FINAL REPORT

LEGAL SERVICES CORPORATION
Office of Compliance and Enforcement

Legal Aid of Arkansas, Inc.
Compliance Review
July 15 – 19, 2013

Recipient No. 604020

I. EXECUTIVE SUMMARY

Finding 1: LAA's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded.

Finding 2: Generally, LAA's intake procedures and ACMS support the program's compliance related requirements. However, some revision to the procedures is warranted.

Finding 3: LAA demonstrated substantial compliance with the requirements of 45 CFR § 1611.4 and CSR Handbook (2008 Ed., as amended 2011), § 5.3.

Finding 4: LAA demonstrated substantial compliance with the requirements of 45 CFR §§ 1611.3(c) and (d) and CSR Handbook (2008 Ed.), § 5.4.

Finding 5: LAA demonstrated non-compliance with the verification requirements of 45 CFR §§ 1626.6 and 1626.7, and CSR Handbook (2008 Ed., as amended 2011), § 5.5.

Finding 6: LAA demonstrated substantial compliance with the requirements of 45 CFR § 1611.9 (Retainer agreements).

Finding 7: Although revision of the statement of facts is required, LAA demonstrated non-compliance with the requirements of 45 CFR Part 1636 (Client identity and statement of facts).

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

Finding 9: LAA demonstrated substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6 (Legal assistance documentation requirements).

Finding 10: The cases that were reviewed during the visit demonstrated that LAA's application of the CSR case closure categories is substantially compliant with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011).

Finding 11: LAA demonstrated substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.3 (Timely closing of cases).

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

Finding 13: LAA demonstrated compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

Finding 14: LAA demonstrated compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities).

Finding 15: LAA demonstrated compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases). However, LAA is required to revise its manner of accounting for attorneys' fees.

Finding 16: A limited review of LAA's organizational chart, observations of the physical locations of LAA's offices, and interviews with staff indicate that LAA is in compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). However, a limited review of LAA's accounting and financial records indicated non-compliance with 45 CFR § 1610.5.

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

Finding 18: LAA demonstrated substantial compliance with 45 CFR Part 1627 (Subgrants and Membership Fees and Dues).

Finding 19: LAA demonstrated compliance with the 45 CFR Part 1635 (Timekeeping requirements).

Finding 20: LAA demonstrated compliance with the requirements of former 45 CFR Part 1642 (Attorneys' fees).

Finding 21: LAA demonstrated substantial compliance with the requirements of 45 CFR Part 1612 (Restrictions on lobbying and certain other activities). However, permissible expenditures of non-LSC funds were not directly tracked by the accounting system.

Finding 22: LAA demonstrated compliance with the requirements of 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions).

Finding 23: LAA demonstrated compliance with the requirements of 45 CFR Part 1617 (Class actions).

Finding 24: LAA demonstrated compliance with the requirements of 45 CFR Part 1632 (Redistricting).

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

Finding 26: LAA demonstrated compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Finding 27: LAA demonstrated compliance with the requirements of 45 CFR Part 1638 (Restriction on solicitation).

Finding 28: LAA demonstrated compliance with the requirements of 45 CFR Part 1639 (Welfare Reform).

Finding 29: LAA demonstrated compliance with the requirements of 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, and mercy killing).

Finding 30: LAA demonstrated compliance with the requirements of LSC statutory prohibitions against abortion related legal assistance (LSC Act, § 1007(a)(8); 42 USC § 2996f(b)(8)), school desegregation litigation (LSC Act, § 1007(a)(9); 42 USC § 2996f(b)(9)), and Military Selective Service Act or desertion related legal assistance (LSC Act, § 1007(a)(10); 42 USC § 2996f(b)(10)).

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

II. BACKGROUND OF REVIEW

On July 15 – 19, 2013, the Legal Services Corporation's ("LSC") Office of Compliance and Enforcement ("OCE") conducted an on-site Compliance Review at Legal Aid of Arkansas, Inc. ("LAA"). The purpose of the visit was to assess the recipient's compliance with the LSC Act, regulations, and other applicable LSC guidance such as Program Letters, the Accounting Guide for LSC Recipients (2010 Ed.) ("LSC Accounting Guide"), the LSC Property Acquisition and Management Manual ("PAMM"), and grant conditions. The visit was conducted by a team of six (6) attorneys and three (3) fiscal analysts. Three (3) of the attorneys and two (2) of the fiscal analysts were OCE staff members; the remaining members of the team were temporary employees.

Overview of LAA

LAA is a non-profit legal services organization providing free civil legal services to low-income and residents in the LSC service area AR-6. The service area encompasses 31 counties across the northern portion of Arkansas and includes a poverty population of 164,962. *See* http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb1.asp.

LAA is headquartered in Jonesboro, and maintains offices in Springdale, Harrison, Helena-West Helena, Mountain View, Newport, West Memphis, and Little Rock. LAA also has part-time advocates in Batesville and Highland.

LAA has a total staff of 56, including the Executive Director, a Litigation Director, a Fiscal Officer and an assistant, a Human Resource Director, four (4) Regional Managers, the HelpLine Managing Attorney, four (4) Work Group Leaders, a Pro Bono Coordinator and an Arkansas Volunteer Lawyers for the Elderly ("AVLE") Coordinator, 10 staff attorneys, nine (9) AmeriCorps attorneys and three (3) AmeriCorps JDs, two (2) Equal Justice Works ("EJW") attorneys, four (4) paralegals, two (2) law clerks, four (4) intake specialists, three (3) legal secretaries, a Marshallese liaison, a tax expert, and an operator.

In 2011, LAA was awarded an LSC basic field grant totaling $1,651,500.00; in 2012, $1,409,393.00; and in 2013 is expected to receive $1,380,142.00 in LSC basic field grant funds.[1] Total LSC funding for the years 2011 and 2012 was $1,691,902.00 and $1,486,509.00, respectively.[2] Aggregate funding from all sources in 2011 and 2012 was $3,006,410.00 and $3,035,613.00, respectively. *See* http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb3.asp .

For 2011, LAA reported 6,215 closed cases, including 504 PAI cases. In that same year, LAA reported an error rate of 3.5%. Exceptions were noted with respect to CSR Handbook (2008 Ed.), §§ 5.5 and 5.6. For 2012, LAA reported 6,392 closed cases, including 556 PAI cases. That year, LAA reported an error rate of 3.5%. Exceptions were noted with respect to CSR Handbook (2008 Ed., as amended 2011), §§ 3.2, 5.4, 5.5, and 5.6. *See* http://newrin.lsc.gov/Scripts/LSC/Grantpro/pgpb4.asp.

---

[1] LAA did not receive migrant, Native American, or Technology Initiative Grants from LSC in any of the referenced years.

[2] This figure includes interest income, attorney fee awards, carryover funds, publication income, etc..

Prior to the visit, LAA provided OCE with a statement of its priorities for the years 2011, 2012, and 2013. Stated generally, LAA's priorities are consistently stated from year to year as family law, including protection from domestic violence, housing, wills, estates and powers of attorney, consumer law, LITC, education, disability rights, employment, healthcare, and public benefits. Staff that were interviewed during the visit indicated their familiarity with LAA's priorities.

In 2011, family law accounted for approximately 61% of all closed cases; consumer, 11%; juvenile, 8%; housing, 7%; miscellaneous, 4%; income maintenance, 3%; individual rights, 2%; and employment 2%. Education and health accounted for approximately 1%. Approximately 81% of all closed cases were closed after counsel and advice or limited action; 10% were court decision; 4% were settled; and less than 1% were agency decisions.

In 2012, family law accounted for approximately 55% of all closed cases; consumer, 10% housing, 8%; juvenile, 8%; income maintenance, 6%; individual rights, 4%; miscellaneous, 4%; and employment, 3%. Education and health combined for 2%. Approximately 81% of all closed cases were closed after counsel and advice or limited action; 13% were court decision; 3% were settled; and less than 1% were agency decisions. *See* http://newrin.lsc.gov/Scripts/LSC /Grantpro/pgpb4.asp.

Overview of Compliance Review

As previously noted, OCE's on-site visit was designed and executed to assess LAA's compliance with basic client eligibility, intake, case management, regulatory and statutory requirements, and to ensure that LAA correctly implemented the CSR Handbook (2008 Ed., as amended in 2011) during the period January 1, 2011 and May 30, 2013 (the "review period"). Specifically, the team assessed LAA's compliance with the following regulatory requirements: 45 CFR Part 1611 (Financial eligibility); 45 CFR Part 1626 (Restrictions on legal assistance to aliens); 45 CFR §§ 1620.4 and 1620.6 (Priorities in use of resources); 45 CFR § 1611.9 (Retainer agreements); 45 CFR Part 1636 (Client identity and statement of facts); 45 CFR Part 1604 (Outside practice of law); 45 CFR Part 1608 (Prohibited political activities); 45 CFR Part 1609 (Fee-generating cases); 45 CFR Part 1610 (Use of non-LSC funds, transfers of LSC funds, program integrity); 45 CFR Part 1614 (Private attorney involvement) ("PAI"); 45 CFR Part 1627 (Subgrants and membership fees or dues); 45 CFR Part 1635 (Timekeeping requirement); former 45 CFR Part 1642 (Attorneys' fees);[3] 45 CFR Part 1630 (Cost standards and procedures); 45 CFR Part 1612 (Restrictions on lobbying and certain other activities); 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions); 45 CFR Part 1617 (Class actions); 45 CFR Part 1632 (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 1639 (Welfare reform); and 45 CFR Part 1643 (Restriction on assisted suicide, euthanasia, or mercy killing). In addition, the team assessed LAA's compliance with certain statutory requirements, namely, 42 USC 2996f § 1007 (Abortion, school desegregation litigation and Military Selective Service Act or desertion), and evaluated whether LAA's policies and

[3] 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.

procedures compared 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.).

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

The letter also requested that LAA provide a list of cases reported to LSC in its 2011 CSR data ("closed 2011 cases"), a list of cases reported to LSC in its 2012 CSR data ("closed 2012 cases"), a list of cases closed between January 1 and May 30, 2013 ("closed 2013 cases"), and a list of all cases that remained open as of May 30, 2013 ("open cases"). OCE requested that each list be in alphabetical order by the clients' last name and separate open and closed lists should be generated for each office. In addition, OCE requested that each list contain the client name, the file identification number, the name of the advocate assigned to the case, the opening and closing dates, the CSR case closure category assigned to the case, the funding code assigned to the case, and an indication of whether the case was handled by staff or by a private attorney pursuant to 45 CFR Part 1614. The letter advised LAA that OCE would seek access to case information consistent with Section 509(h), Pub. L. 104-134, 110 Stat. 1321 (1996), LSC Grant Assurance Nos. 10, 11, and 12, and the LSC *Access to Records* protocol (January 5, 2004). OCE instructed LAA to notify OCE promptly, in writing, if it believed that providing the requested material, in the specified format, would violate the attorney-client privilege or would be otherwise protected from disclosure. The letter requested that all materials be submitted by close of business Friday, June 14, 2013.

By letter dated May 28, 2013, LAA agreed to afford OCE access to case information through the use of staff intermediaries. Specifically, LAA agreed that during the visit it would provide one staff intermediary per OCE reviewer and that the intermediary would disclose to OCE the CSR problem codes assigned to the cases, client names, financial eligibility information, citizenship/alien eligibility documentation, signed retainer agreements, Part 1636 statements, the general nature of the legal assistance provided to the client, and materials otherwise available in the public record, including, but not limited to, pleadings, orders, etc..

Following receipt of the requested materials, OCE commenced a review of same and proceeded to create a representative sample of cases that the team would review during the visit. OCE distributed the sample proportionately among open and closed cases and among LAA's various offices. The sample consisted largely of randomly selected cases, but also included cases selected to test for compliance with those CSR instructions relative to timely closings, ACMS data integrity, application of the CSR case closure categories, and duplicate reporting. The sample contained 540 cases.

During the visit, OCE visited all of LAA's Jonesboro, Springdale, Harrison, Little Rock, Helena-West Helena, and Newport offices.[4] OCE interviewed the Executive Director, the Fiscal Office and his assistant, the Regional Managers, the HelpLine Managing Attorney, the Work Group Leaders, the Pro Bono and AVLE Coordinators, the intake specialists, and several of the attorneys and paralegals. OCE assessed LAA's policies and procedures, its intake, case acceptance, case management and case closure policies and procedures, and tested its automated case management system ("ACMS"). OCE examined the manner in which LAA involves private attorneys in the delivery of legal assistance to eligible clients, reviewed its compliance with LSC restrictions of prohibited political activities, lobbying activities, fee-generating cases, and its use of non-LSC funds. OCE also collected a sample of informational pamphlets and brochures. As well, OCE reviewed financial records relevant to the review period and examined LAA's compliance with the LSC Accounting Guide and its costs standards and procedures. OCE reviewed LAA's compliance with LSC's timekeeping requirements and its use of LSC funds to pay membership dues and fees. OCE conducted a limited review of LAA's internal controls, and reviewed LAA's compliance with LSC's timekeeping requirements and its use of LSC funds to pay membership dues and fees. OCE also had occasion to interview the Chair of the LAA Board of Directors to assess the level of fiscal oversight exercised by the governing body. OCE also reviewed 537 case files during the visit to test LAA's compliance with LSC regulatory and reporting requirements.[5] Randomly selected cases accounted for approximately 87% of all of the cases that were reviewed, while targeted cases accounted for approximately 13%.

Throughout the visit, LAA cooperated fully. Consistent with the May 28, 2013 letter, LAA afforded access to information in the case files through staff intermediaries. LAA maintained possession of the files and disclosed the CSR problem codes assigned to the cases, client names linked to case numbers, income and asset information, client signatures as they appeared on citizenship attestations, retainer agreements and Part 1636 statements, alien eligibility documentations the general nature of the legal assistance provided to the client, and materials otherwise available in the public record, including, but not limited to, pleadings, orders, etc..

During the course of the visit, OCE made every effort to advise LAA of any compliance issues as they arose. OCE notified members of LAA's upper and middle management and fiscal personnel of compliance issues identified during the review. At the conclusion of the visit, OCE held a brief exit conference during which OCE advised LAA of its preliminary findings. During the exit conference, OCE explained to LAA that the findings were merely preliminary, that OCE may make further and more detailed findings in the Draft Report ("DR"), which OCE would issue to LAA in approximately 60 days. OCE advised LAA that it would have 30 days to submit its comments to the DR and, as such, it should review the DR critically. LAA was advised that a Final Report would be issued that would include LAA's comments. LAA was further advised that OCE may request additional documentation or a demonstration that the required corrective action items have been implemented.

---

[4] LAA made the staff and the cases from the Mountain View office available in Harrison, and the Highland office staff and cases in Jonesboro.

[5] Three (3) of the Mountain View files that were identified in the sample could not be located. *See* Mountain View closed 2013 Case Nos. 13E-103120401, 13D-103119703, and 13D-103119701.

During the exit conference, OCE thanked LAA for its cooperation and advised LAA the interviews that were conducted and the materials that were reviewed during the visit, as well as the cases that were reviewed, indicated that LAA is in compliance with 45 CFR Parts 1608, 1609, 1611, 1612, 1613, 1614, 1615, 1617, 1620, 1632, 1633, 1636, 1637, 1639, and 1643. OCE also noted that with relatively few exceptions, LAA was in compliance with LSC's reporting requirements. However, as discussed *infra*, OCE also expressed concerns regarding some of LAA's PAI allocations, its governing body's level of fiscal oversight, the form used for its Part 1636 statements, and its compliance with 45 CFR §§ 1610.5 and 1627.5. LAA responded favorably to OCE's assessment and did not contest any of the preliminary findings.

By letter dated October 22, 2013, OCE issued a DR detailing its Findings, Recommendations, and Required Corrective Actions. The DR also requested LAA to provide certain additional information. LAA was afforded 30 days to review the DR and submit written comments. By letter dated November 20, 2013 – and later by e-mail dated December 11, 2013 - LAA submitted its comments to the DR. LAA's comments included remarks concerning the Recommendations and a description of the measures taken by LAA in response to the Required Corrective Actions. LAA offered no comments relative the Findings stated in the DR. Rather, LAA stated that it found only *de minimis* errors in the DR, not worthy of correction.

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

III. FINDINGS

Finding 1: LAA's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded.

Recipients are required to utilize an automated case management system ("ACMS") and related procedures which will ensure that information necessary for the effective management of cases is accurately and timely recorded in a case management system. 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.

Recipients must also institute procedures for ensuring management review of case information for accuracy and completeness. These procedures must include a method of review to ensure that the cases are timely closed, are not reported more than once in the same year, and fairly represent the volume and types of cases that the recipient provided during the grant year. *See* CSR Handbook (2008 Ed., as amended 2011), §§ 3.4. Additionally, recipients are required to establish a method in their ACMC that will de-select case files for CSR reporting that were opened as LSC-eligible, but are not reportable to LSC as cases. *See* CSR Handbook (2008 Ed., as amended 2011), § 3.5.

LAA utilizes the Kemp's Case Works case management software. The system was installed several years ago, but still appears to be working reasonably well. During the on-site visit, LAA demonstrated the capacity of Kemp's by generating reports according to client name, case handler, problem code, adverse party, length of time that a case has been opened, etc.. LAA also demonstrated Kemp's ability to provide case history, to upload and retrieve related documents, and to check for duplication, as well as its ability to track both the progress of a case and case handler time. The demonstration confirmed that, consistent with LSC Program Letter 02-6 (June 6, 2002), there are no defaults in LAA's ACMS. LAA also advised that, consistent with CSR Handbook (2008 Ed., as amended 2011), § 3.4, all case service information is reviewed prior to submission to LSC.

Based on the foregoing discussion, as well as a comparison of the information yielded by the ACMS to information contained in the cases that were reviewed during the visit, LAA's ACMS is sufficient to ensure that information necessary for the effective management of cases is accurately and timely recorded. With six (6) exceptions, the file information disclosed by LAA during the visit was consistent with the information contained in the case lists. In four (4) of the exceptions, the closing dates indicated in the files were inconsistent with the dates indicated by the ACMS. *See* Harrison closed 2013 Case Nos. 13E-123120900, 13E-104119497 and 12E-1005107469, and Harrison closed 2012 Case No. 10E-104093541. Theses discrepancies were explained by reference to the interval between closing the case and inputting the data into the ACMS. In Pro Bono closed 2011 Case No. 10E-101091240, the problem code indicated in the file was different from the problem code indicated in the ACMS, and in ACH open Case No.12E-123118672, the open date indicated in the file was different from the open date indicated in the ACMS.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 2: Generally, LAA's intake procedures and ACMS support the program's compliance related requirements. However, some revision to the procedures is warranted.

In making financial eligibility determinations regarding individual applicants, LSC regulations require that recipients make reasonable inquiry regarding the sources of the applicant's income, income prospects and assets. The regulations further require that recipients adopt simple intake forms and procedures to obtain and record income and asset information in a manner that promotes the development of the attorney-client relationship. *See* 45 CFR § 1611.7.

During the visit, the team discussed LAA's intake procedures with various intake personnel, including the Executive Director, the HelpLine Managing Attorney, the Regional Managers, attorneys, and paralegals. Additionally, the team reviewed the forms – electronic and otherwise adopted by LAA to obtain information necessary to the determination of both financial and citizenship/alien eligibility, and its case management/supervision practices. Although there is more than a fair amount of consistency in the way that LAA screens for eligibility, there are also practices and staff understandings that vary from office to office and are inconsistent with compliance related requirements.

The intake and case management, as well as oversight procedures in LAA's Jonesboro, Harrison, Helena-West Helena, Memphis, Newport, Springdale, and the Arkansas Children's Hospital ("ACH") office in Little Rock were assessed by interviewing the HelpLine Managing Attorney, the four (4) Regional Managers, the four (4) Work Group leaders, the four (4) intake specialists, several of the staff, Americorps and EJW attorneys, and several of the paralegals, legal secretaries, and receptionists. Additionally, the ACMS was reviewed, as were paper forms and letters utilized during the intake process. Further, the results of the intake system were tested during the sample case review.

Intake, Case Management, and Oversight

LAA maintains a centralized intake system identified as the HelpLine. Telephone applications are taken through the HelpLine Monday through Thursday, from 9:00 – 11:00 AM, and 1:00 - until 3:00 PM, with additional evening hours on Tuesdays, from 5:15 PM until 7:15 PM.

Walk-in applicants are generally referred to the HelpLine, but are seen Monday through Thursday, from 11:00 AM until 12:00 PM and from 3:00 PM until 4:30 PM, and all day Fridays.[6] In-person intake screening is conducted on the days and at the times noted, when staff

[6] The exceptions are the ACH Little Rock office and the Medical-Legal Partnership ("MLP") in Springdale. Cases handled in these projects originate with the medical provider and social worker. Such cases are generally referred to the project by a social worker, working with the family and the medical provider. The social workers obtain a

is available, or when the walk-in applicant has traveled a long distance, is elderly, disabled, has an emergency situation, or does not have a telephone. Infrequently, walk-in applicants are allowed to use an office telephone to call the HelpLine, particularly when staff is unavailable to conduct an in-person intake and the applicant does not have a telephone, but staff interviewed stated that all necessary documentation, *i.e.*, a citizenship attestation, citizenship/alien eligibility documentation, and any other relevant legal documents, is collected at the time of the applicant's appearance. Additionally, intake interviews may be conducted in the field via remote access to LAA's ACMS or by utilizing a paper intake form.

LAA has a HelpLine Handbook (the "Handbook") offering step by step instructions to guide HelpLine eligibility screeners ("screeners") when conducting intake interviews. The Handbook is extremely detailed and contains a sample script, with variations for several different applicant scenarios, and screen shots of the ACMS with numbered arrows that correspond to the sample script so that staff can easily understand where information obtained should be recorded. Intake interviews indicated that screeners apply the information contained in the Handbook consistently and follow ACMS prompts during the course of an intake interview. Screeners were observed with a copy of the Handbook in their workspaces and interviews indicated that it was referenced regularly.

Discussions with the LAA staff revealed that screeners ask appropriate eligibility questions and simultaneously enter the information obtained into the ACMS. The information that is requested and recorded includes the applicant's name, address, and other identifying information, the name of the adverse party, if any, the applicant's citizenship or alien status, the applicant's household size, the total household income, the sources of said income, the types of household assets held by the applicant household and the total value of the household assets, income prospects, and the nature of the applicant's legal issue. Conflict and duplicate case checks are conducted utilizing the ACMS after basic identification and legal issue information is recorded.

ACMS drop-down menus are used as a guide during the screening of income and assets. If an applicant's income is in excess of 125% but not more than 200% of the applicable Federal Poverty Guidelines ("FPG"), and an eligible alternative funding source does not exist, the screener will mark a checkbox appearing next to "Ext. Elig. 125-200%" in the ACMS which causes a form titled "Record of Authorized Exceptions to Income Limitation (Schedule A) and/or Asset Limitation Waiver (Schedule C) maintained per 45 CFR § 1611.5(b) and 45 CFR § 1611.3(d)(2)" ("waiver form") to pop up. The screener completes the waiver form and submits it to the HelpLine Managing Attorney for approval.

As previously noted, applicants are screened for income prospects and responses are recorded in the "E notes" tab in the ACMS in accordance with 45 CFR § 1611.7(a)(1). Screeners are required to mark a checkbox next to "Asked About Future Income" to indicate that the inquiry has been made. The Handbook also details specific questions screeners should ask applicants in order to satisfy this requirement.

---

consent form and conduct a preliminary investigation. The patient and the results of the preliminary investigation are then referred to the ACH office, who contacts the family to conduct an intake using LAA's ACMS. Otherwise the intake procedure for these projects is identical to that used by LAA's offices.

