 and 11E-7120721, and closed 2011 Case No. 11E-122180.

LAW must only report case files that contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6. It is recommended that LAW provide training to staff on the requirements of this section to ensure case files contain a description of the legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6.

[We will provide this training. As to the 7 cases, only 1 is non-compliant: 11E-7120721.

09E-1095323 (Closed 6/5/13): This case was opened in 2009 by an attorney in the Housing Unit and sent to VLP. Because there is no file folder and no other notes, it appears that no legal services were provided to the client. This case was de-selected on 6/5/13.

09E-1095335 (Closed 6/5/13): This case was opened in 2009 by an attorney in the Housing Unit and sent to VLP. Because there is no file folder and no other notes, it appears that no legal services were provided to the client. This case was de-selected on 6/5/13.

13E-4146379 (Closed 7/29/13): No legal services were provided. Case opened 4/3/2012 based on referral of volunteer lawyer who is willing to represent client in ongoing case under VLP. Client declined to sign documents required for representation, and stated that he did not want representation after the VLP attorney accepted the case. As a result, the volunteer lawyer withdrew without providing any legal services to client. This case was deselected on 7/29/13.

13E-4144960 (Closed 5/28/13): No legal services were provided. Client was referred to Legal Action by volunteer lawyer who accepted pro bono referral. Client did not attend two scheduled appointments with VLP attorney, and finally contacted VLP attorney to state she did not want assistance at this time. No legal services provided. This case was deselected.

12E-7137245 (closed): La Crosse office sent a referral to Milwaukee VLP; no case opened in Milwaukee. No referral to volunteer lawyer. Case was closed by La Crosse office as "A", same day (5/17/12) as opened. La Crosse attorney advised the caller to proceed with his administrative complaint. This is a description of legal services provided, thus is compliant.

11E-7120721 (closed): La Crosse office sent to Madison office for VLP referral, in early April 2011. In mid-July 2011, referral made to volunteer lawyer, but client withdrew from representation. A lot of time invested; case closed 1/27/12 as "B." No information in file about legal services provided. This case is non-compliant.

11E-122180 (missing a digit) This file should actually be 11E-1122180. It is not a PAI file: This case was opened in the Milwaukee Housing unit on 4/6/11. The closing summary was entered 4/8/11 stating the advice given as follows:

"Client is not facing an eviction and did not have a housing issue. She is living in an apartment building owned by the Holloways. She believes her home was burglarized on March 28th by one of the maintenance men. Her Wii game was stolen. I advised client that is not something we handle within the housing unit. Advised her to follow up with the police detective who came to report the incident. Also advised I would ask if VLP would look at her issue. I advised that there is no guarantee that they would look at it." This file contained a description of the assistance provided, but it is debatable whether it was legal assistance. It can be argued that advice informing a tenant that her remedy is not against her landlord but is with the police is legal advice, and we would so argue.

We disagree that any of these four cases had case closure category errors. We believe that each one was closed correctly.]

Finding 11: Sampled cases evidenced substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3 regarding the timely closing of cases. Case review revealed a limited number of sampled cases that were dormant or untimely closed.

To the extent practicable, programs shall report cases as having been closed in the year in which assistance ceased, depending on case type. Cases in which the only assistance provided is counsel and advice or limited action (CSR Categories A and B), should be reported as having been closed in the grant year in which the case was opened. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(a).³³ There is, however, an exception for limited service cases opened after September 30, and those cases containing a determination to hold the file open because further assistance is likely. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.3(a). All other cases (CSR Categories F through L, 2008 CSR Handbook) should be reported as having been closed in the grant year in which the recipient determines that further legal assistance is unnecessary, not possible or inadvisable, and a closing memorandum or other case-closing notation is prepared. *See* CSR Handbook (2008 Ed., 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).

Case review revealed seven (7) sampled cases that were dormant or untimely closed. *See* open Case Nos. 05E-2049879 (This case was opened in 2005 and remains open. The legal work documented in the file was in 2005, all legal work was completed in this case in 2007 and therefore is dormant); 05E-2048903 (This case was opened in 2005 and remains open. All legal work was completed in this case 2009 and therefore was dormant); 05E-2050786 (This case was opened in 2005 and remains open with no notations in the file of any further legal assistance needed or provided since 2005, and therefore was dormant); 07E-1072480 (This case was opened in 2008 and the last legal work documented in the file was in 2008, with no notations in the file of any further legal assistance needed or provided since 2008, and therefore is dormant); 09E-1093683 (This case was opened in 2009, and the last legal work documented in the file was in 2009, with no notations in the file of any further legal assistance needed or provided since 2009, and therefore was dormant); 11E-1121535 (This case was opened in 2011 and the last legal work documented in the file was in 2011 with no notations in the file of any further legal assistance needed or provided since 2011, and therefore was dormant); and 05E-1047719 (This case was opened in 2005 and remains open with no notations in the file of any further legal assistance needed or provided since 2005, and therefore was dormant).

³³ The time limitation of the 2001 Handbook that a brief service case should be closed "as a result of an action taken at or within a few days or weeks of intake" has been eliminated. However, cases closed as limited action are subject to the time limitation on case closure found in CSR Handbook (2008 Ed., as amended 2011), § 3.3(a). This category is intended to be used for the preparation of relatively simple or routine documents and relatively brief interactions with other parties. More complex and/or extensive cases that would otherwise be closed in this category should be closed in the new CSR Closure Category L (Extensive Service).

The case files cited above must be de-selected as being dormant. It is recommended that LAW develop and implement methods to prevent case dormancy. It is further recommended that LAW provide training to staff on the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3.

[We will de-select the above case files and continue to provide training on CSR Handbook §3.3. As these files are those of only two lawyers, we will focus on them and require improvement in timeliness of closing.]

Finding 12: Sample cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

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 that related legal problems presented by the same client are to be reported as a single case. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.4.

Sampled cases evidenced compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.2, regarding duplicate cases.

There are no recommendations or corrective actions required.

Finding 13: Review of LAW's policies and the list of attorneys who have engaged in the outside practice of law revealed that LAW is in 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.

Based on an interviews with the Executive Director and program staff, as well as the review of the recipient's policies, and the list of attorneys who have engaged in the outside practice of law, LAW appears to be in compliance with the requirements of 45 CFR Part 1604.

A review of three (3) attorneys' requests for approval to undertake the outside practice of law was conducted. One (1) request was made in 2012 and two (2) in 2013. ~~All three (3)~~ Two requests were authorized by the Executive Director. The third request was not made to the Executive Director. ~~and In all three,~~ the concerned attorneys either used their own time or vacation time and, in one (1) case, the attorney was ~~compensated with~~ employed on the DOES grant, funds which ~~are~~ involves non-LSC funds.

There are no recommendations or corrective actions required.

Finding 14: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

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. *See* 45 CFR Part 1608.

The purpose of Part 1608 is to insure that the Corporation's resources will be used to provide high quality legal assistance and not to support or promote political activities or interests. This Part should be construed and applied so as to further this purpose without infringing upon the constitutional rights of employees or the professional responsibilities of attorneys to their clients.

A limited review of accounting records and documentation for the period of January 1, 2011 through April 15, 2013, and interviews with administration and financial management disclosed that LAW does not appear to have expended any grant funds, or used personnel or equipment in prohibited activities in violation of 45 CFR § 1608.3(b).

During the course of the review, no indications were found where, while engaged in legal assistance activities supported under the Act, LAW attorneys engaged in any political activity, any activity to provide voters with transportation to the polls, or to provide similar assistance in connection with an election, or voter registration activity. Moreover, there was no indication that LAW received funds from any political parties or campaigns.

A comprehensive review of LAW's pamphlets, brochures, flyers, etc. was conducted during the onsite visit. Review of the above-referenced materials revealed that all collected information was found to be free of any prohibited political message, expression, symbol, image, or allusion, and in compliance with 45 CFR Part 1608.

Sampled cases evidenced compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities). OCE's review of LAW's accounting and financial records for the review period and discussions with program management did not uncover any indicators of non-compliance with the requirements of 45 CFR Part 1608.

There are no recommendations or corrective actions required.

Finding 15: Sampled cases evidenced substantial compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases).

Except as provided by LSC regulations, recipients may not provide 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 may provide 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).

LAW's detailed ledger, schedules of other income for account number 4070 which tracks attorney fees for the years 2011, 2012, and through April 30, 2013 were reviewed along with LAW's accounting and law staff manuals. During 2011, a total of \$101,076.12 was collected in attorneys' fees, while \$91,009.26 was collected during 2012 and \$13,050.00 during the first four months of 2013. These attorneys' fees were partially allocated to LSC using the same ratio with which LSC had "paid" for the endeavors undertaken to pursue the collection of attorneys' fees.

LAW has a written policy governing fee-generating cases which is consistent with 45 CFR Part 1609. The LAW accounting manual which the OCE team reviewed, under policy and procedures governing court order awards, stated that "court ordered awards shall be returned to the grant(s) and office(s) that funded the original case work unless restricted by a funding sources or some other restriction." Although not described in LAW's accounting manual, at the time of the visit, LAW's accounting staff members manual stipulates under policies and procedures governing court ordered awards the following: "the classification of were allocating the each attorney fee award among the grant(s) and office(s) based on the shall-

~~be determined by the ratio of case hours charged to each location and grant." The same policy is captured in the Law Staff Manual but does not address the procedure whereby the attorneys' fees are split.~~

LAW is required to take corrective action to ensure that the policy for capturing the accounting basis on which attorneys' fees will be allocated among the various grants is included in the LAW Accounting Manual ~~and the LAW Staff Manual~~. LAW's Accounting Manual now provides, under policies and procedures governing court ordered awards, the following: "the classification of the attorney fee award shall be determined by the ratio of case hours charged to each location and grant."^{33a}

Finding 16: A limited review of LAW's accounting and financial records indicate compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). LAW is also in compliance with the funding source notifications of 45 CFR § 1610.5 as necessary written notifications had been sent to all relevant funders.

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 regulations contain 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.

^{33a} On July 20, 2013, the LAW Board of Directors approved a revised LAW accounting manual which stipulated under the general policies governing attorney fee awards the following: "The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant." An August 12, 2013 e-mail was sent by LAW's Administrator to Ms. Helga Merz at OCE transmitting the LAW Board-approved revised Attorney Fee Awards Policy and a copy of the revised Section 6.1 Policies & Procedures: Attorney Fee Awards of the LAW Accounting Manual dated July 20, 2013. All are attached to this response.

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. The presence or absence of any one or more factors is not determinative. 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).

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. 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).

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).

From a limited review of LAW policies and procedures, cash receipts journals, cash disbursements journals, chart of accounts, vendor's list, grants, contracts, web page, observations of the physical location of the program offices, and interviews with management, LAW does not appear to be engaged in any restricted activity which would present 45 CFR Part 1610 compliance issues.

A review of a sampling of entries in LAW's cash receipt and disbursement journals for the review period identified no inappropriate transfers (45 CFR § 1610.7) or expenditures (45 CFR § 1610.4) by LAW of its LSC and non-LSC funds. LAW's cost allocation methodology for direct costs is based on costs allocated to a particular grant. LAW uses LSC Basic Field funds to support ~~all funding sources~~ LSC expenditures and services.

Upon request of OCE, the Development and Information Director generated a list of all funding sources of at least \$250 or greater for the years 2011, 2012, and through April, 30, 2013. A sample comprised of notification letters to 17 funding sources was selected for an in-depth review. This review showed that LAW is in compliance with the requirements of 45 CFR Part 1610.5(a), in that the program sent written notifications to all funding sources, including Cy Pres awards and community development grant applications. These notifications to funding sources specifically mentioned that the funds may not be used in any manner inconsistent with the Legal Services Corporation Act or §504 of Public Law 104-134.

There are no recommendations or corrective actions required.

Finding 17: LAW is in compliance with 45 CFR §§ 1614.3(a), (b), (c), and (d) which is designed to ensure that recipients of LSC funds involve private attorneys in the delivery of legal assistance to eligible clients. Moreover, LAW is in substantial compliance with 45 CFR § 1614.3(e)(1)(i) which is designed to ensure that recipients of LSC funds correctly allocate administrative, overhead, staff, and support costs related to PAI activities.