Telephone HelpLine applicants are screened for citizenship/alien eligibility and responses are recorded in the ACMS, in accordance with 45 CFR §§ 1626.6(a) and 1626.7(a). Walk-in applicants are asked to sign a compliant citizenship attestation, or to provide alien eligibility documentation at the time of intake. Additionally, when an applicant indicates an eligible alien status, screeners are required to complete an "Alien Eligibility Form," which contains a list of alien categories that is consistent with 45 CFR §§ 1626.5 and 1626.11. Attached to the form is a list of acceptable documents that is consistent with the chart found in the Appendix to Part 1626, "Alien Eligibility for Representation by LSC Programs." *See* 45 CFR Part 1626, Appendix to Part 1626; *see also*, 68 *Federal Register* 55539, 55540 (September 26, 2003). The Alien Eligibility Form must be reviewed and signed by an authorized staff member. Once screeners have completed the eligibility portion of the HelpLine intake process, eligible applicants are transferred to a Work Group extension in order for the legal interview portion of the intake to be conducted.

Each legal interviewer is a member of one (1) of LAA's four (4) Work Groups: Domestic Violence, Housing, Economic Justice, and Consumer. Screeners can also transfer applicants to Spanish and Marshallese speaking legal interviewers. Work Groups are made up of LAA's staff attorneys and paralegals and each Work Group member is assigned to conduct legal interviews for the HelpLine on a scheduled rotation. Calls are transferred to Work Groups according to the applicants' legal issues. Once the legal interview portion of an intake is complete, the interviewer requests paperwork, as appropriate, and maintains responsibility for following-up with the applicant to obtain the paperwork. Upon receipt, the Work Group member is responsible for scanning and saving it to the "Case Review" folder for the date the intake was opened in the "dropbox" computer system.

Lastly, LAA informed the team that intake is also conducted at the University of Arkansas in Springdale by students on the same days and times as the days and time of the operation of the HelpLine. OCE requested that LAA provide, with its comments to the DR, a summary of the intake procedures and practices used by the students at the University of Arkansas, together with any accompanying forms.

In its response to the DR, LAA explained that the law students work, serve, or volunteer in the HelpLine offices at the University of Arkansas – Fayetteville and the University of Arkansas – Little Rock. They handle calls on the HelpLine in the same manner as other intake workers and follow the same intake procedures and practices as other LAA staff. Typically, the law students handle the eligibility screening and then transfer the caller to an LAA advocate. Each law student is provided training on LAA's ACMS, eligibility guidelines, restrictions, and case handling. Each student receives the HelpLine Handbook, which includes all of LAA's telephone intake procedures. The law students are supervised by the HelpLine Managing Attorney who is available by telephone or e-mail to answer questions as they arise.

Case Acceptance, Review, and Closure

Case Acceptance

Screeners are authorized to inform applicants that they are ineligible for services, but do not provide legal assistance. Case acceptance does not occur until after the legal interview portion of the intake process is conducted by a member of the applicable Work Group. Each Work Group assigns an advocate of the day ("AOD"), who is an attorney member of the Work Group scheduled to supervise the members of the Work Group who are on the HelpLine legal interview rotation. Work Group members provide advice to eligible applicants, but it is the AOD who is responsible for reviewing each application and determining what advice is appropriate. The AOD is also responsible for ensuring that applicants referred to their Work Group for a legal interview have a legal issue that meets the Work Group's priorities, providing guidance regarding what advice is appropriate for Work Group members to provide to applicants, providing any limited action if determined appropriate after the legal interview has been completed, contacting the applicant if additional information is needed, and deciding whether the application should be held by its Work Group for discussion at the Work Group's weekly meeting. If a case is particularly complicated, or if the legal interviewer is not an attorney, the AOD may draft an advice letter or call the client to provide the advice himself/herself.

Cases that are held by an AOD after the legal interview is completed are discussed at weekly Work Group meetings to determine what action should be taken. LAA's Work Groups function independently of the HelpLine and have the authority to place a HelpLine client's case with a member of the Work Group if the AOD deems it appropriate. Once a case has been removed from the HelpLine process by a Work Group, it becomes a staff case and remains with the Work Group until it is handled by the Work Group, referred to a Regional Manager for placement, or is sent back to the HelpLine Managing Attorney for closure (this might occur if a Work Group decides to take no further action). Each Work Group has a Work Group leader who is primarily responsible for the transfer of cases; however, if an individual member of a Work Group believes that an applicant or client's case is particularly important, or deems it an emergency, that Work Group member can bypass the typical process and immediately send the case to a Regional Manager for review and placement.

Regional Managers are responsible for reviewing referred cases to determine if the cases are appropriate for placement, and, if so, assigning the cases to staff attorneys and paralegals under their supervision. Cases that are placed for extended representation within a Work Group or by a Regional Manager have a paper file opened. Clients are sent an acceptance letter and necessary eligibility documentation (i.e., a citizenship attestation or request for alien eligibility documentation, a retainer, a statement of facts, etc.) by the case advocate, or support staff, if the documents were not obtained during the HelpLine process. The advocate assigned to the case completes an opening memorandum and is primarily responsible for handling all aspects of the case from that point forward.

Case Review

Open case review ("OCR") is conducted quarterly by LAA's Regional Managers. Each advocate is required to compile and print an ACMS based open case report – "Case Write" – indicating all of their open cases. The ACMS open case report lists an advocate's open cases in a spread sheet format and has blank space next to each case listed in order for the advocate to include handwritten notes. Advocates typically add information regarding case status and anticipated action. Advocates then must provide this report to their Regional Manager. As an advocate's Regional Manager is not always based out of the same office, in-person OCRs are not generally conducted. Regional managers, instead, review the information provided by each advocate under their purview, follow-up on a case by case basis if more information is desired, and add their own hand written notes on the reports before returning them to the advocate. Guidance provided by Regional Managers can include instruction concerning case strategy as well as recommended action for non-responsive clients.

Case Closure

Typically, an advice/closing letter is drafted by the Work Group member who conducted the legal interview and provided advice and/or limited action – usually the AOD. But, LAA advised if a HelpLine client was provided counsel and advice by telephone on the date of intake, a closing letter may not be sent. All letters are reviewed by the AOD and then sent to the client prior to the case being transferred to the HelpLine Managing Attorney for closure. Cases where limited action is provided by the AOD as part of the HelpLine process are also sent back to the HelpLine Managing Attorney for closure. The HelpLine Managing Attorney reviews the cases for sufficiency of the documentation of legal assistance, as well as to ensure that all necessary information and documentation has been obtained from the client. The HelpLine Managing Attorney also has the responsibility of applying the appropriate CSR case closure category to each case and closing the cases in the ACMS.

Advocates handling limited service cases independent of the HelpLine and advocates handling extended service cases are required to complete a closing memorandum and a "Closing Audit Form." The form is designed like a compliance checklist and affords advocates the opportunity to identify and summarize important regulatory information in the case and to ensure that all required documentation has been obtained. Information regarding 45 CFR Parts 1611, 1626, 1620, 1609, 1621, 1636 1617, 1633, 1637, 1644, and former 1642 is gathered on the Closing Audit Form and is used to aid with case closure. The closing memorandum also requests specific information from the advocate including a case summary, whether the case is CSR reportable, what CSR case closure category is appropriate, and whether specific documentation has been obtained and/or completed. After these documents have been completed by the advocate, the file is sent to the appropriate Regional Manager who reviews the documentation and file, and applies the CSR case closure category and closes the case in the ACMS.

Outreach

LAA conducts informational outreach where staff attorneys give a presentation related to a specific legal subject matter, *e.g.*, used car purchases, debt collection, and criminal record

expungement. Intake is conducted at the event, if there is a small group of applicants, allowing for each to be seen privately. Staff interviewed indicated that this most commonly occurs during criminal record expungement outreach events. Applicants at these events are asked to complete an Outreach Application with the assistance of a staff attorney, which includes citizenship and alien eligibility screening and documentation. If the applicant is deemed eligible, LAA will provide limited legal assistance at that time – typically, advice and/or assistance with the completion of expungement paperwork. If there is a large number of applicants at an outreach event, staff attorneys request that applicants complete the contact portion of LAA's paper intake form in order for the LAA staff attorney to call them at a later date to conduct an intake eligibility screening via the ACMS. Interviews with staff conducting the expungement outreach and on-site intake indicated that the information collected on the Outreach Application is entered into the ACMS subsequent to the outreach event and that if additional information is needed the client will be contacted via telephone.

Intake-Related Compliance Concerns

Record of Authorized Exceptions to Income Limitation and/or Asset Limitation Waiver maintained per 45 CFR 1611.5(b) and 45 CFR 1611.3(d)(2)("waiver form")

Although LAA's waiver form lists the exceptions stated at 45 CFR §§ 1611.5(a)(1) and (2), neither exception has been adopted by its governing body. As noted during the on-site visit, LAA must take corrective action and remove the 45 CFR §§ 1611.5(a)(1) and (a)(2) exceptions from its waiver form.[7]

LAA also requires that the HelpLine Managing Attorney review and approve the waiver form. Some of the staff who were interviewed felt that such requirement was time consuming and burdensome. For that reason, some even stated that they avoid obtaining approval and assign the case to a different funding source. As a result, cases that might have been CSR reportable go unreported. LAA was advised that LSC regulations do not require such managerial review and approval.

Statement of Facts Form

LAA utilizes a standardized 45 CFR Part 1636 "Statement of Facts" form which only requires applicants to enter their name and case type. The form does not allow for the enumeration of "the particular facts supporting the complaint," as is required by 45 CFR § 1636.2(a)(2) and is, therefore, not compliant with the Regulation.

LAA must take corrective action to ensure that the particular facts of a case be included in a 45 CFR Part 1636 statement, particularly if the type of case does not require a verified complaint. It should be noted that all case files reviewed where a Part 1636 statement was required contained a verified complaint and were, therefore, in compliance with the Regulation.

---

[7] As noted *infra*, LAA has made a conscious decision not to adopt the authorized exceptions stated at 45 CFR §§ 1611.5(a)(1) or (2).

Outreach Application

Considering that the Outreach Application is a simplified version of LAA's ACMS-based comprehensive intake screening, it is important that staff conducting outreach intake have a thorough understanding of LAA's eligibility requirements as many of the questions on the Outreach Application are stated in general terms. For example, exceptions to LAA's income ceiling are not listed on the Outreach Application nor does the application include a question concerning prospective income. *See* 45 CFR §§ 1611.5(a) and 1611.7(a)(1).

LAA must take corrective action to ensure that staff conducting intake utilizing the Outreach Application are screening applicants properly and applying the requirements of its financial eligibility policy in a manner that is consistent with the ACMS based intake screening conducted by the HelpLine.

Group Eligibility

Although LAA's financial eligibility policy authorizes group representation consistent with 45 CFR § 1611.6(a)(1), the majority of the intake staff that were interviewed during the on-site visit were unfamiliar with the requirements for making group eligibility determinations. As discussed *infra*, Springdale open Case No. 12E-101107136 lacked the financial eligibility documentation required by LSC regulations.

To the extent that LAA provides LSC funded group representation, LAA is required to take corrective action to ensure that group eligibility is determined in the manner required by LSC.

Accordingly, based on the foregoing, LAA is required to develop a plan of action designed to:

1. Ensure that its Part 1636 statement of fact enumerates the particular facts supporting the client's complaint;
2. Ensure that all financial eligibility determinations include reasonable inquiry regarding sources of the applicant's income, income prospects and assets; and
3. Ensure that group eligibility is determined in the manner prescribed by LSC for all groups receiving LSC funded legal assistance.

In its response to the DR, LAA stated that it has ceased the use of the "Record of Authorized Exceptions to Income Limitation and/or Asset Limitation" form and has developed and implemented a form that reflects the authorized exceptions adopted by LAA's governing body. The new form has been distributed to all staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored. LAA states that staff have received instruction on use of the form, and the HelpLine Manager is closely monitoring compliance.

LAA submitted a copy of the form with its comments and a review of the form confirms that the action taken by LAA is responsive to Required Corrective Action No. 1. The form contains only those exceptions adopted by LAA's governing body. Accordingly, Required Corrective Action No. 1 is closed.

Additionally, LAA has revised its Part 1636 statement of facts. The revised form has been distributed to all staff, along with proper instructions. The proper use of the revised form is stressed in LAA's newly revised Policy and Procedures Manual. The revised form and supporting Policy and Procedures Manual section have been posted in the "forms" section of LAA's website, and posted in the shared cloud where LAA forms are stored. LAA has instructed staff that when closing cases, and managers when reviewing open cases, to be mindful of the requirements of Part 1636.

LAA submitted a copy of the form with its comments and a review of the form confirms that the action taken by LAA is responsive to Required Corrective Action No. 2. The form contains a space allowing the user to enumerate the particular facts supporting the client's complaint. Accordingly, Required Corrective Action No. 2 is closed.

LAA also stated that it has re-distributed training materials on proper financial eligibility screening. Staff and managers have also been instructed to ensure that such determinations include sources of income, income prospects, and assets.

LAA attached a copy of an all staff e-mail dated November 13, 2013. A review of the e-mail and its attachments confirm that the action taken by LAA is responsive to Required Corrective Action No. 3. The instructions accompanying the e-mail outline the procedures for inquiring into an applicant's income, prospective income, and assets, and include sample questions. Accordingly, Required Corrective Action No. 3 is closed.

With respect to the Outreach Application, LAA responded that it has ceased using the Outreach Application. Its current policy is to complete full intake applications at outreach locations when access to its ACMS is available. Where access to its ACMS is not available, an alternative "call back request" form has been developed. The form, along with instructions for its use, have been distributed to all staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored.

Inasmuch as LAA has ceased using the Outreach Application, Required Corrective Action No. 4 is closed.

Regarding group eligibility, LAA stated that it has issued a directive from management to eligibility screeners setting forth the information to be collected when considering group representation. A copy of the directive was submitted along with LAA's comments. The directive instructs eligibility screeners to collect the group's most recent annual budget and/or financial report to determine if the group lacks, and has no practical means of obtaining, funds to retain private counsel. The directive further states that LAA will collect financial eligibility information from a sufficient number of the group's membership as to enable it to determine that the group is primarily composed of persons financially eligible for LSC funded legal assistance.

The directive is sufficient to close Required Corrective Action No. 5. However, OCE notes that there are groups that do not have annual budgets or financial reports. LAA could certainly decline to assist such groups, or it may want to engage in a line of inquiry designed to assess the

group's financial ability to afford private counsel. For example, LAA might inquire as to whether the group has a bank account, where the group meets and how it meets its expenses. By documenting such a line of inquiry, LAA could, consistent with 45 CFR § 1611.6, assist a group that lacked annual budgets or financial reports.

Similarly, LAA is certainly free to collect such financial information, or it can rely on the socioeconomic characteristics of the persons comprising the group and determine whether such characteristics are consistent with those of persons who are financially eligible for LSC funded legal assistance. *See* 45 CFR § 1611.6(b)(1)(i).

Finding 3: LAA demonstrated substantial compliance with the requirements of 45 CFR § 1611.4 and CSR Handbook (2008 Ed., as amended 2011), § 5.3.

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.[8] *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* 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, 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.

Prior to the on-site visit LAA submitted its financial eligibility policy to OCE. OCE reviewed the policy and, by e-mail dated June 26, 2013, advised LAA the policy lacked the statement required by 45 CFR § 1611.3(e). As well, the policy lacked the statement required by 45 CFR § 1611.3(b) specifying that only individuals and groups determined to be financially eligible under the policy and LSC regulations may receive LSC funded legal assistance. As these statements are required, LAA was advised that it would need to take corrective action to amend its policy to include such statements.

---

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

LAA was advised that in reviewing the policy, OCE assumed that it had made a conscious decision not to allow for a financial eligibility determination based on the circumstances described in 45 CFR §§ 1611.3(f), 1611.5(a)(1) or (2), or to allow for the eligibility of those groups described at 45 CFR § 1611.6(a)(2). LAA was advised that each of these sections are permissive and, consequently, no action by LAA was necessary.

At the outset of the on-site visit LAA presented the team with a revised financial eligibility policy, approved by its governing body on June 29, 2013, which included the statements required by 45 CFR §§ 1611.3(b) and (e), and included procedures for group eligibility determinations that are consistent with 45 CFR § 1611.6(a)(2). Otherwise, LAA also confirmed that it consciously determined not to allow financial eligibility determinations based on the circumstances described in 45 CFR §§ 1611.3(f), 1611.5(a)(1), or (2).

With one (1) exception, the LSC-funded cases that were reviewed during the visit contained the income documentation required by LSC.[9] The one (1) exception was Springdale open Case No. 12E-101107136, a group case that lacked the financial eligibility documentation required by LSC regulations. Specifically, the case lacked documentation of group's inability to pay for an attorney, as required by 45 CFR § 1611.6(a), and lacked any documentation that the group was primarily composed of financially eligible individuals or that the group's principal activity was the delivery of service to people who would themselves be financially eligible for LSC-funded legal assistance, as required by 45 CFR §§ 1611.6(a)(i) and (ii). Absent the documentation of financial eligibility required by LSC regulations, this case should be excluded from LAA's future CSR data submission to LSC.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 4: LAA demonstrated substantial compliance with the 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 policy, 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

[9] One (1) non-LSC funded group case reviewed that lacked the financial eligibility documentation required by LSC regulations. *See* Springdale open Case No. 12E-123117465. Eleven non-LSC funded cases were reviewed that involved clients whose incomes exceeded LAA's annual income ceiling and lacked documented consideration of LAA's authorized exceptions. *See* Mountain View open Case No. 13E-0119598, Springdale open Case Nos. 13E-123123052, 123121255, and 13E123123957, West Memphis open Case Nos. 13E-103124076, 13E-102123203, 13E-102123621, and 12E-102113777, and Springdale closed 2013 Case Nos. 13E-128122527, 13E-122939, and 13E-128118995. With the exception of the open Mountain View and Springdale cases, LAA had de-selected each of these cases prior to the visit.

except for categories of assets excluded from consideration pursuant to its Board-adopted asset eligibility policies.[10] *See* CSR Handbook (2008 Ed., as amended 2011), § 5.4.

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

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

As noted previously, prior to the visit LAA submitted its financial eligibility policy to OCE. It was noted that the policy distinguishes between liquid and non-liquid assets, *i.e.*, "Up to $2,000 in liquid assets ...". LAA was advised that this distinction was abandoned by LSC in favor of language that focuses more on the availability of the asset and the ease of converting the asset to cash. The language of Part 1611 is intended to require that recipients consider all assets upon which an applicant might draw in obtaining private legal counsel. In revising Part 1611, LSC determined that "liquid" and "non-liquid" characterizations obscured this understanding and, consequently, the terms were eliminated. *See* 70 *Federal Register* 45545, 45547 (August 8, 2005). LAA should do likewise.

It was further noted that LAA's assets policy excluded certain assets from consideration, namely:

- Up to $10,000 in the total cash value of an Individual Retirement Account or other retirement fund;
- Personal belongings (excepting such items as expensive jewelry, recreational vehicles, speedboats and other such items considered luxury or used only for entertainment or sports);
- The reasonable equity value of special equipment/vehicle equipped for use by the disabled or elderly; and
- Any assets legally considered as joint or marital property which would materially affect the applicant if attempts were made to liquidate these assets or which are not available to the applicant for liquidation.

LAA was advised that the list of excludable assets stated at 45 CFR 1611.3(d)(1) is exhaustive. Accordingly, LAA was advised that the above-listed assets may be excluded, but only to the extent that they are exempt from attachment under state or federal law.

[10] 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.

At the outset of the on-site visit LAA presented the team with a revised financial eligibility policy, approved by its governing body on June 29, 2013, which eliminated the distinction between liquid and non-liquid assets and conformed its asset exclusions to those listed in 45 CFR § 1611.3(d)(1).

Without exception, the LSC-funded cases that were reviewed during the visit contained the asset determination required by LSC.[11] However, one (1) non-LSC funded case was erroneously reported in LAA's 2012 CSR data submission. *See* Pro Bono closed 2012 Case No. 12E-103110317. This client's assets exceeded LAA's asset ceiling and the case file lacked evidence of a waiver.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 5: LAA demonstrated non-compliance with the verification requirements of 45 CFR §§ 1626.6 and 1626.7, and CSR Handbook (2008 Ed., as amended 2011), § 5.5.

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.[12] 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,

[11] One (1) non-LSC funded case was reviewed that involved a client whose assets exceeded LAA's asset ceiling and lacked evidence of a waiver. *See* Mountain View open Case No. 11E-107096333. LAA had de-selected the case prior to the visit.

[12] *See* Kennedy Amendment at 45 CFR § 1626.4.

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.

LAA has developed a policy and procedure to guide its staff in complying with Part 1626.[13] The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1626 and incorporates LSC Program Letters 05-2 and 06-2. Additionally, LAA has developed a citizenship attestation that is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5. For eligible aliens, LAA has developed a form, to be completed by the person conducting the intake, which identifies the applicants alien status and the document submitted by such applicant to verify his/her eligibility. LAA has also developed a form to document the citizenship/alien eligibility of citizens of the Republic of the Marshall Islands.

Four (4) of the cases that were reviewed during the visit lacked the citizenship/alien eligibility documentation required by LSC regulations and the CSR Handbook.[14] In Helena-West Helena open Case No. 12E-105118380, LAA explained that the client failed to return case opening documents, including a citizenship attestation, when they were mailed to him/her and the case advocate failed to bring the documents with him/her when attending the court hearing. The remaining three (3) exceptions, West Memphis closed 2011 Case No. 11E-105101879, and ACH closed 2011 Case Nos. 11E-124104870 and 11E-103101307, should have been excluded from LAA's 2011 CSR data submission, but were reported in error..[15]

Additionally, the team reviewed two (2) cases in which LAA provided legal assistance to or on behalf of a child and the citizenship attestation attested to the citizenship of the parent rather than the child. *See* ACH closed 2012 Case Nos. 12E-124108780 and 12e-124111939. Both cases were handled through one of LAA's Medical Legal Partnerships ("MLP") and involved children referred to LAA by the ACH. In both instances, the children lacked the capacity to execute the citizenship attestation.

LSC has long acknowledged that citizenship attestations for children and incompetent adults may be executed by a parent, legal guardian, guardian *ad litem*, or other legal representative of the child or incompetent. *See* 76 *Federal Register* 19409, 19412 (April 12, 1997). However, the attestation should clearly demonstrate that it is executed by such parent, guardian, etc. on behalf of the child or incompetent adult.

---

[13] At the time of the on-site visit, LAA was in the process of compiling all of its policies and procedures into an updated procedures manual.

[14] The team reviewed one (1) case that lacked the requisite citizenship/alien eligibility documentation that had already been de-selected at the time of the visit. *See* West Memphis open Case No. 13E-103124076.

[15] In another instance, the citizenship attestation was dated more than three (3) years after the case was opened. *See* Springdale open Case No. 10E-10183196. In Harrison closed 2011 Case No. 11E-104102019, the citizenship attestation was undated.

Accordingly, based on the foregoing, LAA is required to develop a plan of action designed to ensure compliance with the verification requirements of 45 CFR §§ 1626.6 and 1626.7, and CSR Handbook (2008 Ed., as amended 2011), § 5.5. Additionally, the team recommended that LAA amend the citizenship attestation form used by ACH to reflect that it is executed in a representative capacity.

In its response to the DR, LAA stated that it has ceased using the citizenship attestation that OCE observed during the visit and has replaced it with one that includes an attestation that clearly demonstrates that it is executed in a representative capacity. The new form, along with instructions for its use, has been distributed to all staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored.