45 CFR Part 1614 requires LSC recipients to devote an amount of LSC and/or non-LSC funds equal to 12.5% of its LSC annualized basic field award for the involvement of private attorneys in the delivery of legal assistance to eligible clients. This requirement is referred to as the "PAI" or private attorney involvement requirement.

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

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 Audited Financial Statements ("AFS") for the year ending December 31, 2012 reported separate expenditures dedicated to the PAI effort, as required by 45 CFR § 1614.4(e)(2). The reported figure of \$415,075 in 2012 represents 13.8% of the total basic field grant of \$3,018,750 during that year. LAW's attorneys' and paralegals' time dedicated to PAI activities is entered into the case management system by placing a check mark in the PAI box next to a grant number.

The Accounting Supervisor manages a "running tab" of all PAI activities on an annual basis. The indirect cost methodology uses total salaries divided by PAI salaries. The cumulative PAI calculations for FY 2012 were reviewed, and tested, and were found to be allocated and computed correctly. Also, indirect cost rates were tested and found to be allocated on the basis of reasonable operating data.

Private Attorney Involvement (Overview)

LAW's PAI efforts are carried out through its Volunteer Lawyer Project ("VLP").

The VLP makes referrals to volunteer (private) attorneys for the direct delivery of legal services. The VLP is administered by the VLP Coordinator in the Milwaukee office. There is also a full-time PAI paralegal working in the Milwaukee office. Referrals to private attorneys are made directly from LAW's field offices, community organizations, and LAW's regular intake screening process. Types of cases handled by VLP attorneys are in the areas of family law, housing (tenant's money claims), unemployment compensation, consumer, bankruptcy, and probate.

Intake for VLP cases is done through the intake processes and procedures discussed under Finding 2, and that applicants are screened for conflicts, financial eligibility, and citizenship/alien eligibility. The intake staff develops and evaluates the facts of an applicant's case pursuant to LAW's program priorities. If the applicant is deemed eligible for assistance, and if the case is appropriate for a volunteer attorney, VLP staff schedule an appointment for the client to come in to the office to meet with a volunteer attorney.

Oversight and closure of these cases is conducted by VLP staff in the Milwaukee office. The VLP cases are part of the LAW's ACMS. Volunteer attorneys are periodically contacted by VLP staff to obtain the case status and disposition. A number of cases are placed and tracked by LAW field offices. The Managing Attorneys in the field offices are responsible for oversight of VLP cases in their office. The VLP attorneys report when the case is closed and VLP staff assign the appropriate case closing code.

Interviews and case review reveals that LAW is in compliance with 45 CFR § 1614.3(d)(3). There are no recommendations or corrective actions required.

Finding 18: LAW is in substantial compliance with 45 CFR Part 1627. A limited review of documents and interviews with staff revealed LAW initially was not in compliance with 45 CFR § 1627.4(a) (Membership fees or dues) as it was determined that NLADA dues (\$8,500 per annum) were paid with LSC funds.

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 exclude 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.

LSC regulation 45 CFR § 1627.4(a) requires that:

- a) LSC funds may not be used to pay membership fees or dues to any private or nonprofit organization, whether on behalf of a recipient or an individual.
- b) Paragraph (a) of this section does not apply to the payment of membership fees or dues mandated by a government organization to engage in a profession, or to the payment of membership fees or dues from non-LSC funds.

Review of financial records, as well as interviews, evidenced that LAW had not entered into any sub-grant agreements during the review period.

LAW's sub-ledger account No. 7350 (dues, fees & licenses) was provided and sample payments were identified. Supporting documents were requested and reviewed. Between January 1, 2011 and April 15, 2013, LAW made two (2) payments to the NLADA and according to the funding code chart used LSC funds or "200 funds." These payments were pointed out to the Administrator while the OCE team was still on-site. The Administrator made a corrective accounting entry to credit the LSC fund in the amount of \$17,000, while charging that amount to the general fund for the dues paid to the NLADA.

As a required corrective action, LAW is required to develop policy and procedure pursuant to 45 CFR §1627.4 regarding the use of LSC funds to pay membership fees or dues.

In accordance with 45 CFR Section 1627.4, the Board of Directors on November 8, 1996 adopted the attached policy concerning subgrants and dues. In addition, the LAW Staff Manual on page IX-G-1 contains a Board-approved policy dated October 6, 1997 specifically governing the payment of "Other Dues" in accordance with 45 CFR Section 1627.4. A copy of the November 8, 1996 and October 6, 1997 LAW policies are attached to LAW's response.

LAW agrees to create a new section for the LAW Accounting Policies and Procedures Manual entitled "Membership Fees and Dues". The new section will incorporate the above policies, plus detail LAW's accounting procedures for processing membership fees and dues requests in accordance with 45 CFR Section 1627.4 and the requirements of other funders.]

Finding 19: LAW is in compliance with the requirements of 45 CFR Part 1635 (Timekeeping requirement).

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. The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type. Recipients shall require any attorney or paralegal who works part-time for the recipient and part-time for an organization that engages in restricted

activities to certify in writing that the attorney or paralegal has not engaged in restricted activity during any time for which the attorney or paralegal was compensated by the recipient or has not used recipient resources for restricted activities.

[The following paragraph repeats the last two sentences above.]

~~The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type. Recipients shall require any attorney or paralegal who works part time for the recipient and part time for an organization that engages in restricted activity during any time for which the attorney or paralegal was compensated by the recipient or has not used recipient resources for restricted activities.~~

The time spent on each case, matter or supporting activity is recorded in substantial compliance with 45 CFR §§ 1635.3(b) and (c).

A review of 11 advocates timekeeping records selected from LAW's office for one pay period in March 2013, and another in October 2012, disclosed that the records are electronically and contemporaneously kept. The time spent on each case, matter, or supporting activity is recorded in compliance with 45 CFR §§ 1635.3(b) and (c).

There are no recommendations or corrective actions required.

Finding 20: Sampled cases evidenced compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Prior to December 16, 2009, except as otherwise provided by LSC regulations, recipients could not claim, or collect and retain attorneys' fees in any case undertaken on behalf of a client of the recipient. See 45 CFR § 1642.3.³⁴ 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 30, 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.³⁵

³⁴ The regulations define "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 former 45 CFR § 1642.2(a).

³⁵ LSC further determined that it will not take enforcement action 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. As well, the regulatory provisions regarding 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. See LSC Program Letter 10-1 (February 18, 2010).

Sampled files reviewed, interviews with the Executive Director and review of the recipient's policies evidenced that LAW is in compliance with the requirements of former 45 CFR Part 1642.

There are no recommendations or corrective actions required.

Finding 21: From a limited review of documents and interviews with staff, it was determined that LAW is in compliance with 45 CFR Part 1612 (Restrictions on lobbying and certain other activities).

The purpose of 45 CFR Part 1612 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.

45 CFR § 1612.10, regarding recordkeeping and accounting for activities funded with non-LSC funds, states that:

- (a) No funds made available by the Corporation shall be used to pay for administrative overhead or related costs associated with any activity listed in § 1612.6.
- (b) Recipients shall maintain separate records documenting the expenditure of non-LSC funds for legislative and rulemaking activities permitted by § 1612.6.
- (c) Recipients shall submit semi-annual reports describing their legislative activities with non-LSC funds conducted pursuant to § 1612.6, together with such supporting documentation as specified by the Corporation.

The review of financial records and other documents for the period of January 1, 2011 through April 15, 2013, interviews with the Executive Director, Development and Information Director, Administrator, and program staff, and generalized web searches on standard search engines regarding LAW produced no information to indicate that LAW has been involved in activity restricted by Part 1612.

LAW's policy on legislative and administrative advocacy was reviewed while on-site and determined to be in compliance with 45 CFR Part 1612.

There are no recommendations or corrective actions required.

Finding 22: Sampled cases, as well as interviews, evidenced compliance with the requirements of 45 CFR Parts 1613 and 1615 (Restrictions on legal assistance with respect to criminal proceedings, and 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.

None of the sampled files reviewed involved legal assistance with respect to a criminal proceeding, or a collateral attack in a criminal conviction. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

Finding 23: Sampled cases, as well as interviews, 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).³⁶

LAW has a written policy concerning the initiation or participation in class action lawsuits as required by 45 CFR Part 1617.³⁷ A review of the policy determined it is in compliance with the requirements of 45 CFR Part 1617.

None of the sampled files reviewed involved initiation or participation in a class action. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

³⁶ 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).

³⁷ *See* LAW Staff Manual IV-D, Class Action Policy, 10/3111.

Finding 24: Sampled cases 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.

LAW has a written policy concerning redistricting,as required by 45 CFR Part 1632.³⁸ A review of the policy determined it is in compliance with the requirements of 45 CPR Part 1632.

None of the sampled files reviewed revealed participation in litigation related to redistricting. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

Finding 25: Sampled cases 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 CPR§ 1633.3.

LAW has a written policy concerning representation in certain eviction proceedings as required by 45 CFR Part 1633.³⁹ A review of the policy determined it is in compliance with the requirements of 45 CPR Part 1633.

None of the sampled files reviewed involved defense of any such eviction proceeding. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

³⁸ *See* LAW Staff Manual III-H, Regulatory Compliance Policies, 10/3/11.

³⁹ *See* LAW Staff Manual IV-J, Public Housing Evictions Policy, 10/3/11.

Finding 26: Sampled cases 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.

LAW has a written policy concerning the representation of prisoners as required by 45 CFR Part 1637.⁴⁰ The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1637.

None of the sampled files reviewed involved participation in civil litigation, or administrative proceedings, on behalf of an incarcerated person. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

Finding 27: Sampled cases evidenced compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

In 1996, Congress passed, and the President signed, the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (the "1996 Appropriations Act"), Pub. L. 104-134, 110 Stat. 1321 (April 26, 1996). The 1996 Appropriations Act contained a new restriction which prohibited LSC recipients and their staff from engaging a client which it solicited.⁴¹ This restriction has been contained in all subsequent appropriations acts.⁴² This new restriction is a strict prohibition from being involved in a case in which the program actually solicited the client. As stated clearly and concisely in 45 CFR § 1638.1: "This part is designed to ensure that recipients and their employees do not solicit clients."

LAW has a written policy concerning solicitation as required by 45 CFR Part 1638.⁴³ The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1638.

⁴⁰ *See* LAW Staff Manual IV-K, Prisoner Representation Policy, 10/3/11.

⁴¹ *See* Section 504(a) (18).

⁴² *See* Pub. L. 108-7, 117 Stat. 11 (2003) (FY 2003), Pub. L. 108-199, 118 Stat. 3 (2004) (FY 2004), Pub. L. 108-447, 118 Stat. 2809 (2005) (FY 2005), and Pub. L. 109-108, 119 Stat. 2290 (2006) (FY 2006).

⁴³ *See* LAW Staff Manual III-B, LSC Regulatory Compliance Policies, 10/3/11.

None of the sampled files, including documentation, such as community education materials and program literature indicated program involvement in such activity. Discussions with the Executive Director also confirmed that LAW is not involved in this prohibited activity.

There are no recommendations or corrective actions required.

Finding 28: Sampled cases, as well as interviews, evidenced 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. No 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.

LAW has a written policy concerning solicitation as required by 45 CFR Part 1643.⁴⁴ The policy was reviewed and determined to be in compliance with the requirements of 45 CFR Part 1643.

None of the sampled files reviewed involved such activity. Discussions with the Executive Director also confirmed that LAW is not involved in these prohibited activities. There are no recommendations or corrective actions required.

Finding 29: Sampled cases, as well as interviews, evidenced compliance with the requirements of certain other LSC statutory prohibitions (42 USC 2996f § 1007 (a) (8) (Abortion), 42 USC 2996f § 1007 (a) (9) (School desegregation litigation), and 42 USC 2996f § 1007 (a) (10) (Military selective service act or desertion)).

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

⁴⁴ *See* LAW Staff Manual III-B, LSC Regulatory Compliance Policies, 10/3/11.

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.

All of the sampled files reviewed demonstrated compliance with the above LSC statutory prohibitions. Interviews conducted further evidenced and confirmed that LAW was not engaged in any litigation which would be in violation of Section 1007(b) (8) of the LSC Act, Section 1007(b) (9) of the LSC Act, or Section 1007(b) (10) of the LSC Act.

There are no recommendations or corrective actions required.