LAA submitted a copy of the new form as an attachment to its comments. The form contains an attestation that is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5, as well as a form that demonstrates that it is being executed in a representative capacity.

LAA attached a copy of an all staff memo dated December 11, 2013. A review of the memo confirms that the action taken by LAA is responsive to Required Corrective Action No. 6. The memo instructs staff consistent with 45 CFR §§ 1626.6 and 1626.7, as well as LSC Program Letters 05-2 and 06-2. Accordingly, Required Corrective Action No. 6 is closed.

Finding 6: LAA demonstrated substantial compliance with the requirements of 45 CFR § 1611.9 (Retainer agreements).

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

The retainer agreement is to be executed when representation commences or as soon thereafter is practical and a copy is to be retained by the recipient. *See* 45 CFR §§ 1611.9(a) and (c). The lack of a retainer does not preclude CSR reporting eligibility.[16] Cases without a retainer, if otherwise eligible and properly documented, should be reported to LSC.

All of the LSC funded cases that were reviewed during the visit that required a retainer agreement contained one.[17] However, in two (2) instances the retainers were dated some three (3) years after the cases were opened, *see* Springdale open Case Nos. 10E-101083196 and 10E-

[16] 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.

[17] Two (2) non-LSC funded cases lacked a retainer agreement, *see* Springdale open Case No. 12E-123117465 and ACH open Case No. 12E-123115303, and four (4) failed to identify the legal problem for which representation was sought and/or the nature of the assistance to be provided. *See* ACH open Case No.12E-123118672, ACH closed 2012 Case Nos. 12E-124108780, 12E-124111939, and 12E-124106650, and Harrison closed 2011 Case No. 11E-104102019.

103089692, and in three (3) instances the retainers failed to identify the legal problem for which representation was sought and/or the nature of the assistance to be provided. *See* Harrison open Case No. 10E-104093052, Jonesboro open Case No. 10E-103086186, and West Memphis open Case No. 08E-103064037.

OCE noted that the agreement to participate used by the ACH lacks a place to identify the nature of the client's legal issue. Accordingly, LAA is required to revise its ACH retainer/agreement to include a place to identify the client's legal problem.

In its response to the DR, LAA stated that it appears that there may have been some confusion regarding the "Agreement to Participate" used at ACH for initial client contact. LAA explained that the form is not intended as, nor is it used as a substitute for the LAA client retainer agreement, which is still executed by those ACH clients with whom an attorney-client relationship is established. The Agreement to Participate is simply an initial form obtained when a person is referred to the MLP, more often than not, by ACH staff. LAA stated that the Agreement to Participate serves to facilitate communication between the medical and legal team concerning the potential client, and provides the potential client with information about the MLP.

Based on LAA's response to the DR, Required Corrective Action No. 7 is closed.

Finding 7: LAA demonstrated non-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). Recipients are required to maintain records sufficient to demonstrate their compliance and are also required to adopt written policies and procedures to guide its staff in complying with Part 1636. *See* 45 CFR § 1636.5.

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).

LAA has adopted a written policy that is consistent with Part 1636. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

As noted in Finding 2, LAA has developed a form to document its compliance with Part 1636. However, the form, as designed, does not allow the client or LAA to enumerate the particular facts supporting the client's complaint as required by 45 CFR § 1636.2(a)(2).

However, despite the deficiency in the design of the form, with one (1) exception the cases that were reviewed during the visit that required a Part 1636 statement of facts contained one. The one (1) exception was West Memphis open Case No. 08E-103064037. Most of the cases that required a statement contained verified pleadings signed by the client. In other instances, the form had been annotated to enumerate the particular facts supporting the client's complaint.

Based on the foregoing, LAA is required to develop a plan of action to ensure compliance with 45 CFR § 1636.2(a)(2) and submit the same for OCE review.

In response to the DR, LAA stated that it has revised its Part 1636 statement of facts, has instructed staff to ensure that the statement is present when required, and has instructed managers engaged in open case reviews to be mindful of the requirement.

OCE finds LAA's response sufficient and no further action is warranted.

Finding 8: LAA demonstrated 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, LAA provided OCE with a statement of its priorities for the years 2011, 2012, and 2013. Stated generally, LAA's priorities are consistently stated from year to year as family law, including protection from domestic violence, housing, wills, estates and powers of attorney, consumer law, LITC, education, disability rights, employment, healthcare, and public benefits. Each of the staff that were interviewed during the visit indicated their familiarity with LAA's priorities.

Without exception, all of the cases that were reviewed during the visit were within LAA's priorities.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 9: LAA demonstrated substantial compliance with the requirements of CSR Handbook (2008 Ed., as amended 2011), § 5.6, (Legal Assistance Documentation Requirements).

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

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

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

With 11 exceptions, the majority of the cases that were reviewed during the visit contained a description of the legal assistance provided to the client. *See* ACH open Case No. 12E-123118214, Jonesboro open Case No. 13E-127123847, West Memphis open Case No. 13E-107123313, Springdale open Case No. 13E-128122760, Jonesboro closed 2013 Case No. 12E-0018403, Springdale closed 2013 Case Nos. 13E-123119745 and 13E-123118817, Mountain View closed 2013 Case Nos. 13E-107122546, 13E-107121377, and 12E-106118295, and Mountain View closed 2012 Case No. 12E-103111987. At the time of the visit, LAA had already de-selected all of these cases, save for the Mountain View closed 2012 case, which was reported in error.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 10: The cases that were reviewed during the visit demonstrated that LAA's application of the CSR case closure categories is substantially compliant with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011).

The CSR Handbook defines the categories of case service and provides guidance to recipients on the use of the closing codes in particular situations. Recipients are instructed to report each case

according to the type of case service that best reflects the level of legal assistance provided. *See* CSR Handbook (2008 Ed., as amended 2011), § 6.1.

LAA's application of the CSR case closure categories was substantially compliant with the CSR Handbook (2008 Ed., as amended 2011). Only 12 (2%) of the files that were reviewed during the visit contained CSR case closure categories that were inconsistent with Chapter VIII, CSR Handbook (2008 Ed., as amended 2011). *See* Helena-West Helena closed 2013 Case No. 10E-123120813 (closed as "extensive service," but the level of assistance disclosed by LAA was more consistent with "agency decision"); Pro Bono closed 2013 Case No. 12E-123117491 (closed as "negotiated settlement with litigation," but the level of assistance disclosed by LANWT was more consistent with "court decision"); Mountain View closed 2013 Case No. 13E-103120401 (closed as "limited action," but the level of assistance disclosed by LAA was more consistent with "court decision"); Mountain View closed 2013 Case No. 13D-103119703 and Harrison closed 2012 Case No. 12E-10511113 (closed as "extensive service," but the levels of assistance disclosed by LAA were more consistent with "court decision"); Pro Bono closed 2012 Case No. 10E-103081255 (closed as "agency decision," but the level of assistance disclosed by LAA was more consistent with "court decision"); Harrison closed 2012 Case No. 10E-103090254 and Mountain View closed 2011 Case No. 11E-101096665 (closed as "negotiated settlement with litigation," but the levels of assistance disclosed by LAA were more consistent with "extensive service"); Mountain View closed 2011 10E-103089493 and Harrison closed 2011 Case No. 11E-104102019 (closed as "negotiated settlement with litigation," but the levels of assistance disclosed by LAA were more consistent with "court decision"); Harrison closed 2013 Case No. 13E-0119123 (closed as "court decision," but the level of assistance disclosed by LAA was more consistent with "counsel and advice"); and Harrison closed 2012 Case No. 11E-127104112 (closed as "counsel and advice," but the level of assistance disclosed by LAA was more consistent with "limited action").

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 11: LAA demonstrated substantial compliance with CSR Handbook (2008 Ed., as amended 2011), § 3.3 (Timely closing of cases).

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).[18] There is, however, an exception for limited service cases opened after

[18] 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

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).

With three (3) exceptions, the cases that were reviewed were either timely closed or active. The exceptions were Helena-West Helena open Case No. 10E-105091786, West Memphis open Case No. 11E-102105308, and West Memphis closed 2013 Case No. 11E-101102114. All three (3) of these cases had been de-selected prior to the visit.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 12: LAA demonstrated substantial 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 (1) type of assistance to the same client during the same reporting period, in an effort to resolve essentially the same legal problem, as demonstrated by the factual circumstances giving rise to the problem, the recipient may report only the highest level of legal assistance provided. *See* CSR Handbook (2008 Ed., 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.

Two (2) duplicates were identified during the visit. LAA identified one (1) case as a duplicate during its management review. *See* Mountain View closed 2013 Case No. 13E-107121377.

---

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).

LAA explained that the duplicate case was opened because of different spellings of the client's last name. LAA had already de-selected the case at the time of the visit.

The second duplicate was ACH closed 2013 Case No. 123118761. This case involved the same client and legal problem as ACH closed 2013 Case No. 12-123118763. LAA had already de-selected ACH closed 2013 Case No. 123118761 at the time of the visit.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 13: LAA demonstrated compliance with the requirements of 45 CFR Part 1604 (Outside practice of law).

Part 1604 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.

Prior to the visit LAA submitted its Part 1604 policy to OCE and a list of all attorneys who have, or had, engaged in the outside practice of law during the period January 1, 2011 and May 30, 2013. The list included the attorneys' full name, the office to which such attorney was assigned, the nature of the outside practice, and the name of the person that approved the outside practice.[19]

OCE reviewed the policy and, by e-mail dated June 26, 2013, advised LAA that although its policy is compliant with Part 1604, it should consider delineating those factors used to guide the determination that outside practice is consistent with the particular attorney's responsibilities to LAA's clients.

The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

Based on the interviews with the Executive Director and the persons identified on the list, LAA demonstrated compliance with 45 CFR Part 1604. However, OCE recommends that LAA

[19] The list identified an attorney in the Helena-West Helena office who the team determined is a part-time attorney, and, as such, is not covered by Part 1604.

consider delineating those factors used to guide its determination that outside practice is consistent with the particular attorney's responsibilities to LAA's clients.

In its response to the DR LAA stated that this recommendation has been implemented.

Finding 14: LAA demonstrated compliance with the requirements of 45 CFR Part 1608 (Prohibited political activities).

LSC regulations prohibit recipients from expending grants funds or contributing personnel or equipment to any political party or association, the campaign of any candidate for public or party office, and/or for use in advocating or opposing any ballot measure, initiative, or referendum. *See* 45 CFR Part 1608.

Interviews with the Executive Director and staff attorneys demonstrated their familiarity with Part 1608 and its restrictions. LAA has adopted a written policy to guide its staff in complying with Part 1608. The policy is consistent with LSC regulations.

None of the persons that were interviewed during the visit were aware of LAA's involvement in any political activity. Similarly, none of the cases that were reviewed during the visit indicated LAA's involvement in any such activity. An examination of LAA's check register for the period 2011 through May 30, 2013 revealed no improprieties. The printed materials available in LAA's offices consisted of self-help and informational brochures. Additionally, pages and links from the LAA web-site were reviewed and a search of on-line news articles mentioning LAA were reviewed for indications of relationships with political candidates, activities, or entities. No indication of prohibited political activities was found.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 15: LAA demonstrated compliance with the requirements of 45 CFR Part 1609 (Fee-generating cases). However, LAA was required to revise its manner of accounting for attorneys' fees.

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 (2) private attorneys; neither the referral service nor two (2) 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).

Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1609, and are required to maintain records sufficient to document their compliance. *See* 45 CFR § 1609.6 LSC has also prescribed certain specific, mandatory recordkeeping requirements and forms for fee-generating cases. *See* LSC Memorandum to All Program Directors (December 8, 1997).

In light of recent regulatory changes, LSC has prescribed certain specific requirements for fee-generating cases. *See* Program Letters 09-3 (December 17, 2009) and 10-1 (February 18, 2010). LSC has 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 of December 16, 2009 through March 15, 2010. Enforcement activities related to claims for attorneys' fees filed prior to December 16, 2009, or fees collected or retained prior to December 16, 2009, are no longer suspended and any violations which are found to have occurred prior to December 16, 2009 will subject the grantee to compliance and enforcement action. Additionally, the regulatory provisions regarding accounting for and use of attorneys' fees and acceptance of reimbursement from clients remain in force, and violations of those requirements, regardless of when they have occurred, will subject the grantee to compliance and enforcement action

LAA has adopted a written policy concerning fee-generating cases. Although the policy did not reflect the most recent amendments to Part 1609, *see* 76 *Federal Register* 23502 (April 27, 2011), when advised of that fact during the visit, LAA made the necessary changes. As amended, the policy is consistent with Part 1609. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same. All personnel that were interviewed during the visit indicated their familiarity with the policy and Part 1609, and none of them were aware of LAA's involvement in any fee-generating cases. None of the cases that were reviewed during the visit involved legal assistance with respect to a fee-generating case.

It was noted, however, that although the LAA Accounting Manual contains a cash receipts policy, it did not include a process for recording derivative income, such as attorneys' fee awards, directly to the appropriate funding source. In 2011, LAA received three (3) awards totaling $1,500.00 in case related cost recoveries, and attorneys' fees. In 2012, LAA received one (1) award netting $2,938.68 in attorneys' fees and costs. It was noted that all derivative income - attorney fees, interest, and rents - was attributed to LSC by the independent auditor in both 2011 and 2012.

Based on the foregoing, LAA was required to revise its Accounting Manual to include a process, consistent with 45 CFR § 1630.12 and the LSC Accounting Guide, §§ 2-2.6 and 2-2.7, for recording derivative income.

In response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with 45 CFR § 1630.12 and the pertinent sections of the LSC Accounting Guide regarding attorney fee awards and derivative income. LAA stated that the revisions have been reviewed by its Audit/Finance Committee and were approved by the full board of directors at its December 7, 2013 meeting.

LAA submitted a copy of the revision as an attachment to its comments. The revision is consistent with 45 CFR § 1630.12 and the LSC Accounting Guide, §§ 2-2.6 and 2-2.7. Accordingly, Required Corrective Action No. 8 is closed.

Finding 16: A limited review of LAA's organizational chart, observations of the physical locations of LAA's offices, and interviews with staff indicate that LAA is in compliance with 45 CFR Part 1610 (Use of non-LSC funds, transfer of LSC funds, program integrity). However, a limited review of LAA's accounting and financial records indicated non-compliance with 45 CFR § 1610.5.

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).

The regulation also prohibits recipients from accepting non-LSC funds greater than $250.00, unless the recipient provides the source of the funds written notification of the prohibitions and conditions which apply to the funds. *See* 45 CFR § 1610.5.[20]

A limited review of LAA's organizational structure and its financial records, observation of its physical locations, and interviews with staff indicated that LAA is in compliance with 45 CFR § 1610.8(a). LAA does not share office space or personnel, and the only transfer of LSC funds is the subgrant agreement referenced in Finding 18, *supra*, to Center for Arkansas Legal Services ("CALS").

However, during the assessment of LAA's compliance with 45 CFR § 1610.5, OCE noted that LAA received funding from Arkansas Access to Justice in excess of $250.00, but did not provide the notification required by the regulation.

---

[20] Generally, notification should be provided before the recipient accepts the funds. Thus, notice should be given during the course of soliciting funds or applying for a grant or contract. However, for unsolicited donations where advance notice is not feasible, notice should be given in the recipient's letter acknowledging the contribution. The notice requirement applies to funds received by recipients as grants, contracts or charitable donations from funders other than the Corporation, which are intended to fund the nonprofit work of the recipient. It does not include funds received from sources such as court payment to attorneys for their work under court appointments; nor does it include payments to the recipient for rent, bank interest, or sale of goods, such as manuals. *See* 62 *Federal Register* 27696 (May 21, 1997).

Based on the foregoing, LAA was required to develop a plan to ensure compliance with 45 CFR § 1610.5.

In its response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with the requirements of 45 CFR § 1610.5. LAA stated that the revisions have been reviewed by its Audit/Finance Committee and were approved by the full board of directors at its December 7, 2013 meeting.

LAA submitted a copy of the revision as an attachment to its comments. The revision is consistent with 45 CFR § 1610.5. Accordingly, Required Corrective Action No. 9 is closed.

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

LSC regulations require LSC recipients to devote an amount equal to at least 12.5% of its LSC annualized basic field award to the involvement of private attorneys in the delivery of legal assistance to eligible clients. This requirement is referred to as the private attorney involvement, or "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.

Recipients are required to develop a PAI Plan and budget. *See* 45 CFR § 1614.4(a). The annual plan shall take into consideration the legal needs of eligible clients in the geographical area, the delivery mechanisms potentially available to provide the opportunity for private attorneys to meet legal needs, and the results of consultation with significant segments of the client community, private attorneys and bar associations, including minority and women's bar associations. The recipient must document that its proposed annual Plan has been presented to all local bar associations and the Plan shall summarize their response. *See* 45 CFR §§ 1614.4(a) and (b).

Additionally, 45 CFR Part 1614 requires that recipients utilize a financial management system and procedures that document its PAI cost allocations, identify and account for separately direct

and indirect costs related to its PAI effort, and report separately the entire allocation of revenue and expenses relating to the PAI effort in its year-end audit.

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

LAA's PAI is entirely pro bono and operates as part of the Arkansas Pro Bono Partnership ("Partnership"). The Partnership was established to expand the pool of attorney volunteers to meet the civil legal needs of low-income Arkansans. It is the statewide registration and support system for the four (4) regional pro bono organizations, two (2) of which – AVLE and the Equal Access to Justice Panel ("EAJP") - operate out of LAA.

The Pro Bono Coordinator stated that EAJP began as a project of LAA's predecessor, Legal Aid of Northeast Arkansas, and works cooperatively with the state and local bar associations through the Partnership. Participating attorneys from across LAA's 31 county service area provide advice and representation to LAA's clients on a wide range of civil legal matters such as guardianships, divorce, adoption, bankruptcy, garnishment, wills, and tort defense.

The AVLE Coordinator described the program as a volunteer program that provides legal assistance to the elderly in a variety of areas, however, the majority of referrals are wills and powers of attorney. AVLE is funded by Title III and, as such, the referrals are generally not reported to LSC. Nonetheless, all person referred are required to document their citizenship/alien eligibility in accordance with Part 1626.

LAA provides primary malpractice coverage on all pro bono cases. In addition, the US District Court for Eastern Arkansas provides exemptions from federal civil court appointments for lawyers who are members of pro bono legal organizations, such as EAJP, that can certify that they have donated 20 or more hours of free legal services in the last 12 months. Pursuant to local rule, monetary contributions alone cannot exempt a lawyer from a civil court appointment. Attorneys must have actually represented a pro bono client in either litigation, or a non-litigation matter, the aggregate of which the attorney can certify required the expenditure of a minimum of 20 hours of time. Participating EAJP attorneys are eligible for free and discounted Continuing Legal Education ("CLE") courses and are afforded access to online resources, including an online legal library, Lexis/Nexis HotDocs technology, the Arkansas "Poverty Practice Law Manual," e-newsletter case alerts, and a mentor link that affords newer EAJP participants to consult with more experienced EAJP participants.

The AOD and the respective Work Groups assign the cases for pro bono referral. All applicants are screened by LAA to ensure their eligibility. All cases are reviewed prior to referral to determine whether the applicant has a legal problem that is within LAA's priorities and is not prohibited by the LSC Act, regulations or other applicable authority. In addition, prior to referral, the applicant is required to provide the necessary Part 1626 documentation. Referrals are made to EAJP participating attorneys according to their expressed interests and expertise.

EAJP participants designate how they wish to receive their cases: via mail, phone, fax or e-mail. Participants receive monthly e-mail case summaries of clients that need assistance. EAJP participants have five (5) working days to respond to a referral. Referrals that are not accepted are closed at the level of assistance provided by the legal interviewer. If no legal assistance is indicated, the case is returned to the appropriate Work Group. Once the client and attorney have been notified of the referral, the client contacts the participating attorney to schedule a time to meet concerning their legal problem.

The Pro Bono Coordinator is responsible for follow-up and oversight of the EAJP referrals as well as the ACH referrals to the participating attorneys from Wal-Mart's Legal Division. Participating attorneys are required to complete an Initial Case Report and return a copy to LAA. The Initial Case Report documents the participating attorney's acceptance or rejection and also informs LAA whether the client kept the appointment. If the case is accepted, it is tickled every three (3) months.

When the case is closed, the participating attorney is required to complete a Volunteer Closing Memo and return it to LAA. The memo requests that the attorney note the number of hours spent on the case, and provide a summary of the advice given or the result obtained along with any necessary documents. The memo also requests that the attorney note the level of assistance provided by assigning one of the CSR case closing categories. Upon receipt of the memo, the Pro Bono Coordinator reviews the materials submitted by the participating attorney and approves the case closing code selected by the attorney.

LAA's audited financial statements indicate that LAA met its PAI requirement in 2011. In 2012, it did not meet its requirement, but requested and received a waiver.

Direct and indirect attorney and paralegal costs are allocated to PAI on the basis of time sheets. Non-attorney and non-paralegal costs are allocated on the basis of reasonable operating data. However, the basis for allocating approximately half of LAA's subgrant to CALS as PAI was not clear. In 2012, LAA allocated $19,714.00 of its subgrant with CALS to PAI. CALS is the LSC funded legal services program in Little Rock. The 2012 subgrant was for $39,429.00 for the purpose of updating and maintaining content on the statewide website.[21] LAA was unable to explain the basis for the allocation. Consequently, in response to the DR, LAA was required to provide the reasonable operating data used as the basis for allocating approximately half of its subgrant to PAI.

---

[21] The amount of the subgrant approved by LSC was $41,274.00. LAA's audited financial statement for the period ending December 31, 2012 indicates a transfer of $39,429.00. Although minor changes of work program or changes in funding of less than 10% do not require prior LSC approval, recipients are nonetheless required to inform LSC, in writing, of such change. *See* 45 CFR § 1627.3(b)(3). It does not appear that LAA notified LSC of the change.

In its response to the DR, LAA stated that the basis for its allocation of 50% of the 2012 subgrant to CALS/Arkansas Legal Services Partnership ("ALSP") was a conversation with the director of ALSP in which the director estimated that amount. LAA explained that ALSP staff are not case handlers and, therefore, do not keep individual case time records. The time records they do keep are on CALS' – not LAA's – ACMS. At a later point, LAA does, however, state that more recently the ALSP director identified 35.29% of his subgrant related time in 2012 as pro bono, thus, accounting for nearly 70% of the amount that was allocated to PAI.

LAA stated that an additional basis for the allocation in 2012 was the Pro Bono Projects Report which was delivered to LAA at the end of 2012. According to LAA, the report shows a focused pro bono effort by ALSP during 2012, including staffing and coordinating the Arkansas Pro Bono Partnership; developing and distributing Pro Bono Case Alerts e-Newsletters on a monthly basis; developing, launching, and supporting the iPro Bono iPhone application; producing the 20 page Pro Bono Annual Report for insertion in the Arkansas Bar Association's *Arkansas Lawyer* magazine; maintaining the Pro Bono Portal on the website; online pro bono volunteer registration that resulted in the recruitment of 112 new attorneys in 2012; staffing and participating in the Arkansas Access to Justice Commission Pro Bono Committee; maintaining Pro Bono Social Media; and training for private attorneys and other members of the justice community. LAA stated that through these efforts, it had a banner pro bono year in terms of the number of volunteers, the number of cases referred, and the number of cases closed (up 17.7% from 2011).