Finding 30: A limited review of the cost standards and procedures of LAW evidenced compliance with the requirements of 45 CFR Part 1630 (Cost standards and procedures).

LSC regulations provide uniform standards for allowability of costs and to provide a comprehensive, fair, timely and flexible process for the resolution of questionable costs, under Corporation grants and contracts. *See* 45 CFR Part 1630.

A review of the allocation of costs by LAW disclosed the allocation policies and procedures are adequate and the allocations are proper and in compliance with LAW's Accounting Manual and 45 CFR § 1630.3(4) (c)- (h).

There are no recommendations or corrective actions required.

Finding 31: A limited review of LAW's internal control policies and procedures evidenced that they compare favorably to the elements outlined in Chapter 3 - Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System of the Accounting Guide for LSC Recipients (2010 Ed.) ("AGLSCR").

In accepting LSC funds, recipients agree to administer these funds in accordance with requirements of the Legal Services Corporation Act of 1974 as amended (Act), any applicable appropriations acts and any other applicable law, rules, regulations, policies, guidelines, instructions, and other directives of the LSC, including, but not limited to, LSC Audit Guide for Recipients and Auditors, Accounting Guide For LSC Recipients (2010 Ed.) ("AGLSCR"), the CSR Handbook, the LSC Property Acquisition and Management Manual, and any amendments to the foregoing. Applicants agree to comply with both substantive and procedural requirements, including recordkeeping and reporting requirements.

An LSC recipient, under the direction of its board of directors, is required to establish and maintain adequate accounting records and internal control procedures. Internal control is defined as a process effected by an entity's governing body, management and other personnel, designed to provide reasonable assurances regarding the achievement of objectives in the following categories: (1) Effectiveness and efficiency of operations; (2) Reliability of financial reporting; and (3) Compliance with applicable laws and regulations. *See* Chapter 3 of the AGLSCR (2010 Ed.).

The AGLSCR provides guidance on all aspects of fiscal operations and the 2010 edition has a significantly revised Accounting Procedures and Internal Control Checklist that 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.

LAW Fiscal Structure and Operating Systems

LAW's fiscal department consists of an Administrator, who is responsible for the accuracy of its financial and accounting records, a Supervisor of Accounting and Grants, whose duties include the reconciliation of all bank statements and the Executive Director, hired by the board, who is responsible for hiring competent staff and overseeing the appropriate procedures for ensuring the integrity of LAW's financial accounting and reporting systems.

LAW utilizes an in-house accounting software package to process general ledger and accounts payable. An outside agency (~~Automatic Data Processing~~ Paylocity) provides payroll services on a contractual basis.

Bonding

A limited fiscal review evidenced that LAW maintains fidelity bond coverage exceeding the requirements of 45 CFR Part 1629.

LAW's insurance policy for its fidelity bond was reviewed. This policy covers employee dishonesty and forgery for up to \$500,000 per occurrence. The policy has a term of one (1) year beginning January 1, 2013. The existing coverage exceeds the \$50,000 coverage required by 45 CFR Part 1629 and is nearly twice as much as the required 10% of the program's annualized LSC funding level.

There are no recommendations or corrective actions required.

Segregation of Duties

LAW's management plays an important role in ensuring a proper segregation of duties in the finance department.

The limited assessment of segregation of duties including review of LSC's *Segregation of Fiscal Duties Worksheet* (as prepared by LAW), LAW's organization chart, LAW's Accounting Manual (under related roles and responsibilities), interviews with selected staff, and observations of financial work assignments was undertaken. *See also* AGLSCR (2010 Ed.), Chapter 3, Internal Control/Fundamental Criteria of an Accounting and Financial Reporting System.

An analysis of the responses provided by LAW during the on-site visit, interviews with program staff, and a limited review of the program's policies and procedures indicate sufficient staffing assignments and management oversight to provide adequate segregation of fiscal duties and responsibilities. However, it must be noted that a weakness in LAW's internal controls, as it relates to segregation of duties, was identified within its financial operations.

A limited review of disbursements, which included a review of 28 expense reports, disclosed that the Executive Director's expense reports are approved by the Administrator who is a direct report of the Executive Director.

Strong internal controls require that an employee's supervisor approves their expense reports. A proper segregation of duties requires that the Board of Directors, who supervises the Executive Director, approve and review the Executive Director's expense reports. *See* AGLSCR (2010 Ed.), Chapter 3, §§ 3-4(3) and 3-4(4).

As a corrective action, LAW is required develop a policy and procedure to have the Executive Director's expense reports reviewed and approved by the Board of Directors.

[We believe that this should be a recommendation rather than a corrective action. First, the OCE team found no irregularities in the Executive Director's expense reports, which had been approved by the Administrator.

Second, requiring Board approval places an additional burden on the Board, which is composed of volunteers who receive no compensation for their service, and will slow down our accounting processes.

Third, AGLSCR §3-3 states that "certain basic concepts must be considered recognizing that each recipient is unique, and, therefore, any control procedures, must likewise be unique and custom made." Legal Action's strong and independent Administrator, and the fact that our current system has worked extremely well for over 20 years, is a unique aspect of Legal Action. AGLSCR §3-4 does not require Board review and approval of Executive Director expenditures, nor does it prohibit the Administrator's independent internal review.

Therefore, this action should be recommended rather than required.]

Bank Reconciliations

The LSC accounting guidelines regarding bank reconciliations discusses the need for monthly bank account reconciliations and that the related procedures include the following: determination of whether bank statements reconcile with the respective general ledger cash account; investigation and resolution of checks that have been outstanding for more than six (6) months; examination of voided checks (including that proper journal entries are made in the general ledger and check register for voided checks); comparison of checks with the check register including number, date, payee, amount, signatures, and endorsements; and accounting for serial numbers of checks and other tests. Program procedures should also direct that bank statements are delivered unopened directly to the person preparing the reconciliation or a management official for review prior to reconciliation, and that a program's fiscal manager review and initial completed bank reconciliations. *See* AGLSCR, (2010 Ed.), Appendix VII, Section I, Bank Reconciliation Procedures.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over bank reconciliations.

There are no recommendations or corrective actions required.

Petty Cash

The LSC accounting guidelines for petty cash directs recipients to have a board-approved policy, and that accounting procedures include restrictions on petty cash disbursements and reimbursement, require properly approved supporting data, be maintained on an imprest basis, and be primarily vested in only one person per program office with regard to access and physical control over the petty cash box. Also, cash receipts should not be commingled with the petty cash fund, and the reconciliation of the petty cash bank account should be done by an employee independent of the petty cash custodian along with a periodic surprise count and be part of the annual audit. *See* AGLSCR (2010 Ed.), Appendix VII, Section K, Petty Cash Controls.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over petty cash.

There are no recommendations or corrective actions required.

Client Trust Funds

LSC accounting guidelines regarding client trust funds requires policies and procedures for controlling client trust transactions including receipts, disbursements, and reconciliation. Further, accounting records should be maintained to account for individual balances for each client. *See* AGLSCR, (2010 Ed.), Chapter 3, Section 3-5.7, Client Trust Records.

A limited review of LAW bank statements, bank reconciliations, disbursement registers, cash receipts journals, general journal entries for March 2013, as well as a review of the accounting manual, and interviews with selected staff, evidenced no deficiencies in internal controls over petty cash.

There are no recommendations or corrective actions required.

Credit Cards

LAW's Credit Card Policy and Procedures were reviewed and found to be satisfactory. A limited review of disbursements, which included a review of eight (8) credit card statements, determined LAW maintains adequate internal control for the payment and accounting of credit card statement charges. All credit card charges were proper and supported by adequate documentation.⁴⁵

There are no recommendations or corrective actions required.

Cash Receipts

LSC accounting guidelines regarding cash receipts discusses the need for various policy and practices to include procedures to ensure that cash received is properly handled, and that a cash receipts log and cash receipts journal be maintained. LSC guidelines further discuss the need for prompt deposit of cash receipts; procedures for reconciliation; and ensuring that checks and money orders be restrictively endorsed, among other items. See AGLSCR, (2010 Ed.), Appendix VII, Section H, Controls over Cash Receipts.

A limited review of cash receipts for March 2013 disclosed no internal control deficiencies. There are no recommendations or corrective actions required.

Cash Disbursements

LSC accounting guidelines regarding cash disbursements discusses the need for: written accounting policies and procedures that describe the accounting system and assure that similar transactions are processed consistently. See AGLSCR, (2010 Ed.), Appendix VII, Section G, Controls over Cash Disbursements.

⁴⁵ LAW maintains one (1) credit card for program training and travel, equipment and limited other purchases. The Executive Director, Administrator, and Technology and Communications Manager each carry a card issued in their name. See Law Accounting Manual 15.5, Credit Card Policies & Procedures.

A review of cash disbursements for March 2013 determined LAW has adequate internal controls governing the handling of cash disbursements. The policies and procedures as they relate to cash disbursements are included in LAW's Accounting Manual.

There are no recommendations or corrective actions required.

Electronic Transfers

A review of electronic transfers for the month of March 2013 disclosed no internal control deficiencies and the transfers made were in compliance with LAW's Accounting Manual Policies and Procedures.

There are no recommendations or corrective actions required.

Travel Advances

A review of five (5) employee travel advances disclosed adequate internal controls and that the travel advance policies and procedures were in compliance with LAW's Accounting Manual.

Also, it was disclosed through discussions with the Administrator, as well as a review of the Accounting Manual and the General Ledger, that LAW does not make payroll advances and that none existed during the review period.

There are no recommendations or corrective actions required.

Payroll Process

A limited review of LAW's payroll policy was conducted which disclosed that LAW has an adequate policy and adequate internal controls surrounding the payroll process.

A limited review of LAW's payroll policies and procedures compared favorably with the LSC requirements. LAW uses an outside payroll service for semi-monthly payroll, tax and payroll records processing. Adequate supporting documentation, such as time and attendance records, is also utilized.

There are no recommendations or corrective actions required.

Fiscal Integrity

The OCE review team interviewed three (3) members⁴⁶ of LAW's Board of Directors and asked them questions from the AGLSCR, Chapter 1, Section 1-7, *Responsibilities of the Financial Oversight Committee(s)*. In sum, the interview revealed that LAW's Board of Directors is very knowledgeable and very engaged in the operations of the program, thereby fully discharging its fiduciary responsibility.

There are no recommendations or corrective actions required.

Property Controls

A limited review of property records and internal controls over property evidenced LAW has written policies and procedures in accordance with the AGLSCR (2010 Ed.), Appendix IV- Accounting for Property.

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* AGLSCR, Chapter 3, Section 3-5.4(c), Cash Disbursements-Recordkeeping: Property Record.

A review of property records for 2011 and 2012 disclosed that they were in accordance with LAW's property management policy, which requires, among other items, that three (3) bids are solicited for property purchases greater than \$5,000. The review also indicated that a physical inventory is conducted every two (2) years. Detailed physical inventory records were reviewed which showed no adjustments and that LAW adheres to its own policy.

There are no recommendations or corrective actions required.

⁴⁶ LAW's Board Treasurer Elect, Finance Committee Chairman, and Board Chairman were interviewed.

Finding 32: Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with 2011 TIG grant assurances Nos. 7, 8, and 9, and other applicable LSC regulations, rules, and guidelines.

Recipients' use of TIG funds is subject 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 for LSC Recipients, applicable TIG Grant Assurances, contract terms, the Property Acquisition and Management Manual, and with any amendments of the foregoing adopted before or during the period of the TIG.

A limited review of relevant materials and interviews concerning LAW's TIG No. 11028 was conducted. According to the Evaluation Report of TIG No. 11028, the goal of the TIG was to enhance the effectiveness and efficiency of LAW's operations and services to clients by upgrading the program's technological infrastructure. Two (2) objectives were necessary to accomplish this goal. The first objective was to implement a range of technology infrastructure enhancements including the design and implementation of a central data system readily accessible to all staff. The second objective was to develop and implement a new backup system that preserves and protects the firm's data and enhances disaster recovery practices. The term of TIG No. 11028 was 18 months, beginning October 1, 2011. The total amount of the grant award was \$51,600.