However, beginning in 2013, the basis for allocating cost to PAI will be similar to the calculation of the ALSP Director's time. LAA stated that the 2014 subgrant agreement has been written so that PAI activities are diligently tracked and recorded, and LAA will receive a minimum of quarterly reports from the CALS fiscal office detailing grant expenditures that are chargeable to PAI, including summaries of time keeping records of the ALSP staff. The specific language reads:

> The ALSP will expend a minimum of 33% of the subgrant amount on Pro Bono, or Private Attorney Involvement, activities, said activities and associated record keeping complying with the requirements of 45 CFR § [sic] 1614. To fulfill this requirement, the ALSP Director will bill against this subgrant a minimum of 300 hours of PAI countable time and the assistant content developer a minimum of 100 hours. Benefits associated with these hours will be billed at a rate currently contemplated to be 22.8% of total pay. Any non-personnel PAI expenses associated with this subgrant and any travel or training associated with PAI activities will be clearly separated and reported to LAA. The ALSP and CALS will account to LAA quarterly regarding PAI expenditures associated with the subgrant.

LAA stated that CALS has voluntarily started doing this in the second half of 2013 for the balance of the year's subgrant.

OCE has considered LAA's comments and finds that while the time reported by the ALSP director is a reasonable basis for allocating portions of the subgrant to PAI, conversations with him are not. Nor does the Pro Bono Projects Report establish a reasonable basis for allocating portions of the subgrant to LAA's PAI requirement. However, the specific language of the 2014

subgrant agreement establishes a reasonable basis for allocating costs to PAI going forward and, accordingly, Required Corrective Action No. 10 is closed.

Finding 18: LAA demonstrated substantial compliance with 45 CFR Part 1627 (Subgrants and Membership Fees and Dues).

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.[22] Except that the definition does not include transfers related to contracts for services rendered directly to the recipient, *e.g.*, accounting services, general counsel, management consultants, computer services, etc., or contracts with private attorneys and law firms involving $25,000 or less for the direct provision of legal assistance to eligible clients. *See* 45 CFR §§ 1627.2(b)(1) and (b)(2); *see also*, 48 Federal Register 28485 (June 2, 1983) and 48 Federal Register 54207 (November 30, 1983).

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).

Additionally, 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, and contributions or gifts of LSC funds to another organization or an individual are also prohibited. *See* 45 CFR §§ 1627.4(a) and 1627.5.[23]

---

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

[23] Payment of membership fees or dues mandated by a government organization to engage in a profession, and payment of membership fees or dues from non-LSC funds is permissible. *See* 45 CFR § 1627.4(b).

LAA's 2011 and 2012 audited financial statements reported a subgrant by LAA to CALS. Copies of the independent audit of the sub-recipient reflected receipt of the funds and line item expenditures consistent with proposed budgets as submitted in the LAA application for subgrant approval.

A limited review of accounting records for the period 2011 through May 2013, disclosed that LAA is in compliance with 45 CFR § 1627.4. All non-mandatory dues and fees are paid with non-LSC funds.

However, according to LAA's Personnel Policy Manual, upon separation from employment, employees who are in good standing and have worked for LAA for at least a year or volunteered a minimum of 300 hours will receive a $25.00 gift card and will be treated to lunch or dinner by LAA. Employees who reach milestones for years of services with LAA, receive gift cards reflecting the number of years served, a recognition award, and lunch or dinner courtesy of LAA. Large milestones are recognized as follows: 5 years - $50.00, 10 years - $75.00, 15 years - $100.00, 20 years - $150.00, 25 years - $200.00, 30 years - $500.00 or comparable gift. The cost associated with such policy is allocated to LAA's LSC fund.

On February 25, 2013, LAA used its credit card to purchase gift cards for two (2) employees who were separating from service and one (1) employee who had reached a five (5) year milestone. The purchase totaled $112.85 - $100.00 for the gift cards and $12.85 in fees - and was charged to LAA's LSC fund.

The DR required LAA to calculate the total costs charged to its LSC fund that were incurred in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013, and to demonstrate the allowability of such costs in accordance with 45 CFR § 1630.3(a). Even assuming the allowability of the costs to LAA's LSC grant, they should have been equitably apportioned among all of LAA's grants. *See* OMB Circular A-122, Appendix B, 13.(b).

In its response to the DR, LAA stated that the total cost charged to its LSC fund in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013 was $1,550.00. LAA explained that the cards were awarded pursuant to its policy, except that a $500.00 award was made to the Executive Director by the governing body following the Executive Director's 2011 performance review. LAA stated that the award was performance based and was made after the Executive Director refused an increase in salary.

LAA stated that after careful review of 45 CFR § 1630.3(a) and the relevant sections of OMB Circular A-122, out of an abundance of caution, it will change its accounting manual and Personnel Manual at the December 7, 2013 board meeting to provide clarification that such awards are performance based and will not be charged to its LSC fund or other Federal funds. Further, all awards made in 2013 will be charged to non-LSC funds.

Based on LAA's response, Required Corrective Action No. 11 is closed. Nevertheless, LAA is advised that incentive compensation paid to employees is an allowable expense, provided the overall compensation is determined to be reasonable and the compensation is paid pursuant to an

established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment. *See* OMB Circular A-122, App. B., 8.j. Arguably, the gift cards awarded to employees for years of service is a form of incentive compensation that is both reasonable in amount and paid pursuant to an established LAA policy. As such, the costs of the gift cards to employees for years of service is arguably an allowable expense to LAA's LSC fund. It should, nonetheless, be allocated among LAA's funding sources and LAA is advised to consult with its independent public auditor to determine whether such awards are reportable as income to the employee.

Finding 19: LAA demonstrated compliance with the 45 CFR Part 1635 (Timekeeping requirements).

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

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

A review of eight (8) attorney and paralegals timekeeping records selected from all of LAA offices for the first two pay periods in March of 2013 and March of 2012 disclosed that the records are electronically and contemporaneously kept, and the time spent on each case, matter or supporting activity is recorded in compliance with 45 CFR §§ 1635.3(b) and (c).

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 20: LAA demonstrated compliance with the requirements of 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.[24] However, with the enactment of LSC's FY 2010 consolidated appropriation, the statutory restriction on claiming, collecting or retaining attorneys, fees was lifted. Therefore, 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. Claims for, collection of, or retention of attorneys' fees prior to December 16, 2009 may, however, result in enforcement action. *See* LSC Program Letter 10-1 (February 18, 2010).[25]

According to the Executive Director, LAA did not request, collect, or retain any attorneys' fees during the review period. A limited review of LAA's fiscal records, including the FY 2011 and 2012 audited financial statements, and interviews with the Fiscal Officer, confirms that LAA did not request, collect, or retain any attorneys' fees during the review period.

None of the cases that were reviewed during the visit contained a claim for attorneys' fees. Nor did LAA's financial records reveal any activity inconsistent with the former Part 1642.

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 21: LAA demonstrated substantial compliance with the requirements of 45 CFR Part 1612 (Restrictions on lobbying and certain other activities). However, permissible expenditures of non-LSC funds are not directly tracked by the accounting system.

The purpose of 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

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

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

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. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1612, and also required to maintain separate records documenting the expenditure of non-LSC funds for permissible legislative and rulemaking activities. *See* 45 CFR §§ 1612.10(b) and 1612.11.

LAA has adopted a written policy to guide its staff in complying with Parts 1612. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with 45 CFR Parts 1612. The Executive Director stated that, in 2012, the Litigation Director was appointed to serve on a non-legislative commission to study Arkansas landlord-tenant laws. As noted, this activity was reported to LSC in LAA's 2012 semi-annual legislative activity report, and was reported as non-LSC funded. Otherwise, LAA has not engaged in legislative or administrative activity.

Cash disbursements for 2011 through May 30, 2013, were examined and no indications of prohibited activities were noted. However, examination of time records and travel reimbursements for those persons identified in LAA's semi-annual reports as having participated in permissible legislative activity reveal that, contrary to LSC regulations, the costs associated with such activity were originally charged to LAA's LSC fund. The charges were then reversed and charged to a non-LSC fund during the year-end multi fund adjustment. Although LAA's procedure enables it to approve, track, and report permissible legislative and rulemaking activities, neither the LAA Accounting Manual nor its Personnel Policies made provisions for accounting for the costs of permissible Part 1612 activities within its accounting system.

Based on the foregoing, LAA was required to establish a separate chart of accounts expense code for Part 1612 activities and revise its Accounting Manual to include a procedure, consistent with 45 CFR § 1612.10(b), for the maintenance of separate records documenting the expenditure of non-LSC funds for permissible legislative and rulemaking activities.

In its response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with 45 CFR § 1612.10(b). LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting.

LAA also stated that its accounting software provider is in the process of upgrading to a new system using a newer SQL database. LAA is waiting for the upgrade to be completed, but in the meantime it will continue to use its current software to maximum capability. Thereafter, it will analyze the upgrade when available and determine whether to upgrade, or change to another provider, budget permitting. LAA stated that this will be done in conjunction with the purchase of a new ACMS.

LAA stated that all fiscal/management staff have been made aware of the revision and will sign a statement that they understand and will comply with the policy. An updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

LAA submitted a copy of the revisions with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action No. 12 is closed.

Finding 22: LAA demonstrated compliance with the requirements of 45 CFR Parts 1613 (Restrictions on legal assistance with respect to criminal proceedings) and 1615 (Restrictions on actions collaterally attacking criminal convictions).

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

The Executive Director stated that LAA does not provide legal assistance with respect to criminal proceedings, nor does it provide legal assistance in actions collaterally attacking a criminal conviction. As well, interviews were conducted with several staff to gauge their understanding and awareness of Parts 1613 an 1615. The staff that were interviewed were aware of the restriction and stated that they were not aware of LAA's involvement in criminal proceedings or any involvement in action collaterally attacking a criminal conviction.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 23: LAA demonstrated 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).[26] The regulation also requires that recipients adopt written policies and procedures to guide its staff in complying with Part 1617. *See* 45 CFR § 1617.4.

LAA has adopted a written policy to guide its staff in complying with Part 1617. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1617. Interviews with the Executive Director and staff attorneys indicated that LAA does not - and has not – initiated or participated in any class action. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1617. The staff that were interviewed were aware of the restriction and stated that they were not aware of LAA's involvement in any class actions.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 24: LAA demonstrated 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. The regulation requires that recipients adopt written policies to implement the requirements of Part 1632. *See* 45 CFR § 1632.4.

LAA has adopted a written policy to guide its staff in complying with Parts 1632. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1632. Interviews with the Executive Director indicated that LAA is not involved in any activities prohibited by 45 CFR § 1632.3. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1632. The staff

[26] 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).

that were interviewed were aware of the restriction and stated that they were not aware of LAA's involvement in any redistricting activity.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

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

Recipients are prohibited from defending any person in a proceeding to evict the person from a public housing project if the person has been charged with, or has been convicted of, the illegal sale, distribution, manufacture, or possession with intent to distribute a controlled substance, and the eviction is brought by a public housing agency on the basis that the illegal activity threatens the health or safety or other resident tenants, or employees of the public housing agency. *See* 45 CFR § 1633.3. Recipients are required to adopt written policies and procedures to guide its staff in complying with Part 1633, and are also required to maintain records sufficient to document their compliance with Part 1633. *See* 45 CFR § 1633.4.

LAA has adopted a written policy to guide its staff in complying with Part 1633. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1633. Interviews with the Executive Director indicated that LAA does not defend persons charged with, or convicted of, sale, distribution, manufacture, or possession with intent to distribute a controlled substance who are being evicted by a public housing agency on the basis of such illegal activity. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1633. The staff that were interviewed were aware of the restriction and stated that they were not aware of LAA's defense of any person in a narcotics related eviction.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 26: LAA demonstrated compliance with the requirements of 45 CFR Part 1637 (Representation of prisoners).

Recipients may not participate in any civil litigation on behalf of a person incarcerated in a federal, state, or local prison, whether as plaintiff or defendant; nor may a recipient participate on behalf of such incarcerated person in any administrative proceeding challenging the condition of the incarceration. *See* 45 CFR § 1637.3. Recipients are required to maintain records sufficient to document their compliance and adopt written policies and procedures to guide its staff in complying with Part 1637. *See* 45 CFR § 1637.5.

LAA has adopted a written policy to guide its staff in complying with Part 1637. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same. The policy is consistent with Part 1637.

Interviews with the Executive Director indicated that LAA does not provide representation to incarcerated persons. As well, interviews were conducted with several staff to gauge their understanding and awareness of Part 1637. The staff that were interviewed were aware of the restriction and stated that they were not aware of LAA's involvement in any civil litigation on behalf of a prisoner.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 27: LAA demonstrated 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.[27] This restriction has been contained in all subsequent appropriations acts. This restriction is a strict prohibition from being involved in a case in which the program actually solicited the client. As stated clearly and

[27] *See* Section 504(a)(18).

concisely in 45 CFR § 1638.1: "This part is designed to ensure that recipients and their employees do not solicit clients."

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

LAA has adopted a written policy to guide its staff in complying with Part 1638. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1638. Interviews with the Executive Director and staff attorneys indicated that LAA has not engaged in solicitation.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 28: LAA demonstrated compliance with the requirements of 45 CFR Part 1639 (Welfare Reform).

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

LAA has adopted a written policy to guide its staff in complying with Part 1639. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1639. Interviews with the Executive Director and staff attorneys indicated that LAA does not provide legal assistance, or engage in any other type of

activity related to welfare reform. The staff that were interviewed were aware of the restriction and stated that they were not aware of LAA's involvement in any activity related to welfare reform.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 29: LAA demonstrated 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. The regulations also require that recipients adopt written policies to guide its staff in complying with Part 1643. *See* 45 CFR § 1643.5.

LAA has adopted a written policy to guide its staff in complying with Part 1643. The Executive Director and the staff attorneys interviewed during the on-site visit stated that all personnel are provided a copy of LSC's regulations and a copy of the Procedures Manual containing the policy. All such personnel are required to acknowledge receipt of such materials and familiarize themselves with same.

The policy is consistent with Part 1643. Interviews with the Executive Director and staff attorneys indicated that LAA does not provide legal assistance, or engage in any other type of activity related to assisted suicide, euthanasia or mercy killing. Staff interviews indicated their familiarity with the restriction and stated that they were not aware of LAA's involvement in any activity related to assisted suicide, euthanasia, and mercy killing.

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

Finding 30: LAA demonstrated compliance with the requirements of LSC statutory prohibitions against abortion related legal assistance (LSC Act, § 1007(a)(8); 42 USC § 2996f(b)(8)), school desegregation litigation (LSC Act, § 1007(a)(9); 42 USC § 2996f(b)(9)), and Military Selective Service Act or desertion related legal assistance (LSC Act, § 1007(a)(10); 42 USC § 2996f(b)(10)).

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

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

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

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

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

In response to the DR, LAA offered no comments relative to this Finding. Accordingly, OCE has made no revisions to this Finding.

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

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

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

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

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

An LSC recipient, under the direction of its governing body, is required to establish and maintain adequate accounting records and internal control procedures. Internal control is defined as a process put in place, managed and maintained by the recipient's governing body and management which is designed to provide reasonable assurance of achieving the following objectives: (1) safeguarding of assets against unauthorized use or disposition; (2) reliability of financial information and reporting; and (3) compliance with regulations and laws that have a direct and material effect on the program. *See* Chapter 3 of the LSC Accounting Guide.

Accounting/Fiscal Policies and Procedures

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

Accounting Manual

LAA has an Accounting Manual that it supplements with policy statements. The Manual, and supplements, are provided to all employees, and are available to staff on the internal website. The LAA Accounting Manual was last revised and approved by the Board of Directors on December 6, 2008. The LAA Accounting Manual provided to LSC reviewers for this review had numerous revisions made subsequent to the last Board approval. However, as noted in Findings 15 and 21, *supra*, further revisions were warranted.

Accordingly, LAA was required to develop a plan of action designed to update its Accounting Manual to reflect financial policies for recording and reporting the expenditure of funds for legislative and rulemaking activity, accounting for derivative income, and ensuring compliance with 45 CFR § 1627.5.

Payroll Policy

The LSC Accounting Guide, § 3.5.5(a) requires that payroll records should list all payments to employees by name, check number, gross pay, withholdings, and net pay. An attendance record or time record shall be maintained for each employee and shall be approved by the employees' supervisor. Each employee shall have a payroll/personnel file which includes, among other things, documentation concerning appointments, position reclassifications, salary information, evaluations, promotions, and terminations. Section 3.5.5(b) requires that salary and wage rates should be approved in writing by an authorized individual and adjustments to payroll disbursements should be approved by an authorized individual independent of payroll preparation. Payrolls should be disbursed from an imprest bank account restricted for that purpose. Deposits to the payroll account should be controlled by an authorizing procedure which prevents duplicate deposits and over deposits.

Program Letter 08-2 noted that the GAO referred to salary advances as "interest free loans" and while not prohibited, recipients must have written Policies and Procedures governing such advances and ensuring timely repayment.

The LAA Personnel Policy Manual establishes hiring and selection policies, as well as the method by which compensation is established. The LAA Executive Director makes an annual recommendation to the Board of Directors regarding the salary and pay grade structure. The

LAA Board of Directors approves any changes to the salary plan and such approvals are reflected in Board minutes.

LAA utilizes the position of Director of Human Resources to establish segregation of duties within the Personnel/Payroll functions. Upon hire, the Director of Human Resources is responsible for obtaining required employment documents, *i.e.*, IRS Forms W-4, Employment Eligibility Form I-9, etc., LAA employment documents , *i.e.*, resume, employment application, direct deposit authorization, etc., and for providing of and obtaining acknowledgement of LAA policies, *i.e.*, Personnel Policies Manual, LSC regulations, etc.. Employees are required to acknowledge in writing the receipt of items and to agree to access the internal website for additional policies and procedures.

All payroll changes from hire, probation, promotion, pay change to termination in its various forms must be submitted by management on a standard "LAA Personnel Action Form," approved at hire by the Director of Human Resources, and initiated subsequently by the employee's supervising manager, prior to being routed to accounting.

LAA payroll is bi-weekly and the payroll register is approved by the Executive Director prior to forwarding to the bank for processing as direct deposits to the employee's designated account(s).[28] The bank furnishes LAA with a report reflecting the transaction which is reconciled with the LAA Payroll Register. While LAA has provisions for staff travel advances, it does not allow salary advances.

Chart of Accounts

The LAA Accounting Manual, developed in 2008 with use of an outside consultant, defines a chart of account number as consisting of three (3) segments: fund, location, and account number. LAA's Accounting Manual sufficiently instructs the accounting staff on the procedures to be followed when setting up a new or renewing grant. However, as noted in Finding 21, *supra*, LAA has not instituted the fund accounting policies established in the manual.

Contrary to the LAA Accounting Manual, the chart of accounts, while reflecting the designated three segments – fund, location and account number - reflects a single code in the "fund" source segment in all accounts. In prior years, LAA used the "location" code as a limited substitute for segregation of LSC and non-LSC funds. The Fiscal Officer recognized the limitations of the practice and at the time of his hire instituted a practice of assigning new grants specific "location" codes, although LAA still does not use the actual "fund" code.

As presently utilized, the accounting system is not capable of fund accounting and requires extensive subsidiary recordkeeping and adjusting entries which is only fully accomplished at year-end. The year-end multi fund adjustments are so extensive that tracing any individual transaction is problematic. As a result, while consolidated revenue and expense data is readily available, the Board of Directors and LAA management are limited in their timely receipt of fund specific financial information.

[28] All employees are on direct deposit.

A review of the capabilities of LAA's accounting modules currently indicates that the software is fully capable of fund accounting, allowing for specified grant periods, restricted funds, individual grant reporting, etc. It also allows for chart of account numbers of up to 50 positions in six (6) segments.

Accordingly, LAA was required to comply with the requirements of LSC Accounting Guide § 2-1.2 by implementing the procedures established in its own LAA Accounting Manual to initiate fund based accounting by utilizing the fund accounting capabilities of its accounting software, and once the accounting system fund codes were properly established, they should also be utilized as the Kemp's ACMS fund codes.

Board Oversight

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

The LSC Accounting Guide also recommends that a program have an Audit Committee whose role, (subject to any requirements of state law): includes: hiring the auditor; setting the compensation of the auditor; overseeing the auditor's activities; setting rules and processes for complaints concerning accounting practices and internal control practices; reviewing the annual IRS Form 990 for completeness, accuracy, and on-time filing and providing assurances of compliance to the full board; and ensuring the recipient's operations are conducted and managed in a manner that emphasizes ethical and honest behavior, compliance with applicable laws, regulations and policies, effective management of the recipient's resources and risks, and accountability of persons within the organization. In the event a governing body does not have a separate audit committee, the functions of the audit committee should be performed by the finance committee.

While it is recognized that some boards due to their small size and other considerations will decide not to have a separate audit committee, nevertheless it is generally considered a best practice for governing bodies to have both a finance committee and a separate audit committee. The critical point is that all of the finance and audit committee duties listed above must be performed by a financial oversight committee(s). It is also critical, and considered a best practice, that the financial oversight committee(s) have at least one (1) member who is a financial expert or for the board to have access to a financial expert.[29]

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

The LAA Board of Directors has an Executive Committee that is empowered to exercise such authority over the management and business of LAA as the Board of Directors deems appropriate. LAA also has an Audit/Finance Committee that provides assistance to the Board of Directors in fulfilling its fiduciary responsibilities relative to accounting and reporting practices. The Audit/Finance Committee guides the selection of the independent public auditor, meets with the auditor for an exit conference at the completion of the audit, reviews the LAA budget and makes recommendations to the Board of Directors, maintains communication between the Board of Director and the auditor, and meets with the auditor to discuss and/or inquire about audit reports, financial statements, and the effectiveness of LAA's management of accounting and financial functions.

During the visit, OCE interviewed LAA's Board Chair via telephone concerning the level of financial oversight exercised by the LAA Board of Directors. OCE was advised that the Board of Directors receives financial and accounting reports at its quarterly meetings from the Fiscal Officer. However, it was also disclosed that the Board of Directors does not review the IRS Form 990 for completeness, accuracy, and on time filing to assure compliance.

As such, LAA was required to develop a plan of action designed to ensure that the Board of Directors, or a committee thereof, reviews the IRS Form 990 for completeness, accuracy and on-time filing each year.

Segregation of Duties

Accounting duties should be segregated to ensure that no individual simultaneously has both the physical control and the record keeping responsibility for any asset, including, but not limited to, cash client deposits, supplies and property. Duties must be segregated so that no one individual can initiate, execute, and record a transaction without a second independent individual being involved in the process." *See* LSC Accounting Guide, § 3-4.3.

Review of the LSC Segregation of Financial Duties Worksheet, a matrix of internal controls submitted to LSC and completed by LAA, indicates that an adequate segregation of duties has been achieved by LAA.

Travel Reimbursement

The LSC Accounting Guide, Appendix VII. F., contains suggested guidelines for ensuring adequate internal controls over travel costs. The guidelines include formal written travel policies, including policies regarding prior approval for travel, ensuring receipt of sufficient documentation from travelers prior to reimbursement, ensuring adequate controls over the accounting for travel advances and reimbursements, review of prior payments before reimbursing travelers to avoid duplication, etc.

The LAA Accounting Manual contains a policy requiring that all requests for travel reimbursement be accompanied by LAA's Travel Reimbursement form. The form records the dates and purpose of the travel, mileage, and other incidental expenses incurred. Receipts for lodging, air travel, and car rental must be attached. Actual cost of miscellaneous expenses, such

as tolls, parking meters or lots, local public transportation, or necessary local telephone calls will be reimbursed with proof of payment. The policy requires that the form be approved by the traveler's supervisor prior to submission to accounting. Travel advances for estimated mileage, parking, hotel and meals are allowed. Upon completion of the travel, a Travel Advance Reconciliation form must be completed reconciling the advance and the actual expenditures. The Travel Advance Reconciliation must be submitted to the Fiscal Officer no later than 30 days after the travel has ended. Submission of forms for travel in excess of 30 days will be returned to the employee unpaid. It is the employees' responsibility to ensure that travel reimbursement requests are submitted in a timely manner.