The OCE review disclosed that the TIG was properly disclosed as a separate funding source in the 2012 Audited Financial Statements; that proper reporting was made to LSC (initial budget, final budget and milestone reports); that approvals were obtained for purchases of equipment in excess of \$10,000; and that the purchases had three (3) bidders as required by the LSC's Property Acquisition and Management Manual. All of the TIG funds were spent and the cash disbursements and cash receipts were properly accounted for by LAW. It should be noted that no TIG funds were spent on LAW personnel costs.

Interviews and a limited review of procedures, practices, and documents related to TIG No. 11028 evidenced compliance with TIG grant assurances Nos. 7, 8, and 9 and other applicable LSC regulations, rules, and guidelines.

There are no recommendations or corrective actions required.

Finding 33: A limited review of the LAW Accounting Manual disclosed that the September 2012 updates made to this manual have not been approved by the Board of Directors, and that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

A limited review of the LAW Accounting Manual disclosed that the September 2012 updates to this manual have not yet been approved by the Board of Directors.⁴⁷ Further, the review revealed that various policies captured in the LAW Staff Manual are not contained in the LAW Accounting Manual.

As such, it is recommended that LAW update its LAW Accounting Manual to include any policies not yet reflected therein.

[In follow-up to the OCE's exit interview recommendation of June 6, 2013, the Legal Action of Wisconsin Board of Directors formally reviewed and approved the LAW Accounting Policies and Procedures Manual dated July 20, 2013. The staff memo dated June 26, 2013, requesting Board approval of the Manual is attached to this response. Also attached is the Manual's Table of Contents and the Introduction and Overview sections as of July 20, 2013. At the OCE's suggestion, the July 20, 2013 version of the manual includes new Sections 2.2 Payroll & Timekeeping Policy and 5.5 Employee Travel/Training Policies. Both of these sections were previously only contained in the LAW Staff Manual.]

⁴⁷ In an e-mail to OCE dated August 12, 2013, the Administrator wrote that Board of Directors had formally voted on and approved the updates to the LAW Accounting Manual and moved to include a payroll and timekeeping policy and an employee travel/training policy.

IV. RECOMMENDATIONS⁴⁸

Consistent with the findings of this report, it is recommended that LAW:

1. Review the application of its case closure categories to ensure the correct assignment of these categories and provide training to staff consistent with Chapters VIII and IX of the CSR Handbook (2008 Ed., as amended 2011);
2. Provide training to staff **on the application of the case closure categories to ensure the correct assignment of these closure categories in a manner** consistent with Chapters VIII and IX of the CSR Handbook (2008 Ed., as amended 2011);
3. Provide to LSC copies of the contract (s) for the two (2) LAW attorneys contracted to the Center for Driver's License Recovery and Employability;
4. Ensure that the policy for capturing the accounting basis on which attorneys' fees will be allocated among the various grants is included in the LAW Accounting Manual and the LAW Staff Manual;
5. Update the LAW Accounting Manual to include any of policies not yet reflected therein;
6. Only report case files that contain a description of legal services provided as defined in CSR Handbook (2008 Ed., as amended 2011), § 5.6. It is recommended that LAW provide training to staff on the requirements of this section; and
7. Develop and implement methods to prevent case dormancy. It is further recommended that LAW provide training to staff on the requirements of CSR Handbook (2008 Ed., as amended 2011), § 3.3.

⁴⁸ Items appearing in the "Recommendations" section are not enforced by LSC and therefore the program 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 the program 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 the program, and will be enforced by LSC.

V. REQUIRED CORRECTIVE ACTIONS

Consistent with the findings of this report, LAW is required to take the following corrective actions:

1. Ensure that cases with clients whose income exceeds 125% of the FPG without documentation of authorized exceptions are not included in the CSR reports;
2. Ensure compliance with 45 CFR § 1626.6 regarding the inclusion (when required) of a signed citizenship attestation in all cases files. As a part of this corrective action, it is recommended that LAW adopt additional ongoing case management oversight protocols to ensure that citizenship attestations, when required, are obtained during initial screening or when a case is opened;
3. Ensure that retainer agreements (when required), are included in case files and that the retainer agreement subject matter accurately reflects the services provided;
4. Develop and implement a policy and procedure to require that the Executive Director's expense reports are reviewed and approved by the Board of Directors, not the Administrator;

This should be recommended rather than required.

5. Provide LSC with a copy of its policy regarding citizenship attestations and eligible alien documentation;
6. Develop policies and procedures pursuant to 45 CFR § 1627.4 regarding the use of LSC funds to pay membership fees or dues to a private or nonprofit organization; and
7. ~~Ensure that all case files, where necessary, contain required citizenship attestations. As a part of this corrective action, it is recommended that LAW adopt additional, ongoing case management oversight protocols to ensure that citizenship attestations, when necessary, are obtained during initial screening or when a case is opened. This is a duplication of corrective action #2 above.~~

**2011 Working Agreement Between Wisconsin Community Services, Inc.
and Legal Action of Wisconsin, Inc.**

Concerning the Center for Driver's License Recovery and Employability

Wisconsin Community Services, Inc. (hereafter WCS), and Legal Action of Wisconsin, Inc., (hereafter LAW), hereby agree to the following terms and conditions of a working arrangement pursuant to which they will jointly conduct the Center for Driver's License Recovery and Employability (hereafter CDLRE).

1. This Agreement is entered into for the period January 1, 2011 to December 31, 2011, and is funded by various unrestricted, foundation grants and non-federal government awards.
2. LAW agrees to provide, in its sole discretion, the legal assistance to project participants. Legal Action will have total and complete control over its law practice, with total discretion as to the provision of legal services to clients referred by WCS. Legal Action will have the right to refuse to provide legal services to clients referred by WCS.
3. WCS recognizes that Legal Action of Wisconsin, Inc. and its staff must comply with the Wisconsin Rules of Professional Conduct for attorneys in order to practice law in this jurisdiction. These rules place certain ethical responsibilities upon the release of client confidential information to any third parties, without the client's consent, which would include WCS and any project funders. Legal Action's responsibilities, under the Wisconsin Rules of Professional Conduct for Attorneys, will supersede any provisions of this Agreement.
4. LAW is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold WCS harmless from any such liability.
5. WCS is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold LAW harmless from any such liability.
6. As the operating partner of the CDLRE, WCS is directly responsible to the funders for the submittal of program reports. The Division of Workforce Development Administrator will serve as the key contact with funders.
7. LAW agrees to make use of the program's primary database to record client appointments and court dates, phone or letter client contacts, and the outcome of court hearings. This communication does not include any statements that would violate attorney client privilege.

8. LAW agrees to provide WCS with the data and information the project needs to fulfill the reporting and evaluation requirements of the funders. LAW's reporting requirements under this clause are subject to the confidentiality limitations of Paragraph 3.
9. The parties agree that LAW will be provided a total of \$201,093 from the total program budget for use during the Agreement period to provide legal services. This amount may be increased or decreased by mutual agreement if service demands require it or funding increases or decreases.
10. The parties understand that payments to LAW, under this Agreement, will be on a flat monthly basis. WCS will issue twelve (12) monthly payments of \$16,757.75 each to LAW. WCS will issue the payment for each month by the 15th of the month, during the month of service.
11. LAW will submit an expense statement that verifies use of funds previously paid to LAW by WCS through the 2010 working agreement by no later than January 31, 2011. LAW will maintain accounting records supporting the submitted expense statement for a period of six years ending on January 31, 2017.
12. Under this agreement, WCS agrees to provide general use paper, office supplies, postage, and the full cost of monthly parking for all full time LAW employees who work in the CDLRE contingent on full funding of the CDLRE program. Computer hardware and software, Internet, phone including long distance, fax and copy equipment, office space, and office equipment are provided to all CDLRE staff as an in-kind donation from Milwaukee Area Technical College.
13. Each party to this Agreement is an independent organization and, as such, each party is solely responsible for all insurance and taxes, including malpractice insurance, FICA, income tax withholding, unemployment compensation and workers' compensation, other employee-related taxes, and for all other personnel costs for their own employees.
14. The parties agree that this Agreement may be terminated by either party on sixty (60) days written notice to the other. Additionally, it is acknowledged that this Agreement may be amended upon reduction or termination of the funding supporting this Agreement and that if the CDLRE projects a shortfall in funding, WCS can reduce the Agreement at time based on the most conservative projection of anticipated funding. In the event of termination, WCS agrees to process LAW's monthly payment for services rendered prior to the date of termination, in accordance with the above procedures.
15. In no event shall WCS have any financial obligation to LAW other than to issue monthly payments as set forth in Paragraph 10 above.

16. Amendments and extensions to this Agreement must be in writing and agreed upon by both parties.
17. If written notice is required under this Agreement, to the other party, it should be sent by registered mail addressed to the following contact person:

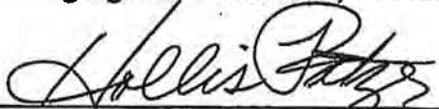
WCS

Nichole L. Yunk
Division of Policy & Workforce Development Administrator
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208

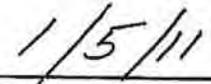
Legal Action of Wisconsin, Inc.:

David Pifer, Director of Special Programs
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203

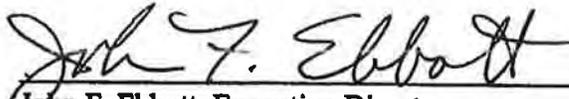
Working Agreement executed, on behalf of both parties, by the following:



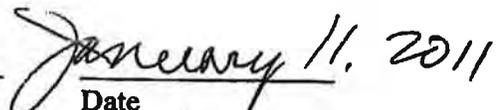
Hollis Patzer, Executive Director
Wisconsin Community Services, Inc.
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208



Date



John F. Ebbott, Executive Director
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203



Date

**LEGAL ACTION OF WI, INC.
WISCONSIN COMMUNITY SERVICES
BUDGET**

01/01/2011 thru 12/31/2011

		FTE %	Hrs	WCS	TOTAL PROJECT
Supervising Attorney	Pifer, D.	0.0%	0	0	0
Project Attorney	Gena, M	100.0%	2,080	42,894	42,894
Project Attorney	Perez-Reyes, N	100.0%	2,080	36,894	36,894
Project Attorney	Schueller, W	100.0%	2,080	50,190	50,190
Accounting Technician	Administration	0.0%	0	0	0
TOTAL SALARIES		300.0%	6,240	129,978	129,978
HEALTH/DENTAL/LIFE INS				47,100	47,100
SALARY BASED BENEFITS & TAXES				16,026	16,026
TOTAL FRINGE BENEFITS				63,126	63,126
TOTAL PERSONNEL				193,104	193,104
<u>NON-PERSONNEL</u>					
OFFICE RENTAL				0	0
UTILITIES				0	0
OTHER COSTS/REPAIRS				0	0
EQUIPMENT RENTAL/LEASE				0	0
MAINTENANCE				0	0
OFFICE SUPPLIES				0	0
PRINTING: GENERAL				0	0
POSTAGE				0	0
TELEPHONES				0	0
SHIPPING CHARGES				0	0
LIBRARY UPDATE				1,789	1,789
RECORD STORAGE/RETRIEVE				0	0
PAYROLL SERVICES				151	151
AUDIT (OMB A-133)				507	507
MULTI-PERIL INS PREMIUM				219	219
BOARD LIAB. INS PREMIUM				173	173
TRAVEL				2,500	2,500
STAFF DEVELOPMENT				900	900
COURT COSTS				200	200
DUES/SUBSCRIPTIONS				1,500	1,500
MISCELLANEOUS				50	50
TOTAL NON-PERSONNEL				7,988	7,988
TOTAL COSTS				201,093	201,093
* Each attorney and paralegal position may be substituted by other staff attorneys or paralegals as					
<u>GRANT AWARDS</u>					
TOTAL NEW 2010 FUNDING				WCS 234,000	Project Total 234,000
Difference between BUDGET and FUNDING				(32,907)	(32,907)

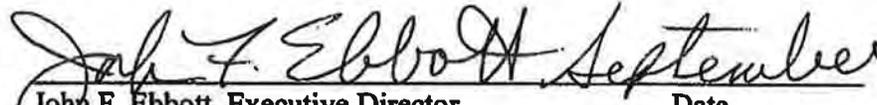
**Amendment to the 2011 Working Agreement Between Wisconsin Community Services, Inc.
and Legal Action of Wisconsin, Inc.
Concerning the Center for Driver's License Recovery and Employability**

1. The parties agree that LAW will be provided a total of \$201,093 from the total program budget for use during the Agreement period to provide legal services **LESS** the amount of \$12,000 based on a staff change that occurred on September 1, 2011. The new total is therefore \$189,093. This amount may be increased or decreased by mutual agreement if service demands require it or funding increases or decreases.
2. The parties understand that payments to LAW, under this Agreement, will be on a flat monthly basis. WCS will issue the payment for each month by the 15th of the month, during the month of service. As of this date, WCS has four remaining payments to LAW in 2011, which will be amended from \$16,757.75 each to \$13,757.75 each in order to arrive at the total reduced amount of \$12,000.
3. All other terms of the working agreement dated January 5th and 11th, 2011, respectively, by Hollis Patzer and John Ebbott, shall remain the same.