According to the Personnel Policies Manual, the Executive Director's travel is reviewed on a quarterly basis by the Audit/Finance Committee, which submits a report on such travel to the full Board of Directors annually.

Although the policy is consistent with the guidelines suggested in the LSC Accounting Guide, LAA does not consistently adhere to its own policy. A review of check disbursements disclosed that a reimbursement was made to the former Fiscal Officer on July 18, 2011 in the amount of $177.50 without the signed approval of his/her supervisor. Additionally, the agenda for the Board of Director's December 2012 meeting does not reflect that a report of the Executive Director's 2012 travel was made as required by the policy.

LAA should review its travel reimbursement policies and procedures to ensure that they are followed by all employees.

Records Retention

The LSC Accounting Guide instructs that recipients should have a written, mandatory document retention, and periodic destruction policy. The policy should include guidelines for handling electronic records and should address back-up procedures archiving documents, and provide for regular check-ups on the reliability of the system. *See* LSC Accounting Guide, Appendix II.

A comparison was conducted of LAA's record retention requirements to the guidelines contained in the LSC Accounting Guide. Based on this review, it was determined that LAA's policy did not conform to the LSC minimum retention guidelines for four (4) types of accounting records.

The LSC Accounting Guide states that the following records should be kept for the following periods of time:

Billings for services	7 years
Employee travel and expense reports	7 years
Expense bills (source documents)	7 years
Petty Cash Records	7 years

According to LAA's Accounting Manual the retention for these same types of records is four (4) years.

The LSC Accounting guide instructs recipients that, unless longer periods are required by state law, records should be kept for the periods stated in the LSC Accounting Guide. Accordingly, LAA was required to revise its Record Retention policy for its business and accounting records to ensure that the specified retention requirements meet at least LSC's current minimum guidelines as contained in the LSC Accounting Guide, Appendix II.

Client Trust Accounts

The LSC Accounting Guide, § 2-2.3, requires that recipients open a separate escrow account exclusively for client trust funds. The bank account should be approved by the recipient's governing body. A separate client trust record must be maintained for each client to document to the receipt and disbursement of client funds. The total of the individual client trust records must equal the cash in the escrow bank account's corresponding liability accounts. Recipients should adopt policies and procedures for controlling client trust transactions including receipts, disbursements, and reconciliation. Recipients are also instructed to comply with state laws governing the disposition of unclaimed properties. *See* LSC Accounting Guide, Appendix VII, I.: *see also*, LSC Accounting Guide, Appendix V.

The LAA Accounting Manual contains policies and procedures for controlling client trust transactions. The policies and procedures are consistent with the guidelines contained in the LSC Accounting Guide and require that client funds be deposited in a dedicated, board approved, bank account. The account is reconciled monthly within 10 working days following receipt of the bank statement by staff uninvolved with client deposits. Two signatures are required prior to disbursement. Pre-numbered receipts are given to clients for all funds received. The policy requires that LAA maintain copies of receipts, a cash disbursements journal, and a record of client trust activity. Client funds that have been inactive for a period of 60 months must be escheated to the state in accordance with state law.

A review of cash receipts for the client trust accounts disclosed that LAA closely follows its policy and that the necessary internal controls are in place. Interviews with staff revealed that each October a designated staff member reviews all client trust accounts and identifies those which have had no activity for 60 months or more. Those accounts are then forwarded to the LAA Fiscal Officer on or before October 31.

According to state law, the report must be filed before November 1 of each year. In addition, the law requires the holder of the presumed abandoned property to send written notice to the owner of the property not more than 120 days or less than 60 days prior to filing the report. There was no indication that LAA provides such notice to the owner.

Accordingly, LAA should develop a plan of action designed to ensure compliance with the state unclaimed property law.

Property controls

A recipient's property management systems and control procedures should be designed to provide reasonable assurance that assets are not vulnerable to theft, loss, and misuse. All

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

A limited review of property management disclosed that LAA has adequate policies and procedures in place surrounding property management. LAA completes an annual inventory of office equipment and furniture. Inventory lists are maintained in a written list. The value of LAA office equipment and furniture is diminutive and does not exceed $5,000.00.

Cash Receipts

Regarding cash receipts, the LSC Accounting Guide require written accounting policies and procedures that describe the accounting system and assure that similar transactions are processed consistently; that supporting documentation be saved with the receipts/deposits information; requirements for restrictive endorsements; and prompt deposit whether in person or electronic. *See* LSC Accounting Guide, Appendix VII, Section H1 – H16.

A limited review was conducted of cash receipts during the review period for the operating account and client trust accounts that disclosed that LAA has adequate policies and procedures which include proper internal controls surrounding the receipt of cash. A review of cash receipts for the operating account and the client trust accounts disclosed that they were in compliance with LAA's Accounting Manual and that the internal control procedures are followed. However, it should be noted that, when the accounting function relocated from the LAA Springdale office to the LAA Jonesboro office, the use of the Checks Received Control Log ceased. Beginning July 11, 2013, the log was re-implemented.

Petty Cash

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

A limited review of cash receipts during the review period for the operating account, petty cash accounts and client trust accounts that disclosed that LAA has adequate policies and procedures which include proper internal controls surrounding the receipt of cash.

Bank reconciliations

The guidelines contained in the LSC Accounting Guide, Appendix VII, I., encourage recipients to reconcile bank accounts monthly, and suggest the procedures for bank reconciliation, *e.g.*, comparison of checks with the check register relative to date, number, payee, and amount, examination of signatures and endorsements, examination of voided checks, accounting for check serial numbers, comparison of dates and amounts of daily deposits shown on the cash receipts records with bank statements, etc..

Review of the bank reconciliation procedures stated in the LAA Accounting Manual demonstrated that such procedures are consistent with the guidelines contained in the LSC Accounting Manual. Further, a review of the bank reconciliations for the operating account for December 2010, January 2011, December 2011, January 2012, and August 2012 disclosed that they were performed timely, accurately, and with the required reviews and approvals, and in a manner consistent with LAA's Accounting Manual.

In its response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with LSC Accounting Guide § 2-1.2; revised its Records Retention schedule consistent with the LSC Accounting Guide; and revised its Accounting Manual to require its Audit/Finance Committee to review the IRS 990 prior to submission and report to the full board. LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting. LAA stated that an updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

LAA also responded that it has reviewed its travel reimbursement policies and procedures to ensure that they are followed by all employees, and has developed a plan of action designed to ensure compliance with the state unclaimed property law.

LAA submitted a copy of the revisions with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action Nos. 13, 14 and 15 are closed.

IV. RECOMMENDATIONS[30]

In view of the foregoing, OCE makes the following recommendation(s):

1. Eliminate the requirement on the "Record of Authorized Exceptions to Income Limitation and/or Asset Limitation Waiver maintained per 45 CFR 1611.5(b) and 45 CFR 1611.3(d)(2)" that the HelpLine Managing Attorney review and approve the 45 CFR §§ 1611.5(a)(1), (a)(3)(i) and (ii), and (a)(4) authorized exceptions, Such review and approval is not required by LSC regulations, and was observed to cause cases that might otherwise have been CSR reportable to go unreported as staff indicated that it would forgo the process of obtaining the signed approval if another funding source was available.

2. Delineate those factors used by the Executive Director to guide the determination that outside practice is consistent with the particular attorney's responsibilities to LAA's clients.

3. Amend the citizenship attestation form used by ACH to document that it is executed by the parent, guardian, guardian ad litem or other representative on behalf of the child.

4. Review travel reimbursement policies and procedures to ensure that they are followed by all employees.

5. Develop a plan of action designed to ensure compliance with the state unclaimed property law.

6. For groups that lack annual budget or financial reports, consider a line of inquiry designed to assess the group's financial ability to afford private counsel. For example, LAA might inquire as to whether the group has a bank account, where the group meets and how it meets its expenses.

7. Similarly, in determining group eligibility, consider the socioeconomic characteristics of the persons comprising the group and determine whether such characteristics are consistent with those of persons who are financially eligible for LSC funded legal assistance.

In its response to the DR, LAA stated that Recommendations 3 thru 5 have been implemented.

---

[30] Items appearing in the "Recommendations" section are not enforced by LSC and therefore LAA 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 LAA 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 LAA, and will be enforced by LSC.

V. REQUIRED CORRECTIVE ACTIONS

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

1. Remove 45 CFR §§ 1611.5(a)(1) and (a)(2) as potential authorized exceptions from its "Record of Authorized Exceptions to Income Limitation and/or Asset Limitation Waiver maintained per 45 CFR 1611.5(b) and 45 CFR 1611.3(d)(2)" form or have its Board of Directors approve the exceptions for inclusion in LAA's financial eligibility policy;

   In its response to the DR, LAA stated that it has ceased the use of the "Record of Authorized Exceptions to Income Limitation and/or Asset Limitation" form and has developed and implemented a form that reflects the authorized exceptions adopted by LAA's governing body. The new form has been distributed to all staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored. LAA states that staff have received instruction on use of the form, and the HelpLine Manager is closely monitoring compliance.

   LAA submitted a copy of the form with its comments and a review of the form confirms that the action taken by LAA is responsive to Required Corrective Action No. 1. The form contains only those exceptions adopted by LAA's governing body. Accordingly, Required Corrective Action No. 1 is closed.

2. Revise the statement of facts form to require enumeration of the particular facts supporting the complaint as required by 45 CFR § 1636.2(a)(2) and submit same for OCE review;

   In its response to the DR, LAA stated that it has revised its Part 1636 statement of facts. The revised form has been distributed to all staff, along with proper instructions. The proper use of the revised form is stressed in LAA's newly revised Policy and Procedures Manual. The revised form and supporting Policy and Procedures Manual section have been posted in the "forms" section of LAA's website, and posted in the shared cloud where LAA forms are stored. LAA has instructed staff that when closing cases, and managers when reviewing open cases, to be mindful of the requirements of Part 1636.

   LAA submitted a copy of the form with its comments and a review of the form confirms that the action taken by LAA is responsive to Required Corrective Action No. 2. The form contains a space allowing the user to enumerate the particular facts supporting the client's complaint. Accordingly, Required Corrective Action No. 2 is closed.

3. Develop a plan of action designed to ensure that all financial eligibility determinations include reasonable inquiry regarding sources of the applicant's income, income prospects and assets;

LAA also stated that it has re-distributed training materials on proper financial eligibility screening. Staff and managers have also been instructed to ensure that such determinations include sources of income, income prospects, and assets.

LAA attached a copy of an all staff e-mail dated November 13, 2013. A review of the e-mail and its attachments confirm that the action taken by LAA is responsive to Required Corrective Action No. 3. The instructions accompanying the e-mail outline the procedures for inquiring into an applicant's income, prospective income, and assets, and include sample questions. Accordingly, Required Corrective Action No. 3 is closed.

4. Develop a plan of action designed to ensure that staff conducting intake utilizing the Outreach Application are screening applicants properly and applying the requirements of its financial eligibility policy in a manner that is consistent with the ACMS based intake screening conducted by the HelpLine and submit same for OCE review;

   In response to the DR, LAA stated that it has ceased using the Outreach Application. Its current policy is to complete full intake applications at outreach locations when access to its ACMS is available. Where access to its ACMS is not available, an alternative "call back request" form has been developed. The form, along with instructions for its use, have been distributed to all staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored.

   Inasmuch as LAA has ceased using the Outreach Application, Required Corrective Action No. 4 is closed.

5. Develop a plan of action designed to ensure that for all LSC funded legal assistance provided to groups, financial eligibility is determined in the manner required by LSC and submit same for OCE review;

   In response to the DR, LAA stated that it has issued a management directive setting forth the information to be collected when considering group representation. A copy of the directive was submitted along with LAA's comments.

   The directive is sufficient to close Required Corrective Action No. 5.

6. Develop a plan of action designed to ensure compliance with the verification requirements of 45 CFR §§ 1626.6 and 1626.7, and CSR Handbook (2008 Ed., as amended 2011), § 5.5;

   In its response to the DR, LAA stated that it has ceased using the citizenship attestation that OCE observed during the visit and has replaced it with one that includes an attestation that clearly demonstrates that it is executed in a representative capacity. The new form, along with instructions for its use, has been distributed to all

staff and has been posted in the "forms" section of LAA's website. It has also been posted in the shared cloud where LAA forms are stored.

LAA submitted a copy of the new form as an attachment to its comments. The form contains an attestation that is compliant with CSR Handbook (2008 Ed., as amended 2011), § 5.5, as well as a form that demonstrates that it is being executed in a representative capacity.

LAA attached a copy of an all staff memo dated December 11, 2013. A review of the memo confirms that the action taken by LAA is responsive to Required Corrective Action No. 6. The memo instructs staff consistent with 45 CFR §§ 1626.6 and 1626.7, as well as LSC Program Letters 05-2 and 06-2. Accordingly, Required Corrective Action No. 6 is closed.

7. Revise the ACH retainer/agreement to participate to include a place to identify the client's legal problem and submit same for OCE review;

   In its response to the DR, LAA stated that it appears that there may have been some confusion regarding the "Agreement to Participate" used at ACH for initial client contact. LAA explained that the form is not intended as, nor is it used as a substitute for the LAA client retainer agreement. The Agreement to Participate is simply an initial form obtained when a person is referred to the MLP, more often than not, by ACH staff. LAA stated that the Agreement to Participate serves to facilitate communication between the medical and legal team concerning the potential client, and provides the potential client with information about the MLP.

   Based on LAA's response to the DR, Required Corrective Action No. 7 is closed.

8. Revise its Accounting Manual to include a process, consistent with the 45 CFR § 1630.12 and the LSC Accounting Guide, §§ 2-2.6 and 2-2.7 for recording derivative income and submit same for OCE review;

   In response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with 45 CFR § 1630.12 and the pertinent sections of the LSC Accounting Guide regarding attorney fee awards and derivative income. LAA stated that the revisions have been reviewed by its Audit/Finance Committee and were approved by the full board of directors at its December 7, 2013 meeting.

   LAA submitted a copy of the revision as an attachment to its comments. The revision is consistent with 45 CFR § 1630.12 and the LSC Accounting Guide, §§ 2-2.6 and 2-2.7. Accordingly, Required Corrective Action No. 8 is closed.

9. Develop a plan to ensure compliance with 45 CFR § 1610.5 and submit same for OCE review;

In its response to the DR, LAA stated that it has revise its Accounting Manual to include language to ensure compliance with the requirements of 45 CFR § 1610.5. LAA stated that the revisions have been reviewed by its Audit/Finance Committee and were approved by the full board of directors at its December 7, 2013 meeting.

LAA submitted a copy of the revision as an attachment to its comments. The revision is consistent with 45 CFR § 1610.5. Accordingly, Required Corrective Action No. 9 is closed.

10. In response to this Draft Report, LAA is required to provide the reasonable operating data used as the basis for allocating approximately half of its 2012 subgrant to CALS to PAI;

    In its response to the DR, LAA explained the basis for allocating $19,714.00 of its subgrant to its PAI requirement. OCE has considered LAA's comments and finds that while the time reported by the ALSP director is a reasonable basis for allocating portions of the subgrant to PAI, conversations with him are not. Nor does the Pro Bono Projects Report establish a reasonable basis for allocating portions of the subgrant to LAA's PAI requirement. However, the specific language of the 2014 subgrant agreement establishes a reasonable basis for allocating costs to PAI and, accordingly, Required Corrective Action No. 10 is closed.

11. In response to this Draft Report, LAA is required to calculate the total costs charged to its LSC fund that were incurred in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013, and to demonstrate the allowability of such costs in accordance with 45 CFR § 1630.3(a);

    In its response to the DR, LAA stated that the total cost charged to its LSC fund in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013 was $1,550.00. LAA explained that the cards were awarded pursuant to its policy, except that a $500.00 award was made to the Executive Director by the governing body following the Executive Director's 2011 performance review. LAA stated that the award was performance based and was made after the Executive Director refused an increase in salary.

    LAA stated that after careful review of 45 CFR § 1630.3(a) and the relevant sections of OMB Circular A-122, out of an abundance of caution, it will change its accounting manual and Personnel Manual at the December 7, 2013 board meeting to provide clarification that such awards are performance based and will not be charged to its LSC fund or other Federal funds. Further, all awards made in 2013 will be charged to non-LSC funds.

    Based on LAA's response, Required Corrective Action No. 11 is closed.

12. Establish a separate chart of accounts expense code for permissible Part 1612 activities and revise its Accounting Manual to include a procedure, consistent with 45 CFR § 1612.10(b), for the maintenance of separate records documenting the

expenditure of non-LSC funds for permissible legislative and rulemaking activities and establish and submit same for OCE review;

In its response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with 45 CFR § 1612.10(b). LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting.

LAA also stated that its accounting software provider is in the process of upgrading to a new system using a newer SQL database. LAA is waiting for the upgrade to be completed, but in the meantime it will continue to use its current software to maximum capability. Thereafter, it will analyze the upgrade when available and determine whether to upgrade, or change to another provider, budget permitting. LAA stated that this will be done in conjunction with the purchase of a new ACMS.

LAA stated that all fiscal/management staff have been made aware of the revision and will sign a statement that they understand and will comply with the policy. An updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

LAA submitted a copy of the revisions with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action No. 12 is closed.

13. Develop a plan of action designed to ensure compliance with LSC Accounting Guide § 2-1.2 by implementing the procedures established in its own Accounting Manual to initiate fund based accounting by utilizing the fund accounting capabilities of its accounting software;

    In its response to the DR, LAA stated that it has revised its Accounting Manual to include language to ensure compliance with LSC Accounting Guide § 2-1.2. LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting. LAA stated that an updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

    LAA submitted a copy of the revision with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action Nos. 13 is closed.

14. Develop a plan of action designed to ensure that the Board of Directors, or a committee thereof, reviews the IRS Form 990 for completeness, accuracy and on-time filing each year; and

In response to the DR, LAA stated that it has revised its Accounting Manual to require its Audit/Finance Committee to review the IRS 990 prior to submission and report to the full board. LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting. LAA stated that an updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

LAA submitted a copy of the revision with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action Nos. 14 is closed.

15. Revise its Record Retention policy for its business and accounting records to ensure that the specified retention requirements meet the current minimum guidelines as contained in the LSC Accounting Guide, Appendix II.

    In response to the DR, LAA stated that it has revised its Records Retention schedule consistent with the LSC Accounting Guide. LAA stated that the revision has been reviewed by its Audit/Finance Committee and was approved by the full board of directors at its December 7, 2013 meeting. LAA stated that an updated Accounting Manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for consumption.

    LAA submitted a copy of the revision with its comments. Based on LAA's comments and a review of the revisions to its Accounting Manual, Required Corrective Action Nos. 15 is closed.

LEGAL AID of ARKANSAS

Equal Access to Justice

TOLL FREE
1-800-967-9224

TELEPHONE
1-870-972-9224

HELPLINE
1-800-952-9243

www.arlegalaid.org

Arkansas Children's Hospital
1 Children's Way, Slot 695
Little Rock, AR 72202-3500
501-978-6479 – Fax

Batesville
P.O. Box 4201
Batesville, AR 725803
800-967-9224 – Fax

Harrison
816 North Main Street
Suite B
Harrison, AR 72601
870-741-4255 – Fax

Helena-West Helena
402 Franklin Street
Helena, AR 72342
870-338-9834 – Fax

Jonesboro
714 South Main Street
Jonesboro, AR 72401
870-910-5562 – Fax

Newport
202 Walnut Street
Newport, AR 72112
870-523-9892 – Fax

Springdale
1200 Henryetta
Springdale, AR 72762
479-751-0002 - Fax

West Memphis
310 Mid Continent Plaza
Suite 420
West Memphis, AR 72301
870-732-6373 – Fax

November 20, 2013

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

Re: Response to Draft Report for Compliance Review Visit to Legal Aid of Arkansas, Inc. Recipient #604020

Dear Ms. Rath:

Please accept this letter as comments from Legal Aid of Arkansas, Inc., responding to the October 22, 2013 draft report for the Office of Compliance and Enforcement's on-site compliance review to LAA conducted the week of July 15-19, 2013. I am transmitting this letter by email and an original will follow by snail mail forthwith.

LAA would like to thank each member of the team that visited our program for the professionalism and courtesy they displayed. The visit was organized and implemented in such a way as to have minimal impact on LAA operations.

We very much appreciated the opportunity to visit with and engage the team regarding issues relating to compliance and fiscal oversight as we strive to deliver high quality civil legal services to low-income Arkansans. The visit and subsequent report has proven very valuable to management and staff. The assistance is much appreciated, and the suggestions are well taken.

We are confident in our program, staff, board and the current direction of our work. We consider ourselves a very strong public interest law firm that thrives on innovation. The visit has invigorated us to continue with determination on the path we have chosen, and use your recommendations as an opportunity to grow stronger and better.

With this letter I will provide some substantive comments regarding recommendations. I will list each required corrective action and the proactive measures taken by LAA to implement those corrections. When appropriate, supporting documentation will be attached. Although not included herein, LAA is pleased to report that recommendations 3-5 found on page 53 of the report have been implemented.

Please note we have treated this draft report as a final report with our responses, as there were only de minimis errors in the draft report, not worthy of correction.

United Way

LSC
America's Partner For Equal Justice

REQUIRED CORRECTIVE ACTIONS:

1. Remove 45 CFR §§ 1611.5(a))1) and (a)(2) as potential authorized exceptions from its "Record of Authorized Exceptions to Income Limitation and/or Asset Limitation Waiver maintained per 45 CFR 1611.5(b) and 45 CFR 1611.3(d)(2)" form or have its Board of Directors approve the exceptions for inclusion in LAA's financial eligibility policy;

LAA Response- We have developed and implemented a compliant Waiver of Income and Assets form, and have ceased to use the offending form that was built into the case management system. The new form, which is attachment "A" to this response, has been distributed to all staff via email, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption. All staff has been instructed to use the new form, and the HelpLine Manager is closely monitoring compliance.

2. Revise the statement of facts form to require enumeration of the particular facts supporting the complaint as required by 45 CFR § 1636.2(a)(2) and submit same for OCE review;

LAA Response- A fillable statement of facts form has been developed that can be crafted to enumerate the particular facts to support a compliant in each case and has been distributed to all staff, along with an email instructing proper use. The proper use of the Statement of Facts form has been stressed in the newly revised LAA Policy and Procedures Manual. The form and supporting Policy and Procedures Manual Section, which is attachment "B" to this response, has also been posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption. Staff engaged in case closing and managers engaged in open case reviews have been instructed to ensure compliance.

3. Develop a plan of action designed to ensure that all financial eligibility determinations include reasonable inquiry regarding sources of the applicant's income, income prospects and assets;

LAA Response- LAA has redistributed training materials on this subject, see attachment "C" to this response, and staff engaged in case closing, as well as all responsible managers, will be making checks to assure compliance.