Amendment to the 2011 Working Agreement executed, on behalf of both parties, by the following:


Hollis Patzer, Executive Director
Wisconsin Community Services, Inc.
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208


Date


John F. Ebbott, Executive Director
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203


Date

**2012 Working Agreement Between Wisconsin Community Services, Inc.
and Legal Action of Wisconsin, Inc.**

Concerning the Center for Driver's License Recovery and Employability

Wisconsin Community Services, Inc. (hereafter WCS), and Legal Action of Wisconsin, Inc., (hereafter LAW), hereby agree to the following terms and conditions of a working arrangement pursuant to which they will jointly conduct the Center for Driver's License Recovery and Employability (hereafter CDLRE).

1. This Agreement is entered into for the period January 1, 2012 to December 31, 2012, and is funded by various unrestricted, foundation grants and non-federal government awards.
2. LAW agrees to provide, in its sole discretion, the legal assistance to project participants. Legal Action will have total and complete control over its law practice, with total discretion as to the provision of legal services to clients referred by WCS. Legal Action will have the right to refuse to provide legal services to clients referred by WCS.
3. WCS recognizes that Legal Action of Wisconsin, Inc. and its staff must comply with the Wisconsin Rules of Professional Conduct for attorneys in order to practice law in this jurisdiction. These rules place certain ethical responsibilities upon the release of client confidential information to any third parties, without the client's consent, which would include WCS and any project funders. Legal Action's responsibilities, under the Wisconsin Rules of Professional Conduct for Attorneys, will supersede any provisions of this Agreement.
4. LAW is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold WCS harmless from any such liability.
5. WCS is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold LAW harmless from any such liability.
6. As the operating partner of the CDLRE, WCS is directly responsible to the funders for the submittal of program reports. The Division of Workforce Development Administrator will serve as the key contact with funders.
7. LAW agrees to make use of the program's primary database to record client appointments and court dates, phone or letter client contacts, and the outcome of court hearings. This communication does not include any statements that would violate attorney client privilege.

8. LAW agrees to provide WCS with the data and information the project needs to fulfill the reporting and evaluation requirements of the funders. LAW's reporting requirements under this clause are subject to the confidentiality limitations of Paragraph 3.
9. The parties agree that LAW will be provided a total of \$127,400 from the total program budget for use during the Agreement period to provide legal services. This amount may be increased or decreased by mutual agreement if service demands require it or funding increases or decreases.
10. The parties understand that payments to LAW, under this Agreement, will be on a flat monthly basis. WCS will issue twelve (12) monthly payments of \$10,616.67 each to LAW. WCS will issue the payment for each month by the 15th of the month, during the month of service.
11. LAW will submit an expense statement that verifies use of funds previously paid to LAW by WCS through the 2011 working agreement by no later than January 31, 2012. LAW will maintain accounting records supporting the submitted expense statement for a period of six years ending on January 31, 2018.
12. Under this agreement, WCS agrees to provide general use paper, office supplies, postage, and the full cost of monthly parking for all full time LAW employees who work in the CDLRE contingent on full funding of the CDLRE program. Computer hardware and software, Internet, phone including long distance, fax and copy equipment, office space, and office equipment are provided to all CDLRE staff as an in-kind donation from Milwaukee Area Technical College.
13. Each party to this Agreement is an independent organization and, as such, each party is solely responsible for all insurance and taxes, including malpractice insurance, FICA, income tax withholding, unemployment compensation and workers' compensation, other employee-related taxes, and for all other personnel costs for their own employees.
14. The parties agree that this Agreement may be terminated by either party on sixty (60) days written notice to the other. Additionally, it is acknowledged that this Agreement may be amended upon reduction or termination of the funding supporting this Agreement and that if the CDLRE projects a shortfall in funding, WCS can reduce the Agreement at time based on the most conservative projection of anticipated funding. In the event of termination, WCS agrees to process LAW's monthly payment for services rendered prior to the date of termination, in accordance with the above procedures.
15. In no event shall WCS have any financial obligation to LAW other than to issue monthly payments as set forth in Paragraph 10 above.

16. Amendments and extensions to this Agreement must be in writing and agreed upon by both parties.
17. If written notice is required under this Agreement, to the other party, it should be sent by registered mail addressed to the following contact person:

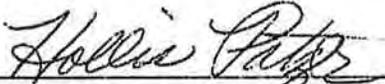
WCS

Nichole L. Yunk
Division of Workforce Development Administrator
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208

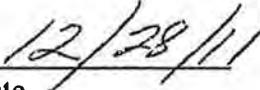
Legal Action of Wisconsin, Inc.:

David Pifer, Director of Special Programs
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203

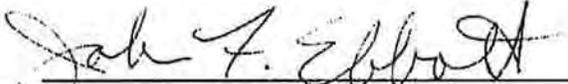
Working Agreement executed, on behalf of both parties, by the following:



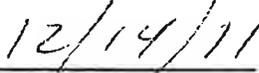
Hollis Patzer, Executive Director
Wisconsin Community Services, Inc.
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208



Date



John F. Ebbott, Executive Director
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203



Date

**LEGAL ACTION OF WI, INC.
WISCONSIN COMMUNITY SERVICES
BUDGET**

01/01/2012 thru 12/31/2012

		Approx. FTE %	Approx. Hrs	WCS	TOTAL PROJECT
Project Attorney	Gena, M	100.0%	2,080	42,894	42,894
Project Attorney	Koehnke, C.	100.0%	2,080	38,894	38,894
Project Attorney	Vacant	0.0%	0	0	0
Project Attorney	Vacant	0.0%	0	0	0
Project Attorney	Pogoriler, M.	8.3%	173	3,073	3,073
TOTAL SALARIES		208.3%	4,333	84,861	84,861
HEALTH/DENTAL/LIFE INS				22,357	22,357
SALARY BASED BENEFITS & TAXES				11,007	11,007
TOTAL FRINGE BENEFITS				33,363	33,363
TOTAL PERSONNEL				118,224	118,224
<u>NON-PERSONNEL</u>					
OFFICE RENTAL				0	0
UTILITIES				0	0
OTHER COSTS/REPAIRS				0	0
EQUIPMENT RENTAL/LEASE				0	0
MAINTENANCE				0	0
OFFICE SUPPLIES				0	0
PRINTING: GENERAL				0	0
POSTAGE				0	0
TELEPHONES				0	0
SHIPPING CHARGES				0	0
LIBRARY UPDATE				1,402	1,402
RECORD STORAGE/RETRIEVE				0	0
PAYROLL SERVICES				153	153
AUDIT (OMB A-133)				398	398
MULTI-PERIL INS PREMIUM				177	177
BOARD LIAB. INS PREMIUM				156	156
TRAVEL				2,900	2,900
STAFF DEVELOPMENT				900	900
COURT COSTS				1,500	1,500
DUES/SUBSCRIPTIONS				1,200	1,200
MISCELLANEOUS				389	389
TOTAL NON-PERSONNEL				9,175	9,175
TOTAL COSTS				127,400	127,400
* Each attorney and paralegal position may be substituted by other staff attorneys or paralegals as					
<u>GRANT AWARDS</u>				WCS	Project Total
TOTAL 2011 FUNDING				201,093	201,093
Difference between BUDGET and FUNDING				(73,693)	(73,693)

**2013 Working Agreement Between Wisconsin Community Services, Inc.
and Legal Action of Wisconsin, Inc.**

Concerning the Center for Driver's License Recovery and Employability

Wisconsin Community Services, Inc. (hereafter WCS), and Legal Action of Wisconsin, Inc., (hereafter LAW), hereby agree to the following terms and conditions of a working arrangement pursuant to which they will jointly conduct the Center for Driver's License Recovery and Employability (hereafter CDLRE).

1. This Agreement is entered into for the period January 1, 2013 to December 31, 2013, and is funded by various unrestricted, foundation grants and non-federal government awards.
2. LAW agrees to provide, in its sole discretion, the legal assistance to project participants. Legal Action will have total and complete control over its law practice, with total discretion as to the provision of legal services to clients referred by WCS. Legal Action will have the right to refuse to provide legal services to clients referred by WCS.
3. WCS recognizes that Legal Action of Wisconsin, Inc. and its staff must comply with the Wisconsin Rules of Professional Conduct for attorneys in order to practice law in this jurisdiction. These rules place certain ethical responsibilities upon the release of client confidential information to any third parties, without the client's consent, which would include WCS and any project funders. Legal Action's responsibilities, under the Wisconsin Rules of Professional Conduct for Attorneys, will supersede any provisions of this Agreement.
4. LAW is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold WCS harmless from any such liability.
5. WCS is solely responsible for any and all liability arising out of the commissions or omissions of its employees and volunteers under this project, and agrees to hold LAW harmless from any such liability.
6. As the operating partner of the CDLRE, WCS is directly responsible to the funders for the submittal of program reports. The Division of Workforce Development Administrator will serve as the key contact with funders.
7. LAW agrees to make use of the program's primary database to record client appointments and court dates, phone or letter client contacts, and the outcome of court hearings. This communication does not include any statements that would violate attorney client privilege.

8. LAW agrees to provide WCS with the data and information the project needs to fulfill the reporting and evaluation requirements of the funders. LAW's reporting requirements under this clause are subject to the confidentiality limitations of Paragraph 3.
9. The parties agree that LAW will be provided a total of \$120,000 from the total program budget for use during the Agreement period to provide legal services. This amount may be increased or decreased by mutual agreement if service demands require it or funding increases or decreases.
10. The parties understand that payments to LAW, under this Agreement, will be on a flat monthly basis. WCS will issue twelve (12) monthly payments of \$10,000 each to LAW. WCS will issue the payment for each month by the 15th of the month, during the month of service.
11. LAW will submit an expense statement that verifies use of funds previously paid to LAW by WCS through the 2010 working agreement by no later than January 31, 2013. LAW will maintain accounting records supporting the submitted expense statement for a period of six years ending on January 31, 2019.
12. Under this agreement, WCS agrees to provide general use paper, office supplies, postage, and the full cost of monthly parking for all full time LAW employees who work in the CDLRE contingent on full funding of the CDLRE program. Computer hardware and software, Internet, phone including long distance, fax and copy equipment, office space, and office equipment are provided to all CDLRE staff as an in-kind donation from Milwaukee Area Technical College.
13. Each party to this Agreement is an independent organization and, as such, each party is solely responsible for all insurance and taxes, including malpractice insurance, FICA, income tax withholding, unemployment compensation and workers' compensation, other employee-related taxes, and for all other personnel costs for their own employees.
14. The parties agree that this Agreement may be terminated by either party on sixty (60) days written notice to the other. Additionally, it is acknowledged that this Agreement may be amended upon reduction or termination of the funding supporting this Agreement and that if the CDLRE projects a shortfall in funding, WCS can reduce the Agreement at time based on the most conservative projection of anticipated funding. In the event of termination, WCS agrees to process LAW's monthly payment for services rendered prior to the date of termination, in accordance with the above procedures.
15. In no event shall WCS have any financial obligation to LAW other than to issue monthly payments as set forth in Paragraph 10 above.

16. Amendments and extensions to this Agreement must be in writing and agreed upon by both parties.
17. If written notice is required under this Agreement, to the other party, it should be sent by registered mail addressed to the following contact person:

WCS

Joshua Isham
c/o MATC Downtown
700 West State Street
Foundation Hall, 8th Floor
Milwaukee, WI 53223

Legal Action of Wisconsin, Inc.:

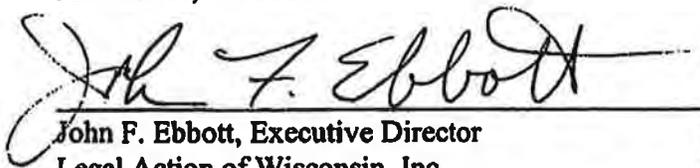
David Pifer, Director of Special Programs
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203

Working Agreement executed, on behalf of both parties, by the following:



Hollis Patzer, Executive Director
Wisconsin Community Services, Inc.
3732 West Wisconsin Avenue, Suite 200
Milwaukee, WI 53208

1/17/13
Date



John F. Ebbott, Executive Director
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, WI 53203

January 23, 2013
Date

**LEGAL ACTION OF WI, INC.
WISCONSIN COMMUNITY SERVICES
BUDGET**

01/01/2013 thru 12/31/2013

	Approx. FTE %	Approx. Hrs	Project Budget	TOTAL PROJECT
Project Attorney Gena, M	100.0%	2,080	44,989	44,989
Project Attorney Koehnke, C.	0.0%	0	0	0
Project Attorney Gosnell, J.	80.0%	1,664	44,894	44,894
Project Attorney Vacant	0.0%	0	0	0
Project Attorney Pogoriler, M.	0.0%	0	0	0
TOTAL SALARIES	180.0%	3,744	89,883	89,883
HEALTH/DENTAL/LIFE INS			16,360	16,360
SALARY BASED BENEFITS & TAXES			11,658	11,658
TOTAL FRINGE BENEFITS			28,018	28,018
TOTAL PERSONNEL			117,901	117,901
<u>NON-PERSONNEL</u>				
OFFICE RENTAL			0	0
UTILITIES			0	0
OTHER COSTS/REPAIRS			0	0
EQUIPMENT RENTAL/LEASE			0	0
MAINTENANCE			0	0
OFFICE SUPPLIES			0	0
PRINTING: GENERAL			0	0
POSTAGE			0	0
TELEPHONES			0	0
SHIPPING CHARGES			0	0
LIBRARY UPDATE			2,014	2,014
RECORD STORAGE/RETRIEVE			0	0
PAYROLL SERVICES			175	175
AUDIT (OMB A-133)			453	453
MULTI-PERIL INS PREMIUM			218	218
BOARD LIAB. INS PREMIUM			166	166
TRAVEL			750	750
STAFF DEVELOPMENT			500	500
COURT COSTS			1,100	1,100
DUES/SUBSCRIPTIONS			1,000	1,000
MISCELLANEOUS			21	21
TOTAL NON-PERSONNEL			6,398	6,398
TOTAL COSTS			124,300	124,300
* Each attorney and paralegal position may be substituted by other staff attorneys or paralegals as emergency or staffing situations arise.				
<u>GRANT AWARDS</u>			Project Budget	Project Total
WCS 2013 Funding			120,000	120,000
Legal Action Funding			4,300	4,300

Date Form Completed: _____

LEGAL ACTION OF WISCONSIN, INC. ALIEN REPRESENTATION RECORD
(45 CFR 1626. 7 and Appendix A)

Instructions

(1) An alien seeking representation shall submit appropriate documents to verify eligibility, unless the only service provided for an eligible alien is brief advice and consultation by telephone which does not include continuous representation of a client.

(2) As proof of eligibility, Legal Action may accept originals, certified copies, or photocopies that appear to be complete, correct and authentic, of any of the documents found below. Under the LSC regulations, where possible a photocopy of the proffered document should be maintained in the case file. Where it is not possible to photocopy the actual documents, the advocate should include a detailed description of the documentation, including the name and/or number of the form or document and any relevant information that establishes eligible alien status. In every non-citizen case, you will also need to fill out the Alien Representation Record form as an adjunct to the Intake sheet. On the form checkmark the non-citizen's category of eligibility and his or her proffered document(s).

(3) Legal Action may also accept any other authoritative document issued by the INS, CIS, by a court or by another governmental agency, that provides evidence of alien status.

(4) Upon request, each person seeking legal assistance should be provided with the list of the acceptable documents below.

I. BRIEF ADVICE AND CONSULTATION BY TELEPHONE

Eligible Alien
 Ineligible Alien

II. ALL OTHER CASES

Eligible Alien
 Ineligible Alien

Document Proffered

1. Alien lawfully admitted for permanent residency (any 1 of the following)

- Alien Registration Receipt Card (I-151, I-551)
- I-181 with approval stamp
- Passport with immigrant visa or stamp indicating admission for lawful permanent residence
- Order granting registry, suspension of deportation, cancellation of removal, or adjustment of status from the INS, CIS, an immigration judge, the BIA, or a federal court
- I-327 Reentry Permit
- I-94 with stamp indicating admission for lawful permanent residence
- Any verification from the INS or CIS or other authoritative document

2. **Alien married to, the parent of, or the unmarried child under 21, of a U.S. citizen, and who has filed an application for adjustment of status to permanent residence, and the application has not been rejected**

- _____ proof of relationship to U.S. citizen¹ *and* proof of filing² of one of the following:
- _____ I-485 (application for adjustment of status)
 - _____ I-256A or EOIR-40 (application for suspension of deportation)
 - _____ EOIR-42 (application for cancellation of removal)
 - _____ I-817 (application for Family Unity)
 - _____ I-881 (application for NACARA suspension or special rule cancellation and adjustment)
 - _____ OF-230 (application at consulate for visa)
 - _____ I-129F (petition for alien fiance(e) for spouses and children of U.S. citizens applying for K status)
 - _____ I-130 (family-based immigrant visa petition)
 - _____ I-360 (self-petition for widow(er) or abused spouse or child)
 - _____ I-539 (indicating application for V visa)
 - _____ I-589 (application for asylum)
 - _____ I-698 (application to adjust from temporary to permanent residence)
 - _____ I-730 (refugee/asylee relative petition)
 - _____ Any verification from the INS or CIS or other authoritative document

-
- ¹ **Proof of relationship to a U.S. citizen may include the following:**
- _____ Marriage certificate along with proof of spouse's U.S. citizenship;
 - _____ Birth certificate;
 - _____ Religious archival document such as baptismal certificate, adoption decree, or other documents demonstrating parentage of a U.S. citizen;
 - _____ Copy of birth certificate, baptismal certificate, adoption decree, or other documents demonstrating that an alien is a child under age 21, along with proof that the parent is a U.S. citizen;
 - _____ Copy of INS Form I-130 (visa petition) or I-360 (self-petition) containing information demonstrating that the alien is related to a U.S. citizen relative, along with proof of filing

- ² **Proof of filing may include the following:**
- _____ Fee receipt or cancelled check showing that the application was filed with the INS, CIS, or an immigration court;
 - _____ A file stamp on the application;
 - _____ A copy of the application along with a declaration or attestation signed by the immigrant or the immigrant's legal representative for the application that the application was filed;
 - _____ A letter or Form I-797 from the INS, CIS, or an immigration court acknowledging receipt or approval of one of the forms listed in "2." above;
 - _____ An I-94 form (arrival/departure record) or I-512 form (advance parole) indicating entry to pursue an application;
 - _____ An I-688B or I-766 (employment authorization document) that is coded 8 CFR §274a.12(c)(9) (applicant for adjustment), (c)(10) (applicant for suspension or cancellation), (c)(16) (applicant for registry), (c)(21) (S visa principal or dependent), (c)(20) or (22) (legalization applicant), (c)(24) (LIFE Act legalization applicant), (a)(15) (V status), (a)(16) or (c)(25) (T status), or (c)(8) (asylum applicant).

3. **Refugee (any one of the following)**
 - I-94 or passport stamped "refugee" or "§207"
 - I-688B or I-766 coded 8 CFR §274a.12(a)(3) (refugee) or §274a.12(a)(4) (paroled as refugee)
 - I-571 refugee travel document
 - Any verification from the INS or CIS or other authoritative document

4. **Asylee (any one of the following)**
 - I-94 or passport stamped "asylee" or "§208"
 - An order granting asylum from the INS, CIS, immigration judge, BIA, or a federal court
 - I-571 refugee travel document
 - I-688B coded 8 CFR §274a.12(a)(5) (asylee)
 - Any verification from the INS or CIS or other authoritative document

5. **Granted Withholding or Deferral of Deportation or Removal (any one of the following)**
 - I-94 stamped "§243(h)" or "§241(b)(3)" or an order granting withholding or deferral from the INS, CIS, immigration judge, BIA, or federal court
 - I-688B coded 8 CFR §274a.12(a)(10) (granted withholding of deportation or removal)

6. **Conditional Entrant (any one of the following)**
 - I-94 or passport stamped "conditional entrant"
 - Any verification from the INS or CIS or other authoritative document

7. **Citizens of the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands legally residing in the United States (any of the following)**
 - passport or other authoritative document proving citizenship from the listed nations

8. **H-2A Agricultural Worker (representation limited to employment-related matters) (any one of the following)**
 - I-94 or passport stamped "H-2"
 - Any verification from the INS, CIS, or other authoritative document

9. **H-2B Forestry Worker (representation limited to employment-related matters) (any one of the following)**
 - I-94 or passport stamped "H-2"
 - Any verification from the CIS or other authoritative document

10. **Special Agricultural Worker Temporary Resident (any one of the following)**
 - I-688, I-688A, I-688B, or I-766 indicating issuance under §210 (or under 8CFR §274a.12(a)(2), with other evidence indicating eligibility under INA §210)
 - Any verification from the INS or CIS or other authoritative document

11. **Domestic Violence and Trafficking Victims (either of the following)**
 - Any records that demonstrate that the client has been a victim of domestic violence, sexual assault or trafficking, or is eligible for a U visa (available to persons who are victims of crimes specified by law). Such documentation should be obtained when available.
 - Client meets the definition of a victim of domestic violence or trafficking set out in the 2006 amendments to the Violence Against Women Act (VAWA). (P.L. 103-322). This allows LSC grantees to provide assistance to otherwise ineligible aliens if the alien, or the child of the alien (if the alien has not participated in the abuse or trafficking of the child), has been battered or subjected to extreme cruelty or a victim of sexual assault or trafficking in the United States, or qualifies for a U visa.

Services may include those that are directly related to the prevention or obtaining relief from the battery or cruelty, sexual assault or trafficking, or the crimes which qualify an alien for a U visa. Grantees may also provide related legal assistance, which includes legal assistance to help the alien or child to escape from the domestic violence, sexual assault, trafficking, or covered criminal activity, to ameliorate their affects, or to protect

John F. Ebbott

From: John F. Ebbott
Sent: Thursday, June 06, 2013 12:11 PM
To: Oshkosh Office
Subject: Walk-ins and Citizenship and Alienage documentation

To all in the Oshkosh Office: Please institute procedures immediately that ensure that applicants for service who walk in to the office sign the citizenship attestation form or provide the alien eligibility documents that the regulations require. It is permissible that we not copy the applicant's documents, as long as we include documentation in the file, such as the alien number, issuance date, expiration date, etc.

John

D. §1611.9 Retainer Agreements

- **Extended Service**

- **“ . . . when representation commences or as soon thereafter as is practicable.”**

- **Statement identifying**
 1. **legal problem**

 2. **nature of legal services**

- OCE wants more specificity than “driver’s license” or “child support”
 - and more than “evaluate”
- Use this language: “Evaluate for merit and, if meritorious, pursue all realistic legal remedies.”
 - Avoids a second retainer

Mike J. Maher

From: Mike J. Maher
Sent: Monday, August 12, 2013 11:53 AM
To: 'Helga Merz'
Cc: John F. Ebbott; Laura S. Brown; 'Curtis Goffe'
Subject: Additional actions taken on OCE accounting recommendations
Attachments: Legal Action Board of Directors memo on Accounting Manual Approval 6-26-13.pdf; Legal Action Board of Directors memo on revised Attorneys Fees Policy 6-25-13.pdf

Dear Ms. Merz,

In follow-up to your exit interview recommendations of June 6, 2013, the Legal Action of Wisconsin Board of Directors formally voted on and approved the following two items at their July 20, 2013 meeting.