4. Develop a plan of action designed to ensure that staff conducting intake utilizing the Outreach Application are screening applicants properly and applying the requirements of its financial eligibility policy in a manner that is consistent with the ACMS based intake screening conducted by the HelpLine and submit same for OCE review;

LAA Response- LAA has ceased using an Outreach Application. The policy now is to do full applications at outreach locations only when full access to the Case Management System is available. An alternative "call back request form" has been developed for use at outreach locations where internet/CMS access is not available. This form and supporting staff memo, which is attachment "D" to this response, has been distributed to all staff via email, along with instructions for use, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

5. Develop a plan of action designed to ensure that for all LSC funded legal assistance provided to groups, financial eligibility is determined in the manner required by LSC and submit same for OCE review;

LAA Response- LAA has drafted a policy setting forth the information to be collected when considering group representation. The information has been disseminated to all program staff, and is attachment "E" to this response.

6. Develop a plan of action designed to ensure compliance with the verification requirements of 45 CFR §§1626.6 and 1626.7, and CSR Handbook (2008 Ed., as amended 2011), §5.5;

LAA Response- LAA has ceased using the previous version of its citizenship attestation and replaced it with a version that clearly demonstrates that it is executed by a representative of a child or incompetent person, when appropriate. This form is attachment "F" to this response, has been distributed to all staff via email, along with instructions for use, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

7. Revise the ACH retainer/agreement to participate to include a place to identify the client's legal problem and submit same for OCE review;

LAA Response – It appears that the OCE team or some LAA staff may have been confused by the "Agreement to Participate" form used at ACH for initial client contact. LAA staff who were confused by the purpose of this form have had said use clarified. This form is not intended as nor is it used as a substitute for the LAA client retainer agreement, which is still executed by any ACH clients who establish an attorney-client relationship with LAA as contemplated in 45 CFR §1611.9. The Agreement to Participate is simply an initial form obtained when a client is referred to the LAA MLP at ACH, most often by ACH staff and not LAA staff. It facilitates communication between the medical and legal team concerning the potential client, while providing the client with initial information about the MLP. Although ACH staff obtaining the Agreement to Participate has identified the possibility of a potential legal problem for referral, ACH staff is not fully trained on substantive civil legal problems and could not be reasonably expected to input that on the Agreement. For this reason, we would respectfully request that this required corrective action be removed. LAA submits that any confusion over the use of the form has been clarified and all LAA staff at ACH are now fully knowledgeable and compliant with retainer agreement requirements.

8. Revise its Accounting Manual to include a process, consistent with the 45 CFR §1630.12 and the LSC Accounting Guide §§2-2.6 and 2-2.7 for recording derivative income and submit same for OCE review;

LAA Response- LAA has made edits to the internal accounting manual to include language to assure compliance with 45 CFR §1630.12 and the pertinent sections of the LSC Accounting Guide regarding attorney fee awards and derivative income, and the edits have been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. All fiscal/management staff has been made aware of the edits and will sign a statement that they understand and will comply with the policy, which LAA has immediately implemented pending full board approval. The amendment is attachment "G" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

9. Develop a plan to ensure compliance with 45 CFR §1610.5 and submit same for OCE review;

LAA Response- LAA has made edits to the internal accounting manual to include language to assure compliance, and the edit has been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. All fiscal/management staff has been made aware of the edit and will sign a statement that they understand and will comply with the policy, which LAA has immediately implemented pending full board approval. The amendment is attachment "H" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

10. In response to this Draft Report, LAA is required to provide the reasonable operating data used as the basis for allocating approximately half of its 2012 subgrant to CALS to PAI;

LAA Response- The basis for the allocation of 50% of the 2012 subgrant to the Center for Arkansas Legal Services/Arkansas Legal Services Partnership was a conversation with the Director of the ALSP in which he estimated that amount. ALSP staff are not case handlers and therefore do not keep individual case time records. The time records they do keep are on the CALS and not the LAA case management system. Additional basis for the allocation was the Pro Bono Projects Report which is attachment "I" and was delivered to LAA after the completion of 2012. This report shows highlighted pro bono activities engaged in by ALSP during the year, including staffing and coordinating the Arkansas Pro Bono Partnership; developing and distributing Pro Bono Case Alerts e-Newsletters on a monthly basis; developing, launching, and supporting the iPro Bono iPhone application; producing the 20 page Pro Bono Annual Report for insertion in the Arkansas Bar Associations *Arkansas Lawyer* magazine; maintaining the Pro Bono Portal on the website; online pro bono volunteer registration which resulted in 112 new attorneys being recruited during the year; staffing and participating in the Arkansas Access to Justice Commission Pro Bono Committee; maintaining Pro Bono Social Media; training for private attorneys and other members of the justice community which is described in attachment "J" and various other activities. Through these efforts, LAA had a record pro bono year in the number of volunteers, number of cases referred, and number of cases closed (up 17.7% from 2011). The ALSP director has recently identified 35.29% of his subgrant related time for 2012 as possible pro bono. Using this as a basis, LAA would charge $13,351.68 of grant funds as PAI (see attachment "K"). Although this discounts significant activity that is not easily quantifiable but greatly beneficial, similar calculations will be used to set a basis henceforth, starting with 2013. The 2014 subgrant document has been written so that PAI activities are diligently tracked and recorded, and LAA will receive a minimum of quarterly reports from the CALS fiscal office detailing grant expenditures that are chargeable to PAI, including summaries of time keeping records of the ALSP staff. Specific language contained in the subgrant is as follows:

The ALSP will expend a minimum of 33% of the subgrant amount on Pro Bono, or Private Attorney Involvement, activities, said activities and associated record keeping complying with the requirements of 45 CFR §1614. To fulfill this requirement, the ALSP Director will bill against this subgrant a minimum of 300 hours of PAI countable time and the assistant content developer a minimum of 100 hours. Benefits associated with these hours will be billed at a rate currently contemplated to be 22.8% of total pay. Any non-personnel PAI expenses associated with this subgrant and any travel or training associated with PAI activities will be clearly separated and reported to LAA. The ALSP and CALS will account to LAA quarterly regarding PAI expenditures associated with the subgrant.

CALS has voluntarily started doing this in the second half of 2013 for the balance of this year's subgrant.

11. In response to this Draft Report, LAA is required to calculate the total costs charged to its LSC fund that were incurred in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013, and to demonstrate the allow ability of such costs in accordance with 45 CFR §1630.3(a);

LAA Response- The total cost charged to the LSC fund incurred in connection with the purchase of gift cards during the period January 1, 2011 through May 30, 2013 was $1,550. A detailed list of these performance based awards for employees is attachment "L" to this response. These awards were given pursuant to LAA policy, which is attachment "M". The one exception is an award made to the Executive Director during executive session after his 2011 performance review, which was made by the board for performance after he refused a raise proffered by the board on that date. After careful review of 45 CFR §1630.3(a) and parts of Circular No. A-122 that are on point, out of an overabundance of caution, LAA will change its accounting manual and

Personnel Manual at the December 7, 2013 board meeting to provide clarification that these awards are performance based and will not be paid with LSC or other Federal Funds (see attachment "N"). Further, all awards made in 2013 will be charged to non-LSC funds.

12. Establish a separate chart of accounts expense code for permissible Part 1612 activities and revise its Accounting Manual to include a procedure, consistent with 45 CFR §1612.10(b), for the maintenance of separate records documenting the expenditure of non-LSC funds for permissible legislative and rulemaking activities and establish and submit same for OCE review;

LAA Response- LAA has made edits to the internal accounting manual to include language to assure compliance, and the edit has been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. Our current accounting software provider is in process of upgrading to a system using a newer SQL database, but they do not have it ready roll out. LAA is in a holding pattern and will continue to use the current software to maximum capability, then will analyze the upgrade when available and determine whether to upgrade or alternatively change to another provider, budget permitting. This will be done in conjunction with the purchase of a new case management system. All fiscal/management staff has been made aware of the edit and will sign a statement that they understand and will comply with the policy, which LAA has immediately implemented pending full board approval. The amendment is attachment "O" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

13. Develop a plan of action designed to ensure compliance with LSC Accounting Guide §2-1.2 by implementing the procedures established in its own Accounting Manual to initiate fund based accounting by utilizing the fund accounting capabilities of its accounting software;

LAA Response- LAA has made edits to the internal accounting manual to include language to assure compliance, and the edit has been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. All staff has been made aware of the edit and will sign a statement that they understand and will comply with the policy, which LAA has immediately implemented pending full board approval. The amendment is attachment "O" and "P" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

14. Develop a plan of action designed to ensure that the Board of Directors, or a committee thereof, reviews the IRS Form 990 for completeness, accuracy and on-time filing each year; and

LAA Response- LAA has made edits to the internal accounting manual to include language to assure that the Audit/Finance committee reviews IRS Form 990 prior to submission, makes a report to the full board at the next regular scheduled meeting on this issue, and that a copy of IRS Form 990 is included in the board packet for that meeting. The edits has been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. All fiscal/management staff has been made aware of the edit and will sign a statement that they understand and will comply with the policy. The amendment is attachment "Q" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption as well as in the board portal of the LAA website.

15. Revise its Record Retention policy for its business and accounting records to ensure that the specified retention requirements meet the current minimum guidelines as contained in the LSC Accounting Guide, Appendix II.

LAA Response- LAA has made fifteen edits to the internal accounting manual to assure compliance, and the edits have been reviewed by the Board Audit/Finance committee and will be submitted to the full board of directors for approval on December 7, 2013. All fiscal/management staff has been made aware of the edits and will sign a statement that they understand and will comply with the policy, which LAA has immediately implemented pending full board approval. The amendment is attachment "R" to this response. The updated accounting manual will be delivered to all staff for review, posted in the "forms" section of the LAA website, and posted in the shared cloud where LAA forms are stored for staff consumption.

ADDITIONAL INFORMATION REQUESTED

1. A summary of the intake procedures and practices used by the students at the University of Arkansas, together with any accompanying forms.

LAA Response- The intake procedures and practices used by law students conducting telephone intakes at the University of Arkansas- Fayetteville and University of Arkansas-Little Rock follow the same intake procedures and practices as other staff members at LAA. Law students who work, serve, or volunteer do so in the HelpLine office at each law school. They exclusively handle calls on the HelpLine in the same manner as other intake workers. Typically law student only handle eligibility screening and then transfer the caller to an advocate. Each law student is provided training on the case management system, eligibility guidelines, and restrictions on representation, as well as call handling. Each student receives the HelpLine Handbook, which includes all procedures for intakes over the LAA HelpLine. These law students are overseen by the HelpLine Managing Attorney, who is available by phone or Gmail chat to answer questions that may arise. The HelpLine Handbook is attachment "S" to this response.

Thank you for the opportunity to provide our comments and report on our responsive actions to the report. If you or any other members of the team have questions about our comments, please do not hesitate to contact me.

We will not hesitate to reach out to LSC for technical assistance as we continue to implement the recommendations and required correction actions.

Sincerely,

Lee Richardson
Executive Director
lrichardson@arlegalaid.org
870-972-9224 ext. 6305

Attachment "A"

Income Limitation Waiver

Per 45 C.F.R. 1611.5(b) and 45 C.F.R. 1611.3(d) (2)

Complete this form is client's income is above 125% of the federal poverty guidelines, below 200% of the federal poverty guidelines, and assets do not exceed the asset limitation, or have been waived.

Client name: Click here to enter text. Case number: Click here to enter text.

Applicant is UNDER 200% of the federal poverty guidelines, and:

1. ☐ **Applicant is seeking legal assistance in maintaining or acquiring governmental benefits for low income individuals and families or for persons with disabilities.**
   Type of Benefit: Click here to enter text.

   OR

2. ☐ **Based on one or more of the following factors LAA has determined applicant is eligible for services.**
   These factors are not being applied in a "spend-down" manner to bring the applicant's income below 125% of the federal poverty guidelines. For the applicant to be eligible one or more factors merely need to be present.
   a. ☐ **Current income prospects**, taking into account seasonal variations in income. For example: A client who request service in August is a migrant farmworker whose household income is over 125%. However, the work is seasonal and the client's work will end when the season is over, bringing the households income below the federal poverty guidelines. Factual Basis: Click here to enter text.
   b. ☐ **Unreimbursed medical expenses and medical insurance premiums**. Does not include medical debt. Type of expense and monthly payment amount: Click here to enter text.
   c. ☐ **Fixed debts and obligations**. The meaning of "fixed" encompasses debts and obligations which are fixed as to both time and amount. Examples of fixed debt and obligations include mortgage payments, rent, child support, alimony, business equipment loan payments, and unpaid taxes from prior years. It does not include food expenses, utilities and credit card debt. Type of expense and monthly payment amount: Click here to enter text.
   d. ☐ **Employment Related Expenses**. Expenses such as dependent care, transportation, clothing and equipment expenses necessary for employment, job training, or educational activities in preparation for employment. Type of expense and monthly payment amount: Click here to enter text.
   e. ☐ **Non-medical expenses associated with age or physical disability**.
   Type of expense and monthly payment amount: Click here to enter text.
   f. ☐ **Current taxes**. Examples include local, State and Federal income and employment taxes, Social Security and Medicare taxes, and local property taxes (including special property tax assessments) but not sales taxes or excise fees, such as airline ticket fees, hotel occupancy taxes, gas taxes and cigarette taxes. Type of expense and monthly payment amount: Click here to enter text.
   g. ☐ **Other significant factors** that Legal Aid has determined affect the applicant's ability to afford legal assistance. Unusually high utility bills, as result of unusual weather or malfunctioning heating or cooling systems in the applicant's home, may be considered an "other significant factor". Type of expense and monthly payment amount: Click here to enter text.

WAIVER APPROVED:

_____

Executive Director or Designee

Asset Limitation Waiver

Reason for asset waiver: Click here to enter text.

WAIVER APPROVED:

_____

Executive Director or Designee

**Place copy in client file and send to HelpLine Managing Attorney*

Attachment "B"

LEGAL AID OF ARKANSAS, INC.
STATEMENT OF FACTS

I, ***Click here to enter text.*** , state that I need assistance with filing a legal action for ***Click here to enter text.***. My cause of action is based on the following facts and circumstances which I state to be true and accurate. ***Click here to enter text.***

I understand that Legal Aid of Arkansas cannot guarantee a favorable decision in my case and understand this form does not change the responsibilities of Legal Aid of Arkansas or me as set forth in the Legal Aid of Arkansas Client Retainer Agreement.

I further understand that Legal Aid of Arkansas may be required to show this Statement of Facts and case handler's time records showing time spent on my case to representatives of the Legal Services Corporation which is a primary funding source for Legal Aid of Arkansas. Legal Aid of Arkansas may also be required to release the Statement of Facts and Time Records on my case to any federal department, agency, or auditor that is auditing or monitoring the activities of the Legal Services Corporation or Legal Aid of Arkansas. My signature hereon authorizes Legal Aid of Arkansas to file this action on my behalf, and affirms my agreement to the terms set forth herein.

_____
CLIENT'S SIGNATURE

_____
DATE

Policy 45 C.F.R. PART 1636

Statement of Facts

LAA staff may not file a complaint in a court of law or otherwise initiate or participate in litigation against a defendant or engage in pre-complaint settlement negotiations on behalf of a client who is a potential plaintiff in the proposed action and who has authorized LAA to file suit in the event that the settlement negotiations are unsuccessful, unless:

- the proposed plaintiff is identified by name in the complaint or in a separate notice provided to the defendant against whom the complaint is filed if disclosure in the complaint would be contrary to law or court rules or practice or each plaintiff is identified by name when represented by LAA to prospective defendants in the pre-litigation settlement negotiations, unless a court of competent jurisdiction has entered an order protecting the proposed plaintiff from such disclosure; and
- the proposed plaintiff has signed a dated, written statement in English and, if necessary, in a language other than English that the client understands, enumerating the particular facts supporting the proposed complaint, insofar as they are known to the client when the statement is signed, or in the alternative has verified the complaint to be filed.

A signed statement prepared for purposes of complying with this policy shall not include any client information that is not otherwise to be disclosed as the basis of the complaint or of a pre-complaint demand letter for relief. The statement shall assert the purpose of its preparation and shall state that it does not operate as a waiver of the attorney-client privilege or work product privilege.

A signed statement of facts under this section is not required to be prepared when representation involves a client who is a defendant; who is involved in an administrative proceeding that responds to an action taken by a government agency, such as unfavorable disability, welfare, unemployment, or housing authority decisions; for whom only limited service, advice, and/or referral activities are provided; or when contact with another party is preliminary to negotiation or is not made in contemplation of litigation, such as to clarify the facts, to gauge the potential for later negotiation, or to resolve a matter in which LAA does not intend to pursue litigation.

Recording the Statement

The Statement of Facts shall set out facts sufficient to verify that the Plaintiff has a valid legal claim, including a short enumeration of specific facts, not just substantive law type. The prepared Statement shall be retained in the client's file. Such Statement shall not be disclosed except to the Legal Services Corporation or to a federal department or agency auditing or monitoring LAA.

Emergency Exception

In the event of an emergency, when staff reasonably believes that delay is likely to cause harm to a significant safety, property or liberty interest of the client, staff may proceed with the proposed litigation or negotiation without a signed statement of facts, provided that the Statement is prepared and signed as soon as possible thereafter.

DISCLOSURE OF CASE INFORMATION

Policy 45 C.F.R. § 1644; 63 Fed. Reg. 33251 (June 18, 1998); LSC Program Letter 98-5

Lee Richardson <lrichardson@arlegalaid.org>

Financial Eligibility

Andrea Walker <awalker@arlegalaid.org> Wed, Nov 13, 2013 at 10:16 AM
Reply-To: awalker@arlegalaid.org
To: Group <Allstaff@arlegalaid.org>

In accordance with LSC's Office of Compliance and Enforcement's Required Corrective Action 3 I am attaching the pages from the HelpLine Handbook. These pages outline the procedure for inquiring into an applicant's income, prospective income, and assets, including sample questions. I will periodically spot check applications for compliance. All applications will be reviewed for compliance at the time of closing and any deficiencies addressed.

Andrea Walker
HelpLine Managing Attorney
Legal Aid of Arkansas
714 S. Main St.
Jonesboro, AR 72401
870-972-9224, ext. 6303
870-910-5562 fax

Checking Financial Eligibility.docx
296K

Checking Financial Eligibility

Microsoft Access - [Eligibility Intake]

Close | Window Hide Extra Menus

Eligibility | Save/Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

22 Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly	Yearly	Asset	Asset Value	Monthly Expense	Expense $
				FS/Cash/Savings/(			
				Real Property			
				Personal Property			
Total Income		$0.00	$0.00	Total Assets	$0.00	Total Expenses	$0.00

23

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

Citizen Check: ☐ | Status X | Online Intake

Ext. Elig. 125-200% ☐ | 19 | 20 | Asked About Future Income: ☐ | 24

25 Poverty % | LSC Eligible: ☐ | Program Eligible: ☐ | OR Rejected Reason:

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | Form Letters

1. **How many adults live in your household or family unit?** See Appendix B for flowchart

Adult family or household members include adults living in the same household with Applicant:

- Whom the applicant is required by law to support or to whom the applicant is providing support or;
- Who are required by law to support the applicant; or
- Who is the "domestic partner" of the applicant, meaning a person who co-habits with the applicant, and with whom the applicant holds himself or herself out to the general public as having the same or similar relationship of spouses; and not person who is merely a roommate or housemate of the applicant

2. **How many children live in your household?** See Appendix B
3. **Are you or anyone in your household employed?**
4. (if yes) **How much do you earn an hour? How many hours do you work in a typical week?** Enter hourly wage and hours worked and *select "send to grid", enter "Employment" or "spousal employment" in "income source" or otherwise describe employment income.*
5. (if no) **Do you or any other members of your household receive disability, SSI, or social security? Do you receive TEA, unemployment, child support, alimony, pension, or have any other income? Does any other member of your household, including your children, receive income?** Enter all sources of income and amounts. If no income enter "none" in income source and "0" in amount.
6. **Are you expecting any additional income such as more hours at work? Have you applied for a job, unemployment, disability, or any other source of income?** if yes, explain in "E notes" tab. *Check "Asked About Future Income" box.*
7. *Press "Poverty %"* See Appendix C for explanation of Income and Assets

8. Continue application, if applicant is 125% of poverty or below, or over 125% of poverty, but meets one of the following:
   a) Is the Petitioner in an order of protection case;
   b) Is 60 or older;
   c) Is a client because a judge has appointed an LAA attorney in a juvenile case; or
   d) Is seeking help on a tax case and is under 250% of poverty
   e) Has a housing case and is under 200% of poverty

See Appendix E for alternate funding sources

If applicant is over 125% and does not meet any of the criteria above, go to 38.

In extraordinary circumstances we can waive income for clients 125%-200% of poverty, see Appendix D

Eligibility | Save/Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly
Total Income	$0.00	$0.00

Asset	Asset Value
FS/Cash/Savings/(	
Real Property	
Personal Property	
Total Assets	$0.00

Monthly Expense	Expense $
Total Expenses	$0.00

27 | 28 / 30 | 29 | 31

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

Citizen Check: ☐ | Status X | Review Online Intake

Ext. Elig. 125-200% ☐ | Asset Test by Gov Agency: ☐ | Asked About Future Income: ☐ | Means Test:

Poverty % | LSC Eligible: ☐ | Program Eligible: ☐ | OR Rejected Reason:

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | Form Letters

9. **Do you have any money in a savings or checking account or cash on hand?** Enter value, if none, enter "0"

10. **Do you own a vehicle?** If yes, enter make and model in "E notes" tab. One vehicle is exempt. Enter the value of any additional vehicles under "personal property." If one or fewer, enter "0"

11. **Do you own any real estate, such as a house or land other than the home you live in?** enter value, if none, enter "0"

12. **Do you own any other valuable property, besides household items, including any other vehicle, boat, 4-wheeler, trailer, etc.?** enter estimated value in "Personal Property", if none, enter "0"

13. **Do you have any retirement accounts?** enter value, if none, enter "0"

If applicant's non-exempt assets are below $2,000 ($3,250 if age 60 or older or disabled) in assets for an individual and $3,000 ($5,000 if at least one person in the household is age 60 or older or disabled) for a household, with assets meaning cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant not including up to $10,000 in a retirement account, or applicant qualifies under one of the exceptions listed in 26 above, continue application. See Appendix C. If over assets, go to 38

Attachment "D"

Legal Aid of Arkansas, Inc.

Memo

To: All Staff

From: Lee Richardson, Executive Director

Date: 11/20/2013

Re: Outreach Intake

It will be Legal Aid of Arkansas policy that we no longer use paper intakes. Any paper intakes, possibly labeled as outreach intakes, that you may have in your possession should be discarded. You may still do intakes at outreach locations, as appropriate, when you have internet access, and hence, full access to the case management system. Otherwise, you may give legal information to prospective clients, but an attorney-client relationship will not be established and no legal advice or other legal services may be rendered until a full intake is complete. I am attaching an Outreach Callback Request (also available in the LAA Office Forms folder online) so that information can be gathered from potential clients for purposes of a call back from an eligibility/helpline worker or other trained staff. If these forms are completed, please do the callback and complete a full intake once you have access to the case management system. If it is not possible or practical to do this personally, please deliver the completed form to the HelpLine Manager or her designee for immediate follow up. Please be sure to obtain appropriate citizenship documentation from the potential client since you are in personal contact with him/her.

For clients represented using alternative funds, and not subject to a LSC entity restriction on representation (citizen status, substantive problem type, etc.), representation may commence as per the requirements of that funding source prior to a full intake, but information should be logged on the case management system as soon as possible thereafter, and conflict of interest should always be checked prior to the establishment of an attorney/client relationship.

LEGAL AID OF ARKANSAS, INC.