- A. Reviewed and Approved LAW Accounting Policies and Procedures Manual dated July 20, 2013. Attached is the staff memo requesting Board approval of the Manual. Also attached is the Manual's Table of Contents and the Introduction/Overview sections as of July 20, 2013. At your suggestion, the July 20, 2013 version of the manual includes new Sections 2.2 Payroll & Timekeeping Policy and 5.5 Employee Travel/Training Policies. Both these sections were previously only contained in the Legal Action Staff Manual.
- B. Approved Revised Legal Action Attorney Fees Policy. Attached is the staff memo requesting Board approval of revised Legal Action Attorney Fees Policy. The revised policy adds the following clarifying language recommended by OCE staff: "The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant."

If you have any questions or need additional information concerning the above two items, please contact me. Hope your summer is going well.

Sincerely,

Michael J. Maher
Administrator
Legal Action of Wisconsin, Inc.
230 West Wells Street, Room 800
Milwaukee, Wisconsin 53203

Voice: (414) 278-7777 extension 3025
FAX: (414) 278-7156
e-mail: MJM@LegalAction.org

<http://www.legalaction.org/>



Find us on
Facebook

ADMINISTRATIVE OFFICE

230 West Wells Street, Room 800, Milwaukee, Wisconsin 53203
www.legalaction.org | tel 414-278-7777 | fax 414-278-7150

LEGAL ACTION
OF WISCONSIN

40 Years of Justice

TO: Legal Action Board of Directors
FROM: Michael J. Maher, Administrator 
RE: Revised Legal Action Attorney Fee Awards Policy
DATE: June 25, 2013

During the recent site visit by the Legal Services Corporation's Office of Compliance and Enforcement, the LSC accounting staff recommended that the LAW Board of Directors revise Legal Action's attorney fee awards policy to specify the accounting basis on which fees will be allocated among the firm's grant programs and offices. Below is the proposed revised Legal Action Attorney Fee Awards Policy. The underlined text is the revision which LSC staff recommended.

Board Action Sought: Approval of the revised attorney fee awards policy.

ATTORNEY FEE AWARDS

POLICY: To provide reasonable assurance of proper treatment of Attorney Fee Awards and compliance with all funding source requirements.

GENERAL POLICIES:

Attorney Fee Awards shall be processed in accordance with all Cash Receipt Policies & Procedures.

Attorney Fee Awards shall be returned to the grant(s) and office(s) that funded the original case work unless restricted by a funding source or some other restriction. **The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant.**

Cost reimbursement of litigation costs shall be returned to the grant(s) and office(s) that funded the original litigation cost unless restricted by a funding source or some other restriction.

Attorney Fee Awards shall be used to in accordance with any grant restrictions which apply to the receipt of the Attorney Fee Award.

Green Bay Office Brown, Calumet, Door, Kenosha, Manitowish and Outagamie Counties tel 920-432-4040 toll free 1-800-427-1127 fax 920-432-5078
La Crosse Office Buffalo, Crawford, Grant, Jackson, Juneau, La Crosse, Monroe, Richland, Trempealeau and Vernon Counties tel 608-787-2480 toll free 1-800-427-1127 fax 608-787-2480
Madison Office Columbia, Dane, Dodge, Green, Iowa, Jefferson, Lafayette, Rock and Sauk Counties tel 608-270-1100 toll free 1-800-427-1127 fax 608-270-1100
Milgrat Project Statewide tel 800-250-7644 toll free 1-800-250-7644 fax 800-250-7644
Milwaukee Office Milwaukee and Waukesha Counties tel 414-278-7722 toll free 1-800-278-7722 fax 414-278-7120
Oshkosh Office Adams, Fond du Lac, Green Lake, Marquette, Oshkosh, Sheboygan, Waubesa, Winnebago and Winthrop Counties tel 920-233-6521 toll free 1-800-427-1127 fax 920-233-6521
Racine Office Kewaunee, Racine and Walworth Counties tel 262-445-3830 toll free 1-800-427-1127 fax 262-445-3830

6.1. POLICIES & PROCEDURES: ATTORNEY FEE AWARDS

POLICY: To provide reasonable assurance of proper treatment of Attorney Fee Awards and compliance with all funding source requirements.

GENERAL POLICIES:

Attorney Fee Awards shall be processed in accordance with all Cash Receipt Policies & Procedures.

Attorney Fee Awards shall be returned to the grant(s) and office(s) that funded the original case work unless restricted by a funding source or some other restriction. The allocation of an attorney fee award shall be determined by the ratio of case hours charged to each office and grant. *added*

Cost reimbursement of litigation costs shall be returned to the grant(s) and office(s) that funded the original litigation cost unless restricted by a funding source or some other restriction.

Attorney Fee Awards shall be used to in accordance with any grant restrictions which apply to the receipt of the Attorney Fee Award.

REGULATION SOURCES:

Legal Services Corporation Accounting Guide
 45 CFR 1609.4 - Accounting for and use of attorneys' fees
 WisTAF Grant Conditions
 Department of Justice Financial Guide
 Housing & Urban Development Uniform Administrative Requirements
 Department of Health & Human Services Uniform Administrative Rules
 Milwaukee County Department on Aging Proposal Guidelines & Requirements

REQUIREMENTS:

LSC:

(a) Attorneys' fees received by a recipient for representation supported in whole or in part with funds provided by the Corporation shall be allocated to the fund in which the recipient's LSC grant is recorded in the same proportion that the amount of Corporation funds expended bears to the total amount expended by the recipient to support the representation.

(b) Attorneys' fees received shall be recorded during the accounting period in which the money from the fee award is actually received by the recipient and may be expended for any purpose permitted by the LSC Act, regulations and other law applicable at the time the money is received.

PROCEDURES:

1. Receipt of Attorney Fee Award:

- a. Receipts of Attorney Fee Award payments shall be processed in accordance with Cash Receipts Policies & Procedures.

2. Classification of Attorney Fee Award:

- a. Upon receipt of Attorney Fee Award, the following information shall be collected:
 - i. LAW case number(s)
 - ii. Client name
 - iii. Calculations submitted to the court, if any submitted.
 - iv. Court award order, if any issued
 - v. Period and case(s) covered by award
- b. The classification of the attorney fee award shall be determined by the ratio of case hours charged to each location and grant.
 - i. From the Time Reports database, Report RTimeDetailForOneCase_Start_End_Dates shall be run, using the dates covered by the award.
 - ii. Case hours for a completed grant shall be applied to Grant 100 General Funds or to another fund, if determined to be more appropriate.
- c. Cost reimbursement awards shall be returned to the account code and grant that paid for the costs.
 - i. From the MIP accounting software; Report Manager/Analysis Reports/General Ledger Analysis, Report Case Cost Detail shall be run.
 - ii. For cases opened prior to 10/01/2011, cost detail shall be obtained from the case file.
- d. The case number shall be included in the description line.

3. Grant Restrictions on Attorney Fee Awards:

- a. LSC & General Fund
 - i. Attorney fees shall be assigned to the case location.
- b. WisTAF
 - i. Attorney fees shall be assigned to the case location.
- c. VOCA
 - i. Approval to use awarded attorney fees to expand the program must be obtained.
 - ii. Awards approved for use to expand the program shall be expended prior to the end of the grant period, if possible.
- d. MCDOA
 - i. Awards shall be expended within 60 days of receipt.
- e. HUD Awards shall be used to support the HUD program services.

ISSUED:

VII. Policy on Subgrants and Dues

Legal Action of Wisconsin, Inc. shall pay dues only as authorized in 45 C.F.R. §1627.4, and will maintain records which document Legal Action's compliance with those restrictions.

Adopted by the Legal Action Executive Committee on November 8, 1996.

LAW POLICY

PAYMENT OF BAR ASSOCIATION DUES

Local Bar Associations

Pursuant to the resolution of the LAW Board of Directors adopted on December 6, 1982, LAW will pay annually, for each attorney, the cost of regular dues for membership in one county bar association. The attorney may select the bar association to which dues will be paid by LAW, provided that the county is within the service area of the LAW office in which the attorney works.

For attorneys substantially involved in private attorney involvement efforts, LAW may pay the cost of additional local bar membership at the sole discretion of the Director.

Requests for LAW payment of local bar dues should be submitted to administrative legal secretary Cindy Jaszewski in the administrative office in Milwaukee.

State Bar Association Dues, Mandatory Assessments and Required Court Admissions

For each attorney who is employed at Legal Action as of the date that the annual State Bar dues are payable, Legal Action will reimburse said attorney the cost of the State Bar dues, mandatory assessments and required court admissions. For each attorney for whom State Bar dues are payable prior to or after the period of employment at Legal Action of Wisconsin, each such attorney shall be responsible for the payment of State Bar dues, mandatory assessments and required court admissions. Whether or not Legal Action pays the cost of the State Bar dues, mandatory assessments and required court admissions, each individual attorney will be responsible for dues associated with section membership.

Other Dues

The Director may authorize the payment of fees or dues to other organizations on behalf of Legal Action of Wisconsin, Inc. or individual employees, provided such are related to the delivery of legal services to eligible clients, the practice of law, the management of a law office, or any other allowable purpose under 45 CFR Section 1627.4 Fees and Dues.

Adopted by the Legal Action Board of Directors on October 6, 1997.

ADMINISTRATIVE OFFICE
230 West Wells Street, Room 800, Milwaukee, Wisconsin 53203
www.legalaction.org | tel 414-278-7777 | fax 414-278-7150

LEGALAction
OF WISCONSIN

40 Years of Justice

TO: Legal Action Board of Directors

FROM: Michael J. Maher, Administrator 

RE: Approval of LAW Accounting Policies and Procedures Manual

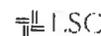
DATE: June 26, 2013

During the recent site visit by the Legal Services Corporation's Office of Compliance and Enforcement (LSC), the LSC accounting staff recommended that the LAW Board of Directors review and consider approval of the LAW Accounting Policies and Procedures Manual. Laura Brown, the Supervisor of Accounting and Grants Reporting, has updated the manual to conform with the latest version of the LSC Accounting Guide for LSC Recipients. The governing body's review of the firm's accounting and control policies is a new requirement in the latest LSC Accounting Guide. It is an outgrowth of the increased emphasis by all funders on strong internal control procedures and governing body oversight.

Attached is the Table of Contents and Introduction/Overview sections of the Manual. An e-mail will be sent to all Board members with an attached pdf version of the entire manual. If you wish to receive a paper copy of the entire manual, please contact Cindy Jaszewski at 414-278-7777. The LAW Finance Committee will be making a recommendation to the Board on possible action. If you have any questions concerning the manual, please contact me at 414-278-7777 extension 3025 or mjm@legalaction.org.

Board Action Sought: Consideration and possible approval of LAW Accounting and Procedures Manual dated July 20, 2013.

Green Bay Office Brown, Calumet, Door, Kewaunee, Manitowish and Outagamie Counties | tel 920-338-9143 | toll-free 800-423-0127 | fax 920-338-5700
La Crosse Office Buffalo, Crawford, Grant, Jackson, Juneau, Le Claire, Monroe, Richmond, Trempealeau and Vernon Counties | tel 608-735-2369 | toll-free 800-873-0927 | fax 608-735-3104
Madison Office Columbia, Dane, Dodge, Green, Iowa, Jefferson, Lorraine, Rock and Sauk Counties | tel 608-250-3304 | toll-free 800-362-0604 | fax 608-250-0750
Migrant Project Seward | tel 608-250-3304 | toll-free 800-362-0604 | fax 608-250-0750
Milwaukee Office Milwaukee and Waukesha Counties | tel 414-278-7722 | toll-free 800-278-0750 | fax 414-278-7120
Oshkosh Office Adams, Fond du Lac, Green Lake, Marquette, Oshkosh, Shelburne, Washington, Waushara and Winnebago Counties | tel 920-244-0721 | toll-free 800-423-0127 | fax 920-244-0307
Racine Office Kenosha, Racine and Walworth Counties | tel 262-937-3336 | toll-free 800-242-5336 | fax 262-937-3336



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 - 11.0.b. Client Trust Client Ledger Template
 - 11.0.c. Client Trust Monthly Reconciliation Template
 - 11.0.d. Client Trust Procedures Milwaukee
 - 11.0.e. Unclaimed Property Notification Template
- 12.0. PROPERTY MANAGEMENT/INVENTORY POLICIES & PROCEDURES
 - 12.0.a. Surplus Property Evaluation Report
 - 12.1. LSC Property Acquisition & Management Manual (PAMM)
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- 14.0. OTHER POLICIES & PROCEDURES
 - 14.1. Internal Controls Policies & Procedures
 - 14.2. Record Retention & Storage Policies & Procedures
 - 14.2.a. Record Retention Chart
 - 14.3. Credit Card Policies & Procedures
 - 14.3.a. Employee's Use of Credit Card Agreement Template
 - 14.4. Banking Resolution (not available for public)

1.0. POLICIES & PROCEDURES: INTRODUCTION

ORGANIZATION PURPOSE:

Legal Action of Wisconsin, Inc. (LAW) is a Wisconsin non-stock, non-profit corporation organized for the purpose of providing assistance in non-criminal matters to persons financially unable to afford such services in the 39 counties in the southern half of Wisconsin.