CALL BACK REQUEST FORM

APPLICANT INFORMATION		
Name:	Adverse Party:	
Date of birth:	SSN:	Race:
Phone:	Message Phone:	May LAA leave a Message: ___ Yes ___ No
Current address:		
City:	State:	ZIP Code:
Email Address:		
Emergency Factors:		
Has the Applicant Been Served? ____ Yes _____ No If yes Date Served:		
LEGAL PROBLEM:		
Language Preference: _____ English _____ Spanish _____ Marshallese _____ Other(_____)		
Best time to Call: _____ Morning (8:30 to 11:30) _____ Afternoon (1:00 to 4:00) ____ Evening (Tuesday only)		
Is the Applicant a U.S. Citizen? _____Yes _____ No	If No, Immigration Status:	
Staff Number:		
Date of Contact with Prospective Client:		
Notes:		
*This Form Must be Submitted with a signed Citizenship Attestation or Alien Eligibility Form		

Attachment "E"

On Wed, Nov 13, 2013 at 1:04 PM, Andrea Walker <awalker@arlegalaid.org> wrote:

Attached is updated language on the information we need to collect when considering the representation of a group. Please be sure to follow this when completing an intake for a group or organization. The HelpLine Handbook has also been updated to include this information.

Andrea Walker
HelpLine Managing Attorney
Legal Aid of Arkansas
714 S. Main St.
Jonesboro, AR 72401
870-972-9224, ext. 6303
870-910-5562 fax

To determine if the group meets LAA guidelines LAA will collect the following information:

1) ***The group's most recent annual budget and/or financial report to determine if the group cannot afford to hire an attorney; and either***
    a. ***Financial eligibility information for enough members of the group to determine if the group is primarily composed of persons who are financially eligible for services; or***
    b. ***The mission statement, bylaws, financial eligibility guidelines, or other documentary evidence that the financial or socioeconomic characteristics of the persons served by the group would be financially eligible for LAA services.***

After the requisite information is gathered, the HelpLine Managing Attorney will be notified and will make a determination regarding the eligibility of the group, and clearly notate that determination and the factors considered therein within the case management system.

Attachment "F"

NOTE TO APPLICANTS/CLIENTS: Because Legal Aid of Arkansas receives funding from the Legal Services Corporation; this statement is required pursuant to Section 45 of the Code of Federal Regulations, Part 1626.6(a). Legal assistance cannot be provided until you have signed and returned this statement to Legal Aid of Arkansas.

CITIZENSHIP ATTESTATION (ADULT)

I am a citizen of the United States.

_____ _____
Signature Date

_____
Printed Name

CITIZENSHIP ATTESTATION (MINOR)

I declare that I am the parent, legal guardian, *ad litem*, or other legal representative of the minor child identified herein and that s/he is a citizen of the United States.

_____
Name of Minor

_____ _____
Signature of Parent/Guardian Date

CITIZENSHIP ATTESTATION (INCOMPETENT ADULT)

I declare that I am the legal guardian and/or representative of the incompetent adult identified herein and that s/he is a citizen of the United States.

_____ _____
Name of Incompetent Adult Date

_____
Signature of Guardian/Legal Representative

If you are an adult U.S. Citizen seeking services please sign and date under Citizenship Attestation (Adult). If you are signing on behalf of a U.S. Citizen who is an incompetent adult or a minor child please sign the appropriate space.

Attachment "G"

Procedure:

Grant Revenue will be recognized as follows depending upon the type of grant received:

- Continuous such as LSC – 1/12 per month. Funds received from LSC in December for the following year will be placed in December revenue. However, these funds will be identified in a separate line on the audited financial statement as funds received in advance.
- Cost Reimbursable – Revenue will be recognized as equal to expenditures for the period being billed. Invoices should be issued monthly to the funding source equivalent to the costs incurred on the grant. A Grant Receivable will be set up to recognize the earned but not received revenue for each period.
- One Time Grants – The revenue in this type of grant will be recognized when the funds are received or when the project incurs expenditures.
- Court Awarded Attorney Fees- Attorneys' fees received for representation supported in whole or in part with LSC funds shall be allocated to the fund in which the LSC grant is recorded in the same proportion that the LSC funds expended bears to the total amount expended to support the representation. Further, attorneys' fees received shall be recorded during the accounting period in which the money from the fee award is actually received and may be expended for any purpose permitted by the LSC Act, regulations and other applicable law at the time the money is received. If attorneys' fees are received for representation supported in whole or in part with other restricted funds, a similar allocation as described herein shall be made.
- Derivative Income- Derivative income is any additional income derived from an LSC grant, such as interest income, rent or the like, or that portion of any reimbursement or recovery of direct payments to attorneys, proceeds from the sale of assets, or other compensation or income attributable to any LSC grant. Income derived from publications and from fundraising is not considered LSC derivative income. LSC derivative income must be reported in the same class of net assets that includes the LSC grant.

Contribution Revenue will be recognized when it is received. If there is a restriction on the contribution, it will be recorded in the Temporarily Restricted fund until the restriction has been met. If there is no restriction, the funds will be recorded as Contribution Income in the Unrestricted Fund.

In Kind Contributions will be recognized when the services or materials are received. The Fiscal Officer will be responsible for determining if the In Kind Contribution should be recorded based on materiality to the program. The Fiscal Officer will

gather appropriate information to value the services and/or materials at fair market value and prepare the Journal Entry to record both the income and expense.

Attachment "H"

ADDED UNDER THE REVENUE RECOGNITION HEADING AT THE BOTTOM OF PAGE 34 OF THE LAA ACCOUNTING MANUAL

LAA will not accept funds or cash contributions from any source other than LSC unless the source of the funds or cash contributions is provided with written notification of the prohibitions and conditions which apply to the funds. This notification will generally be given to all grantors or donors, but will be strictly followed when a grant, award, or donation exceeds $249.99. The notification will be generated by the Executive Director or designee in conjunction with the filing of any grant or funds application, and upon receipt of any grants, funds, or cash contributions. The language of the notification may be modified to meet the needs of a particular circumstance, but will generally be in one of the following forms:

Because we receive a grant from the federally funded Legal Services Corporation, we are required to notify you that our funds may not be used in any manner inconsistent with the Legal Services Corporation Act or Section 504 of Public Law 104-134.

This letter serves as notice that Legal Aid of Arkansas receives funds from the Legal Services Corporation (LSC). Legal Aid complies with the LSC Act, 42 USC §§ 2996 et seq., regulations, 45 CFR Part 1600, et seq., appropriations riders and all other applicable law. See, Pub. L. 104-134 (1996).

Legal Aid of Arkansas, Inc. is a 501(c)3 non-profit organization, making your charitable donations tax-deductible as permitted by law. Funding for Legal Aid of Arkansas, Inc., is provided in part by the Legal Services Corporation (LSC), and is restricted in certain activities in all of its legal work - including work that is supported by other funding sources. Please be advised that any contribution may not be used in any manner that is inconsistent with the Legal Services Corporation Act, 42 U.S.C. 2996 et seq. or by Public Law 104-134, which requires that notices of these restrictions be given in full to all funders or programs funded by the Legal Services Corporation. No goods or services were received in return for this gift.

The language below shall be added in appropriate situations.

The amount of the contribution that is deductible for federal income tax purposes is limited to the excess of money contributed over the value of goods or services provided by the organization. A good-faith estimate of the fair market value of sponsorship at the level indicated above is $_____.

Pro Bono Projects Report Overview 2012

Arkansas Pro Bono Partnership

The Arkansas Pro Bono Partnership was established to expand the pool of attorney volunteers to meet the civil legal needs of low-income Arkansans. It is the statewide registration and support system for the four regional pro bono organizations. The Arkansas Pro Bono Partnership is staffed and managed by the Arkansas Legal Services Partnership (ALSP). It is the statewide registration and support system for the following four regional pro bono organizations.

- Arkansas Volunteer Lawyers for the Elderly (AVLE);
- Equal Access to Justice Panel (EAJP);
- River Valley Volunteer Attorney Project (VAP); and
- Volunteer Organization of Center for Arkansas Legal Services (VOCALS)

2012 Pro Bono Resources and Activities Overview

The following activities highlight major efforts provided by ALSP to support and increase pro bono attorney involvement with our legal aid organizations. Please contact Vince Morris at the information below with any questions, comments or suggestions.

Pro Bono Case Alerts e-Newsletter (*Monthly*)

This e-newsletter, Pro Bono Case Alerts, is distributed on a monthly basis providing a listing of cases for pro bono attorneys to sign up for by county, topic, or organization. It is distributed to over 2,000 attorneys every month. It is now in its seventh (7th) year of publication. ALSP develops, distributes, and manages the publication. This also includes coordination with the pro bono coordinators from all the programs. This resource helps to connect pro bono attorneys with the "hard-to-place" cases and has decreased the time for pro bono case placement generally. These cases are also posted on the ALSP pro bono area of the website under password protection and used to generate the proper file format (XML) to use with the iPro Bono phone application.

More information: www.arlegalservices.org/probonocaseselection

---

iPro Bono™

The iProBono iPhone application, the first of its kind, allows pro bono attorney users to view pro bono cases for low-income Arkansans, sort through those cases based on legal topic and county, and request cases with a push of a button. In the months following the app's release, staff engaged in extensive promotion efforts, including the development of print and online media, as well as content for presentations given to attorney groups.

ALSP staff conceptualized and assisted in the development of iProBono was released on January 31, 2012. ALSP staff coordinated the app's development and launch in order to promote pro bono services and to encourage private attorneys to volunteer by reaching them statewide and easing the steps needed to volunteer for pro bono cases. To further promote and encourage volunteerism, ALSP staff, during Pro Bono Week, launched a promotional campaign titled "*Why I iProBono*." The campaign led to Wal-Mart volunteer attorneys creating a promotional video that highlighted why the company's private attorneys volunteered their services.

The iProBono app was updated monthly throughout 2012 in synchronization with the release of the Pro Bono Case Alerts e-newsletter. These updates require ALSP staff to review, edit, and upload the xml data manually from the list of available of pro bono cases provided by the pro bono coordinators of both legal aid organizations.

More information: www.arlegalservices.org/iprobonolaunch and in the iTunes Store at http://bit.ly/ygpeJW

CLE Training Development (Application, Management and Promotion)
ALSP provides and/or coordinates CLE trainings for pro bono attorneys throughout the year. ALSP often provide speaker acquisition services or an ALSP staff member will present for the training. Additionally, ALSP staff completes applications for CLE credit and gathers the training agenda, trainer biography, and any handouts or presentation materials. ALSP also provides publicity and promotion for trainings and manages the CLE accreditation process after the trainings for attending attorneys through the Arkansas Administrative Office of the Courts Professional Programs Office. Training subjects for included: Ethical Rule 6.1; unbundled legal services and/or low-bono services; substantive legal issues and resources; and the need generally for pro bono involvement to help with legal aid to provide service to low-income Arkansans.

Trainings in 2012 included the following presentations:

- **Arkansas Bar Association Leadership Academy** (April 2012)
  ALSP staff provided information about basic estate planning documents and automated resources to be used in an upcoming pro bono outreach event.
- **2nd Annual Immigrant Victims of Domestic Abuse & Human Trafficking** (May 2012)
  ALSP staff provided information about self-help resources on the website with a focus on the new statewide Order of Protection form as well as what legal aid help is available to immigrants who are the victims of domestic violence
- **Promise of Justice Conference**
  ALSP staff aided the Access to Justice Commission in developing, organizing and promotion of the statewide conference and facilitating multiple conference workgroups.
- **Arkansas Bar Association Annual Conference** (June 2012)
- ALSP staff provided information about pro bono resources on the website with a focus on the e-newsletter case alerts and new iProBono phone application.
- **Responders First 2012** (October 2012) - Fayetteville, AR
  ALSP staff provided information about basic estate planning documents and automated resources to be used in an upcoming pro bono outreach event.
- **Responders First 2012** (October 2012) – Little Rock, AR
- ALSP staff provided information about basic estate planning documents and automated resources to be used in an upcoming pro bono outreach event.
- **Arkansas District Court Judges Annual Conference** (November 2012)
  ALSP staff provided information about pro bono and advocate tools as well as a tour of resources available through the ALSP website.

If a training is offered via webinar, ALSP staff generate the GoTo Meeting, host, and facilitate it while providing support to staff and attorneys having technical difficulties with the program.

More information: www.arlegalservices.org/calendar/2012

Pro Bono Annual Report Publication (June 2012)
This 20-page annual report showcases Arkansas pro bono attorney volunteerism by listing names of all active pro bono attorneys, attorney donors, corporate donors, and law firms. Additionally, this report highlights compelling pro bono stories, pro bono attorney awards, and promotion of alternative pro bono opportunities.

ALSP staff designs, drafts and coordinates this joint publication of the Center for Arkansas Legal Services, Legal Aid of Arkansas, Arkansas Access to Justice Commission, Arkansas IOLTA Foundation, Arkansas Access to Justice Foundation, and the Arkansas Legal Services Partnership.

The Annual Report is published in the Arkansas Bar Association's quarterly publication *Arkansas Lawyer*, which is distributed to more than 5,000 attorneys statewide. ALSP also gives copies to Legal Aid of Arkansas pro bono coordinators and staff to distribute to the judiciary and clerks in their service area. Copies of the Annual Report are also made available to the board of directors of both legal aid organizations and at the Pro Bono Partnership booth at events, presentations, and conferences.

More information: www.arlegalservices.org/annualreports

Pro Bono Portal (Website and Resources)
The ALSP website has become a trusted source of information for many Arkansans and a crucial part of the legal services delivery system. ALSP has developed and maintains a robust pro bono attorney area on our website (The Pro Bono Portal). The public area of the Pro Bono Portal provides information about volunteering, information about our pro bono resources, pro bono awards and profiles, inspiring client stories, and an online pro bono signup form. In 2012, the Pro Bono Portal was the 10th most viewed webpage by our visitors with 3,727 page views.

Pro Bono advocates are able to be registered members of the website and have access to password-protected content and resources. The password protected pro bono member area includes a substantial catalogue of advocate resources that can be used when representing a client pro bono. These resources include: online case selection; legal forms library, automated documents, training materials; client education materials; and information about upcoming trainings and events. There are currently over **1000 registered advocate members** of the website **with 290 new advocate accounts** created in 2012.

More information: www.arlegalservices.org/probono

Arkansas Automated Document Project creates easy to use online "guided" interactive forms that produce personalized documents based on user input. These documents are automated in the Hot Docs® (formerly LexisNexis Hot Docs) and A2J AUTHOR® software environments. ALSP uses donated software provided by Hot Docs® and the open source A2J AUTHOR® (Version 4.0) software provided by the Illinois Institute of Technology - Chicago-Kent College of Law and the Center for Computer-Assisted Legal Instruction. These documents are uploaded to LawHelp Interactive, which is a national server shared by many legal aid organizations, courts, and other non-profit organizations.

Automated document technology enhances efficiency and accuracy for pro bono attorneys dealing with either a new area of law or high case load. There are currently **106 advocate documents** available through the ALSP website.

More information: www.arlegalservices.org/quickdocs

Online Pro Bono Volunteer Registration
The ALSP website offers a clearinghouse of pro bono resources that allows an attorney to sign up as a pro bono volunteer, create a website account, locate and use advocate resources and contact us in real-time for any needed assistance via LiveChat. In 2012, our recruiting efforts resulted in 112 attorneys signing up as new pro bono volunteers through our statewide website

More information: www.arlegalservices.org/volunteer

Corporate Pro Bono Activities
ALSP coordinates with Walmart Legal Department and Entergy Legal Department to provide assistance in their pro bono activities including: client legal information content updates; LiveChat assistance; pro se email responses and general Medical Legal Partnership (MLP) needs.

More information: www.arlegalservices.org/node/1019

Arkansas Access to Justice Commission, Pro Bono Committee
ALSP is an active partner with the Arkansas Access to Justice Commission Pro Bono Committee. This activity includes providing pro bono resources, marketing and outreach, coordinating with the committee to develop pro bono strategies for increased pro bono involvement and support of legal aid. Some of these activities also include resource development, public relations, CLE applications and coordination, webinar hosting, and presentations.

More information: www.arkansasjustice.org

Pro Bono Social Media

ALSP staff coordinates and administers social media for the Arkansas Pro Bono Partnership. In order to further promote pro bono efforts as well as to further encourage private attorneys to volunteer their services, ALSP staff created the Arkansas Pro Bono Partnership Facebook and the Arkansas Pro Bono Partnership Twitter.

ALSP staff provides updates for both social media platforms when the Pro Bono Case Alerts e-newsletter is distributed. The social media points are also updated to highlight compelling news events, to request volunteers for outreach events (e.g., *Serving Our Seniors and Responders First*), to showcase pro bono stories and outstanding pro bono service, and to share the work of Legal Aid of Arkansas and Center for Arkansas Legal Services in the community.

More information: www.facebook.com/arprobono

Presentations, Recruitment, Exhibitions and Outreach Events

ALSP provides pro bono and outreach services though multiple presentations, tabling exhibitions and pro bono outreach events every year. Some of these events are listed in the CLE presentations section above, however, many do not include CLE accreditation or have ancillary activities associated with the CLE trainings. 2012 activities included:

- **CHALENG Meeting - Vet Center** (January 2012)
  ALSP staff provided information about the resources available on the statewide website to advocates assisting veterans.
- **Arkansas Bar Association Mid-Year Arkansas Bar Association Conference** (January 2012)
  ALSP staff provided information about the resources available for pro bono attorneys
- **Access to Justice Commission Committee Report** (January 2012)
  ALSP staff provided information about ongoing and upcoming activities
- **Arkansas District Court Clerks Annual Conference** (February 2012)
  ALSP staff provided information about pro bono and advocate tools as well as a tour of resources available through the ALSP website.
- **Serving Our Seniors** (May 2012)
  ALSP staff designed, developed and manages the "Pro Bono in a Box" events where pro bono attorneys provide assistance with end of life documents during a 3 hour event.
- **Domestic Violence/Partner Violence/Mental Injury Arkansas Children's Hospital** (May 2012)
  ALSP staff provided information about domestic violence resources available on the statewide website and provided a demonstration of the interactive Order of Protection packet
- **Arkansas Bar Association Annual Conference** (June 2012)
  ALSP staff designed, developed and coordinated table exhibiting and recruiting for this three day event.
- **Serving Our Seniors** (June 2012)
  ALSP staff designed, developed and manages the "Pro Bono in a Box" events where pro bono attorneys provide assistance with end of life documents during a 3 hour event.
  Low-Income Advocates Leadership & Community Development Conference (September 2012)
  ALSP provided information about the resources available to advocates and Arkansas residents and also provided information about the current Spanish Portal and CourtHelp projects.
- **Responders First 2012** (October 2012) - Fayetteville, AR
  ALSP staff designed, developed and manages the "Pro Bono in a Box" events where pro bono attorneys provide assistance with end of life documents during a 3 hour event.
- **Responders First 2012** (October 2012) – Little Rock, AR
  ALSP staff provided information about basic estate planning documents and automated resources to be used in an upcoming pro bono outreach event.
- **Arkansas District Court Judges Annual Conference** (November 2012)
  ALSP staff provided information about pro bono and advocate tools as well as a tour of resources available through the ALSP website.
- **Career Pathways Partnership Meeting** (December 2012)
  ALSP staff provided information about resources available through the ALSP website, including LiveHelp, interactive self-help packets, Online Legal Library, CourtHelp, and Spanish Portal

Contact Information
For questions, suggestions or for more information concerning the 2012 Pro Bono Activity Report or about other ALSP programs contact:

- Vincent Morris, Director
  Arkansas Legal Services Partnership
  Arkansas Pro Bono Partnership
  1300 W. 6th Street, Little Rock, AR 72201
  Phone: 501-975-3775 | vmorris@arkansaslegalservices.org

Supported By:
ALSP would like to thank the Legal Services Corporation (LSC) for the funding and other support that has helped to make many of these projects possible.

www.arkansaslegalservices.org

Training/Outreach

January 2012

- TIG Conference in Albuquerque, New Mexico
  - PRESENTATION: Reinventing the Wheel
    - PRESENTER: Vince Morris
    - Approximately 50 in attendance
  - PRESENTATION: Ignite session on iProBono, iPhone app that allows volunteer attorneys to request pro bono cases
    - PRESENTER: Kim Marshall
    - Approximately 100 in attendance
- CHALENG Meeting at the Vet Center in Little Rock
  - ALSP staff provided information about the resources available on the statewide website.
  - 75 people in attendance from various organizations that serve homeless veterans
- Access to Justice Commission
  - Report = 15

February 2012

- LHI Software Training at the AOC
  - ALSP staff provided information about A2J/HotDocs and LawHelp Interactive
  - 15 people in attendance
- E-Filing Meeting at AOC
  - ALSP staff met with AOC staff to discuss the rollout of e-filing for attorneys in Pulaski County
- District Court Clerks Conference at Crowne Plaze in Little Rock
  - ALSP staff provided information about resources on the statewide website as well as explained the difference between legal information vs. legal advice
  - 162 registered clerks received handouts
  - 125 clerks in attendance

March 2012

- Presentation to Elderly Residents at the Cottages in Little Rock
  - ALSP staff provided information about self-help resources on the website and information on the HelpLine
  - 20 disabled and elderly residents in attendance

April 2012

- Training Advocate Docs for Serving Our Seniors at Mount Magazine
  - ALSP staff provided training to attorneys on basic estate planning documents
  - 20
- Goodwill
  - 8

May 2012

- 2nd Annual Immigrant Victims of Domestic Violence & Human Trafficking

    - ALSP, CALS, and LAA staff provided information about self-help resources on the website with a focus on the new statewide Order of Protection form as well as what legal aid help is available to immigrants who are the victims of domestic violence
    - About 50 people in attendance
- Training for Domestic Violence/Intimate Partner Violence/Mental Injury Work Group at Arkansas Children's Hospital
    - ALSP staff provided information about domestic violence resources available on the statewide website and provided a demonstration of the interactive Order of Protection packet
    - Approximately 25 people in attendance
- Promise of Justice Conference
    - ALSP staff aided the Access to Justice Commission in organizing conference and workgroups
    - Facilitated Pro Se Workgroup = 15x2 (30)
- ABA/NLADA Equal Access to Justice Conference = A2J Chair Meeting
    - Report 15

June 2012

- Arkansas Bar Presentation
    - 60
- 2nd Annual Serving Our Seniors in Hot Springs and Rogers
    - 120 clients served
    - More than 300 legal documents prepared
    - 35 licensed attorney volunteers

August

- Access to Justice Commission
    - Report = 15
-

September 2012

- 2012 Low-Income Advocates Leadership & Community Development Conference in Little Rock
    - ALSP provided information about the resources available to advocates and Arkansas residents and also provided information about the current Spanish Portal and CourtHelp projects
    - About 50 people in attendance
- Ark Bar Strategy Meeting = 7

October 2012

- Responders First 2012
    - 25 clients served
    - 114 legal documents prepared
    - 30 licensed attorney volunteers
    - 29 volunteers (including notaries & UALR Bowen School of Law students)

    - Also, Luncheon = 40
- Language Access Meeting with Andrew Walchuck, Policy Analyst at the Administrative Office of the Courts
    - ALSP provided information about the Spanish-language resources available to low-income Arkansans with limited English proficiency and also provided information about the Spanish Portal project

November 2012

- Alternative Dispute Resolution Commission Meeting
    - ALSP staff provided Commission members with a tour of the ALSP website, tools available to site visitors, and a preview through an A2J interview and the documents the interview produces
    - 10 people in attendance
- Presentation: District Court Judges
    - ALSP staff provided information about pro bono and advocate tools as well as a tour of resources available through the ALSP website
    - Approximately 75 people in attendance
- Entergy Legal
    - 8
- Access to Justice Commission
    - Report = 15

December 2012

- Career Pathways Partnership Meeting
    - ALSP staff provided information about resources available through the ALSP website, including LiveHelp, interactive self-help packets, Online Legal Library, CourtHelp, and Spanish Portal
    - Approximately 40 people in attendance

Attachment "K"

Vince Morris	2012

Total Salary	$60,000.00
Total Hours Worked	1950.0
$/Hr	$30.77

Vince Morris Salary ALSP per Subgrant	$24,060.00
$/Hr	$30.77
Total Hours ALSP	782.0

Total Hours ALSP	782.0
PAI Hours	276.0
PAI %	35.29%

Total ALSP Subgrant for 2012	$37,834.16
PAI %	35.29%
PAI $	$13,351.68

Attachment "L"

Gift Cards 2011-2013

Recipient	Amount	G/L Date	Purpose
Barbara Griffin	$75.00	11/29/2011	5 Year Anniversary
Faye Reed	$50.00	11/29/2011	10 Year Anniversary
Teresa Franklin	$50.00	4/26/2011	5 Year Anniversary
Chris Wardlow	$50.00	4/26/2011	5 Year Anniversary
Deedra Thomas	$50.00	9/27/2011	Farewell
Sherri Stewart	$200.00	11/29/2011	30 Year Anniversary
Lee Richardson	$100.00	4/26/2011	20 Year Anniversary
Lee Richardson	$500.00	4/26/2011	Performance Bonus, Given In Lieu of Raise
Elizabeth King	$75.00	8/27/2012	10 Year Anniversary
David Bowman	$75.00	6/1/2012	10 Year Anniversary
Mike Loggains	$50.00	7/26/2012	5 Year Anniversary
Mary Loos	$50.00	7/26/2012	5 Year Anniversary
Denise Paquette	$75.00	6/1/2012	10 Year Anniversary
David Bowman	$25.00	10/16/2012	Farewell
Sherri Stewart	$25.00	3/16/2013	Farewell
Elizabeth Tonti	$25.00	3/16/2013	Farewell
Ashley Chan	$25.00	5/16/2013	Farewell
Lela Davison	$50.00	3/16/2013	5 Year Anniversary
	$1,550.00		

Attachment "M"

6050 Recognition Lunches/Dinners and Gifts

a. Upon separation of employment from LAA, if the employee is in good standing with the program and has worked for a minimum of one year or volunteered a minimum of 300 hours, they will receive a gift in the form of a $25 gift card and will be treated to lunch or dinner by the program.

b. When an employee reaches a milestone for time served with LAA, the employee will receive a gift card with the amount being reflective of the number of years served, a recognition award, and will be treated to lunch or dinner by the program. In the event that the employee is celebrating a large milestone, i.e. 25 years or more, the program may treat the staff of that office to a lunch or dinner celebration as approved by the Executive Director.