Legal Services Corporation (LSC), a non-profit corporation organized by the U.S. Congress to administer a nationwide legal assistance program, provides support to LAW through annual grants. The funding for LSC is determined annually.

Wisconsin Trust Account Foundation, Inc. (WisTAF), a non-profit corporation organized by the Wisconsin Supreme Court to fund legal services to the indigent, provides support to LAW through annual grants. The funding level for WisTAF is determined annually.

FISCAL YEAR:

LAW's fiscal year is January 1 through December 31.

BASIS OF PRESENTATION:

Expenditures recorded by LAW are reported on the accrual basis of accounting.

Net Assets, Revenues, Gains and Losses are classified based on donor imposed restrictions. Accordingly, Net Assets of LAW and changes therein are classified and reported as follows:

Unrestricted: LAW reports donations of cash, land, buildings, and equipment as Unrestricted Revenue unless explicit donor stipulations specify how or when the donated asset must be used.

Temporarily Restricted: LAW reports donations of cash and other assets as Temporarily Restricted Revenue if they are received with a donor stipulation that limits the timing or purpose of the donated asset. When a stipulated time restriction ends or purpose restriction is accomplished, Temporarily Restricted Net Assets are reclassified to Unrestricted Net Assets and reported in the Statement of Activities as Net Assets Released from Restriction.

Permanently Restricted: LAW reports donations of cash and other assets as Permanently Restricted Revenue if they are received with a donor stipulation that prohibits the use of the donated asset principal. Generally, donors of permanently restricted resources permit use of all or part of the income earned, including capital appreciation, for unrestricted or temporarily restricted purposes.

FAIR VALUE MEASUREMENT:

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or values that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

RECOGNITION OF GRANT AND CONTRACT REVENUE:

LAW recognizes grant/contract funds from regular LSC and WisTAF grants as support on a straight-line basis over the grant/contract period. Funds remaining unused at the end of a fiscal period are carried forward in the applicable Net Assets. In accordance with the normal policies of LSC and WisTAF, LAW may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant/contract. LSC and WisTAF may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by LAW with the terms of the grants/contracts. In addition, if LAW terminates its assistance activities, all unexpended funds are to be returned to the funding sources.

LAW recognizes other grant/contract awards on a cost reimbursable basis. A receivable is recognized to the extent grant/contract support exceeds cash advances.

LAW recognizes other contracts on an agreed-upon billable rate basis. A receivable is recognized to the extent billings exceed cash advances.

RECOGNITION OF AWARDS/EARNED INCOME:

LAW allocates income derived from attorney fee awards to the funding source from which the related expenses were charged. When more than one funding source has been charged with expenses, the fees are allocated to each funding source in relation to the expenses charged to each funding source.

LAW allocates income derived from investments to the funding source which provided the temporary cash for investment.

ALLOCATION OF EXPENSES:

LAW allocates Salaries and Benefits to grants based on actual employee hours worked.

LAW allocates general operating/overhead costs quarterly to grants based on the percentage of actual quarterly salaries. Administrative costs are not allocated to grants.

Operating expenses which are general in nature are allocated quarterly to the grants based on the percentage of actual quarterly salaries charged to each grant during the quarter. General operating costs are grouped and allocated within two categories:

Firm-wide Costs: Costs incurred firm-wide such as audit and professional liability insurance.

Individual Office Costs: Costs incurred for each office such as supplies, copiers and postage.

ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

GRANT ADVANCES:

LAW records cash received for future services as Unearned Support. Revenue is recognized when services are rendered.

PLEDGES RECEIVABLE:

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Conditional pledges are not included as revenue until such time as the conditions are substantially met.

ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Allowance is made for doubtful contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

PROPERTY AND EQUIPMENT:

Assets acquired with specific grants funds for use by LAW are considered to be owned by LAW while used by the program or in future authorized programs. The funding source holds a reversionary interest in the property as well as the right to determine the use of any proceeds from the sale of assets purchased with its funds.

LAW capitalizes all new expenditures for fixed assets in excess of \$5,000. Depreciation of fixed assets is computed on a straight-line basis over the estimated service lives of the assets. Depreciation of leasehold improvements is computed on a straight-line basis over the term of the leases, since such periods are shorter than the estimated service lives. Depreciation of leasehold in real estate owned by LAW is computed on a straight-line basis over the estimated services life of each specific improvement. Additions of library books and multiple volume sets of law books are capitalized at cost. Donated property is recorded at market value at the date of receipt. The following lives have been assigned to the capitalized assets:

Furniture	10 years
Equipment	5 years
Law Library	5 years
Computer Software	5 years

INCOME TAXES:

LAW is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. LAW is also exempt from Wisconsin income taxes and therefore, has made no provision for federal or Wisconsin income taxes. In addition, LAW has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the code.

INVESTMENTS:

Short term investments with maturities of 90 days or less are classified as cash equivalents. Certificate of Deposits (CDs) with maturities of more than 90 days but less than 12 months are classified as current investments, which are carried at cost. CDs with maturities of more than 12 months are classified as non-current investments. LAW utilizes the Certificate of Deposit Account Registry Service (CDARS), which purchases CDs within its network of financial institutions and monitors the purchases to maintain all individual institution balances below the FDIC limit. The CDs are classified as level one investments.

EMPLOYEE BENEFIT PLANS:

LAW maintains a defined contribution retirement plan for its employees. To be eligible for participation, an employee is required to have completed one-half year of service and have attained

the age of 18. LAW's contribution to the plan is discretionary and is determined each year.

LAW maintains a self-insured dental plan which covers all employees who are eligible for coverage. LAW pays for actual employee dental costs rather than dental insurance premiums. Covered costs are limited to \$1,000 annually per individual covered, and a one-time \$1,500 orthodontic limit.

CONTRIBUTED LEGAL SERVICES:

LAW provides certain services through the use of volunteer attorneys. These services are reflected in the financial statements as contributions at a standard Fair Market Value hourly rate, adjusted annually based on the Consumer Price Index.

RESPONSIBILITIES OF THE FINANCIAL OVERSIGHT COMMITTEE/S: (Board revised 7-20-13)

The Board of Directors shall maintain its fiduciary responsibility by participating in the financial administration of the program. The Board of Directors have assigned the Financial Oversight Committee and Audit Oversight Committee duties to the Finance Committee of the Legal Action Board of Directors. The Board of Directors has delegated authority to the Finance Committee to review and approve future changes to the LAW Accounting Policies and Procedures Manual.

Financial Oversight Committee duties include:

- Reviews budget and makes recommendations
- Reviews financial and management reports
- Reviews and approves accounting and control policies.
- Reviews audited financial statements, management letter and senior staff's response
- Reviews investment policies and makes recommendations
- Coordinates board training on financial matters
- Liaison to full board on financial matters

Audit Oversight Committee duties include:

- Hires auditor and sets auditor compensation
- Oversees auditor activities, including for:
 - Compliance with all grant/contract conditions
- Sets rules and processes for complaints concerning:
 - Accounting practices
 - Internal control practices
- Reviews annual IRS Form 990 for completeness, accuracy and filing timeliness
- Provides assurance to full board of compliance

1.1. POLICIES & PROCEDURES: OVERVIEW

LAW maintains a computer accounting system in accordance with Generally Accepted Accounting Principles (GAAP). It is designed to provide accurate and timely reports of revenue and expenditures, and track revenue sources separately.

LAW maintains internal controls designed to provide reasonable assurance of achieving the following objectives:

- 1) Safeguarding of assets against unauthorized use or disposition
- 2) Effectiveness and efficiency of operations
- 3) Reliability of financial information and reporting
- 4) Compliance with regulations and laws that have a direct and material effect on the program

Internal Control includes consideration of the following:

- 1) Competent Personnel: In order to properly document, record, account for and report financial transactions, personnel must be adequately trained and competent.
- 2) Definition of Duties and Responsibilities: The duties and responsibilities of all personnel shall be detailed in written job descriptions.
- 3) Segregation of Duties: Accounting duties shall be segregated so that no individual has both physical control and record keeping responsibility for any asset. No individual shall initiate, execute and record a transaction without a second, independent, individual involved in the process.
- 4) Establishment of Independent Checks and Proofs: Regular internal verification of the recording of transactions and on the preparation of financial reports shall be maintained.
- 5) Maintenance of Accounting Manual: The Accounting Manual shall be regularly reviewed and updated to reflect current regulations and accounting principles.

The Administrator is responsible for the management of LAW's accounting systems. Daily operations are the responsibility of the Supervisor of Accounting & Grants Reporting and the Accounting Technicians.

An independent Certified Public Accountant is retained each year to audit the financial statements, internal controls and grant compliance of LAW.

LAW utilizes an in-house accounting software package to process Accounts Payable, Cash Receipts, Allocations, General Ledger and Financial Reporting.

Major components of LAW's accounting system and Policies & Procedures are:

- Timekeeping & Timekeeping and Salary Interface (TASI)
- Payroll & Employee Benefits
- Cash Management
- Accounts Payable & Cash Disbursements
- Revenues
- General Ledger & Financial Reporting
- Allocations
- Grant/Contract Management
- Subrecipient Management & Monitoring

Client Trust
Property Management & Inventory
Service Statistics
Other

Timekeeping data is entered by each employee and certified as accurate. Error corrections and adjustments are made by the Supervisor of Accounting or Accounting Technician. Adjustments are fully documented and logged. Monthly timekeeping review and reconciliation shall be completed and locked down by the third business day of the following month.

Timekeeping and Salary Interface (TASI) database system electronically converts employee hours worked per grant into percentages of time worked per grant. The percentage of time work per grant is applied to the salary paid from the payroll system.

Payrolls are generated for the 15th and end of every month. An external agency provides payroll services on a contractual basis. Employee Benefits and Reimbursements are processed through payroll.

Cash Management involves the secure processing of receipts and management of cash flows while securing assets against loss of principal.

Accounts Payable payments are scheduled on a regular basis to ensure timely payments. When necessary, Accounts Payable checks are generated for invoices which require immediate payment. Invoices and items requiring payment must be accompanied by receiving records or check requests, including original documentation. Petty cash accounts are maintained in all offices to be used for nominal expenditures (less than \$5) and invoices requiring immediate payment. Employee reimbursements are not allowed through Petty Cash.

Revenues are recorded as earned, generally based on cost reimbursement. All revenues are classified per funding source restrictions and released from restriction only when such restrictions are met. Court ordered awards of attorney fees are applied to the grant that funded the original cost.

General Ledger & Financial Reporting

LAW's Chart of Accounts is structured with a 6 segment, 15 digit account code to easily identify and record Assets, Liabilities, Net Assets, Revenues and Expenses.

Segment 1:	two digits:	Fund Code
Segment 2:	four digits:	General Ledger Account
Segment 3:	two digits:	Location Code
Segment 4:	one digit:	Activity Code
Segment 5:	three digits:	Match Code
Segment 6:	three digits:	Grant Code

Allocations are accomplished using a timekeeping system that records all staff time by case and by funding source, on a contemporaneous basis. The timekeeping records are used to allocate each employee's monthly costs among the grants for which the employee provided services and are the foundation of all allocations.

Grant/Contract Management is fundamental to the entire accounting system. Each cost center must be established and monitored for compliance with grant requirements and budget limitations.

Subrecipient Management provides proper stewardship of pass-through grant funding.

Client Trust Accounts are maintained in all offices. Client trust involves money deposited by clients and requires high fiscal controls which are subject to state laws.

Property Management & Inventory systems are maintained to track and record purchases of furniture, equipment, library, and software. Assets purchased with LSC funds are Temporarily Restricted. A physical inventory is taken every two years.

Service Statistics