☐ 5 years - $50
☐ 10 years - $75
☐ 15 years - $100
☐ 20 years - $150
☐ 25 years - $200
☐ 30 years - $500 or comparable gift

Attachment "N"

6050 Recognition Lunches/Dinners and Performance Awards

a. When an employee reaches a milestone for time served with LAA, as an incentive award for performance, the employee will receive a one-time pay incentive with the amount being reflective of the number of years served, a recognition award, and will be treated to lunch or dinner by the program. In the event that the employee is celebrating a large milestone, i.e. 25 years or more, the program may treat the staff of that office to a lunch or dinner celebration as approved by the Executive Director. This compensation will be made with funds other than federal.

- 5 years - $50
- 10 years - $75
- 15 years - $100
- 20 years - $150
- 25 years - $200
- 30 years - $500 or comparable gift

c. Year-end bonuses may be awarded by the Executive Director, in consultation with the Fiscal Officer, not to exceed a maximum of $300 for full time staff members and $150 for part time staff, subject to funding availability. Bonuses will be prorated, with staff receiving a full bonus if they began employment prior to July 1st of the year, and 50% of the full bonus if they started employment thereafter.

Employee Benefits

Policy:

Accounting for employee benefits will be on an accrual method of accounting and will be allocated to funding sources based on each individual funding sources budget. Earned but unused annual leave will be recorded in the financial statements annually.

Employee benefits will be offered to all employees in accordance with the Personnel Policies currently in effect. All Employee Gifts, Awards, or Incentive Awards for performance will be paid with non-LSC and non-Federal Funds.

Procedure:

The Cougar Mountain software program is set up to automatically post benefits to funding sources in the same percentage as employee salary according to the payroll setup specified in the Payroll Module. Therefore adjustments to benefits charged to funds will be adjusted monthly by journal voucher entries based on the individual fund budget.

Attachment "O"

Chart of Accounts

Policy:

The Chart of Accounts is designed to classify all income, expense, asset and liability by type, funding source and restriction. All entries to the accounting system will require a minimum of the fund and Account Number. Income and Expenditures will require the full Fund, and Account Number. LSC Fund Income and Expenditures will be represented by 02, or 11-19 using the middle segment of the General Ledger Codes set up in the Cougar Software. All other middle segment codes (other than 02, or 11-19) will be used for Non-LSC Fund Expenditures in order to utilize the Fund accounting capabilities of the Current Cougar Software. Cougar is in the process of upgrading their Pro Fund accounting (D-Base DB) software to Denali which will use a newer SQL database. Accounts Payables Modules is ready but the Payroll Module is not yet complete. An upgrade or change in Accounting Software will be implemented as soon as possible. At this time, the current Accounting Software and Case Management System will be utilized to full capacity to ensure compliance with §2-1.2 of the LSC Accounting Manual.

Only the Fiscal Officer may make additions and/or changes to the Chart of Accounts. Any proposed addition/change should be submitted to the Fiscal Officer for review, approval and implementation.

A valid account number in the LAA Cougar Accounting System is made up of three segments:

- XX Organization/Company
- XX Location/Fund
- XXX Account Number

NOTE:Non-LSC Expenses are to be charged to Location/Fund other than "02(PAI), and 11-19". Specifically, no funds made available by LSC shall be used to pay for administrative overhead or related costs associated with activity listed in 45 CFR §1612.6. LAA will maintain separate records and accounts, currently fund "00", documenting the expenditure of non-LSC funds (currently use funding code 116, State Filing Fee Add-on, on the Case Management System) for legislative and rulemaking activities that are permitted.

Attachment "P"

Cost Allocation

Policy:

Direct costs are allocated to a particular grant to the degree that the costs were incurred to achieve the objectives of the grant. Common expenses are allocated among funding sources on the basis agreed to by the applicable funding organization. In the absence of approved methods the allocation will be fair, consistent and in an equitable manner to the individual cost centers and funds, most generally on the basis of full time professional staff equivalent and the percentage of total of funds received.

Similarly, Management and General expenses are allocated among funding sources as agreed by the applicable funding organization. In the event a particular funding source will not sustain the cost of Management and General expenses, allocation will be made to those funds that will pay for such expenditures. Management and General expenses are deemed to be those expenses that are specifically relevant to management, such as travel and training costs for management personnel, professional services, Management Errors and Omissions Insurance, and audit costs. In addition, a portion of routine office expense is allocated to Management and General on the basis of full time professional staff equivalent.

Procedure:

All employees providing client services will record their time by matter, case and funding source on the Time Keeping System. This source of information will be the basis of charging the employee time to a particular funding source and will allow for allocation of other expenditures to the grant or to other general funding sources.

The Fiscal Officer will establish an allocation methodology that is reasonable and complies with OMB Circular A-122, "Cost Principals for Non-Profit Organizations. The Allocation system will first identify all those funding sources that will pay for only specific expenditures. The second tier of allocation will be those grants that will pay a portion of overhead or administrative expenses. The final tier of the allocation system will be those funding sources that will pay any expenses (except those specifically against funding policy).

From the above analysis, allocations will be based on percentages established by fulltime equivalent, percentage of income and/or square footage for each funding

source. All costs incurred will be expensed either directly or by Distribution Code in the COUGAR MOUNTAIN system. The Fiscal Officer will review individual funding source expenditures as needed to determine that expenses have not been exceeded and are within the allowable parameters of the grant. Any changes to be made after this review will be made prior to the release of the Annual Audit.

Attachment "Q"

Audit/Finance Committee

The *Accounting Guide for LSC Recipients* requires the establishment of this committee. This committee provides assistance to the board in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- Guiding the process of selecting LAA's auditor and recommending the selection of a particular auditor to the full Board of Directors.
- Meeting with the auditor for an exit conference at the completion of each audit.
- Reviewing the expenditure budget in detail and recommending approval to the full Board of Directors.
- Maintaining communication between the Board of Directors and the auditor and meeting with the auditor to discuss, inquire about and review audit reports, financial statements and the effectiveness of LAA's management of accounting and financial functions.
- Instituting any changes necessary to ensure proper oversight and control of funds.
- Reviews IRS Form 990 for completeness, accuracy and timely filing prior to submission. Makes a report at the next scheduled board meeting on the filing of IRS Form 990. A copy of IRS Form 990 will be provided to all board members at this meeting, and made permanently available for board review at the LAA Board Member web portal.
- Reviews IRS Form 5500 for completeness, accuracy and timely filing.

Attachment "R"

SECTION II: REPORTING AND RECORD KEEPING

Record Retention

Accounting Records

- General Journal ..... Permanent
- General Ledger ..... Permanent
- Cash receipts book ..... 10 years
- Cash disbursements book ..... 7 years
- Bank statements and cancelled checks ..... 7 years
- Billings for services ..... 7 years
- Employees travel and expense reports ..... 7 years
- Expense bills (source documents) ..... 4 years
- Petty Cash records ..... 7 years
- Financial statement – annual ..... Permanent
- Financial statements – monthly ..... 7 years
- Audit Reports ..... Permanent
- Inventories ..... 7 years

Fixed Assets

- Land and buildings ..... Permanent
- Equipment in use (After Disposition) ..... 3 years
- Equipment traded in on similar asset (After Disposition) ..... 3 years
- Equipment disposed of (no trade-in) (After Disposition) ..... 3 years
- Depreciation Schedules ..... Permanent

Contracts

- Leases (after termination) ..... 7 years
- Grant Agreements (after expiration of grant) ..... 6 years
- Restricted funds documentation (after use) 7years

Tax Returns

- Federal Form 990 and working papers ..... Permanent
- State information returns and working papers ..... Permanent
- Payroll tax returns ..... 5 years
- Withholding tax statements (W-2) ..... Permanent

Corporate Organization Records

- Corporate charter and certificate of incorporation ..... Permanent
- Minutes of Board of Directors meetings ..... Permanent
- Annual reports ..... Permanent

Personnel Records

- Individual employee records (After Termination) ..... 4 years
- Payroll records ..... Permanent

- Employment Applications.....2 years
- Time Sheets (After Termination).....4 years
- Employee pension and insurance records ..... Permanent

General Correspondence..... 5 years
Legal Correspondence.....Permanent

Attachment "S"

HelpLine Handbook

Updated 11/13/13

Table of Contents

HelpLine Information 2

HelpLine hours: 2

Intake & Case Review - Overview 2

1. Call queues 2
2. Dial plans 2
3. Case types 2

If Advice Only 3

If Brief Services 3

If Referred to Work Group 3

Post-Interview flow chart 4

Logging into the Case Management System 5

Eligibility Screening 7

Checking Priorities 8

Checking Conflicts of Interest 9

Checking if Caller or Legal Problem is in Our Service Area 11

Checking Financial Eligibility 12

Checking Citizenship Status 15

Ineligible Cases 16

Recording Other Services 17

Intake Page 1 18

Intake Page 2 19

Transferring Calls to Appropriate Dial Plan 20

Legal Interview 21

Closing HelpLine Cases 23

If you are an attorney: 23

If you are not an attorney: 23

Timekeeping 24

Call backs 25

Callbacks for cases with no eligibility screening 25

Call backs after eligibility screening 26

Appendices 27

A. Problem Codes 27

B. Household Member Flowchart 29

C. Financial Eligibility Guidelines 30
INTRODUCTION 30
INCOME 30
WAIVER OF INCOME LIMIT 31
WHAT IS CONSIDERED "INCOME" 31
GROUP REPRESENTATION 31
DOMESTIC VIOLENCE 31
VERIFICATION OF INCOME 32
ASSETS 32
WAIVER OF ASSETS LIMIT (See Appendix D) 32
CHANGE IN FINANCIAL ELIGIBILITY STATUS 32
D. Income and Asset Waivers 34
Income Waivers 34
Asset Waivers 34
E. Funding Codes 35
Most commonly used 35
Orders of Protection –use in all cases 35
Domestic Violence – use if undocumented alien 35
The Elderly – only use if over income or assets 35
Housing 35
Dependency/Neglect 35
Tax 36
Pro Bono 36
Other funding codes: 36
F. Case Types 37
G. Inter-program Referrals 38
H. Dropbox 39
I. Quick User Guide - Jive 4.0 40
Voicemail Access 40
Voicemail Greeting 40
Transfer to Voicemail 40
Queue Access 40
Intercom 40
Conference Bridge 40
J. Call Handling 101 41
K. Custody vs. Guardianship vs. Power of Attorney 46
L. Social Security Administration Benefits 47

HelpLine Information

HelpLine hours:

Monday through Thursday

9:00 a.m. to 11 a.m. and 1:00 p.m. to 3:00 p.m.

Tuesday evenings from 5:15 p.m. to 7:15 p.m.

Statewide HelpLine number **1-800-952-9243***

*Calls are routed to Legal Aid or the Center for Arkansas Legal Services, depending on where the call originates. As long as a caller has an eligible legal problem in our service area, please do an intake. If a call is from out of state or the phone number is unavailable it defaults to us. So, if the caller lives and has a legal problem outside of our service area, please refer the call to the Center for Arkansas Legal Services at **1-800-950-5817**.

Intake & Case Review - Overview

1. Call queues
   Log into HelpLine by dialing *13, then the queue extension. Repeat for each queue.
   a. Eligibility - 9000 & 9001
   b. Domestic Violence – 9100 & 9102
   c. Housing – 9400 & 9900
   d. Economic Justice – 9300 & 9900
   e. Consumer – 9200 & 9900
   f. Spanish – 9800
   g. Tuesday Evening - 9700

2. Dial plans
   Eligibility screeners check for eligibility then puts case in A case type, and blind transfer calls to appropriate dial plan.
   a. 8100 – DV
   b. 8200 – Consumer
   c. 8300 – Economic Justice
   d. 8400 – Housing
   e. 8800 – Spanish
   f. 7303 - Marshallese

3. Case types
   Interviewer completes intake, changes advocate number to his/her own number, and puts case in appropriate work group case type
   a. D = Family Law/Domestic Violence
   b. F = Public Benefits/Economic Justice
   c. G = Housing
   d. I = Consumer

4. If case is an emergency and the interviewer is not an attorney, the interviewer will notify the Advocate of the Day (AOD)

5. Interviewer requests paperwork, when appropriate, and is responsible for following-up to get paperwork. When paperwork is received the paperwork is scanned and saved to the Case Review folder for the date the intake was opened in Dropbox using the naming convention "lastname, firstname" .
6. AOD reviews all cases for his/her work group to decide if it meets priorities, should be advice only, if an advocate should perform brief services, or if the work group should review it further. If additional information is needed the AOD will contact client for that information.

If Advice Only

a. AOD will:
    i. Indicate that case is advice only, write the specific advice to include in the letter in case notes, and change case type to B; or
    ii. Write advice letter if the advice is particularly complicated, saving the letter to the case review folder for the date the intake was opened using the naming convention "lastname, firstname" ; or
    iii. Call client to advise by phone, including notes of the specific advice provided in case notes
b. Intake worker will check all cases in B status in his/her advocate number regularly and:
    i. Review AOD's notes and prepare advice letter, using a standard form letters in the Advice folder of Dropbox, then
    ii. Save the advice letter in the Dropbox case review folder for the date the intake was opened using the naming convention "lastname, firstname"
        1. If interviewer is not an attorney she/he will change case type to L and e-mail AOD. AOD will review and change case type to B
    iii. Mail letter, with enclosures, once approved.
    iv. Change case type to C to be closed.

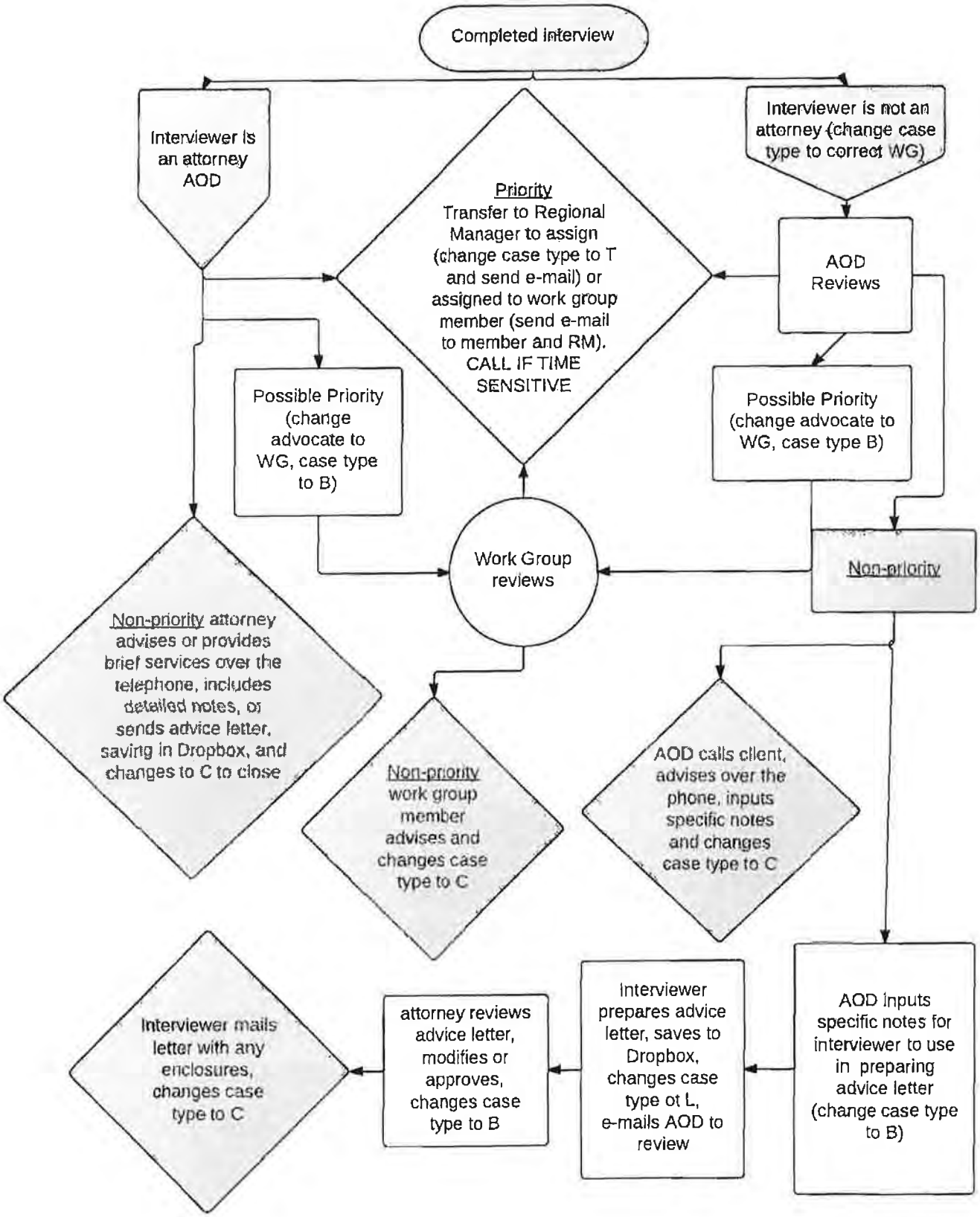
If Brief Services

AOD will perform appropriate brief services documenting actions taken in case notes and change case type to C to close.

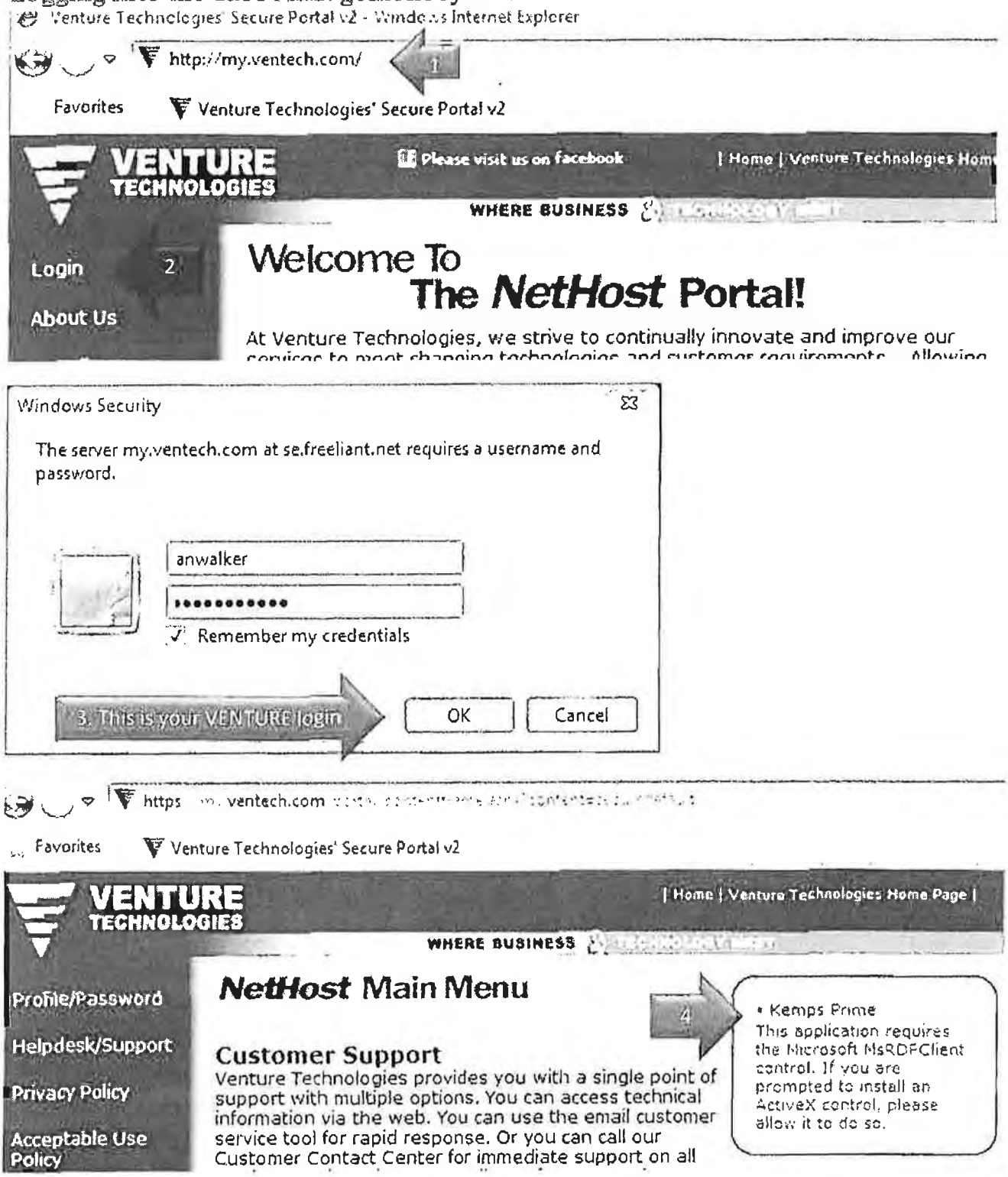
If Referred to Work Group

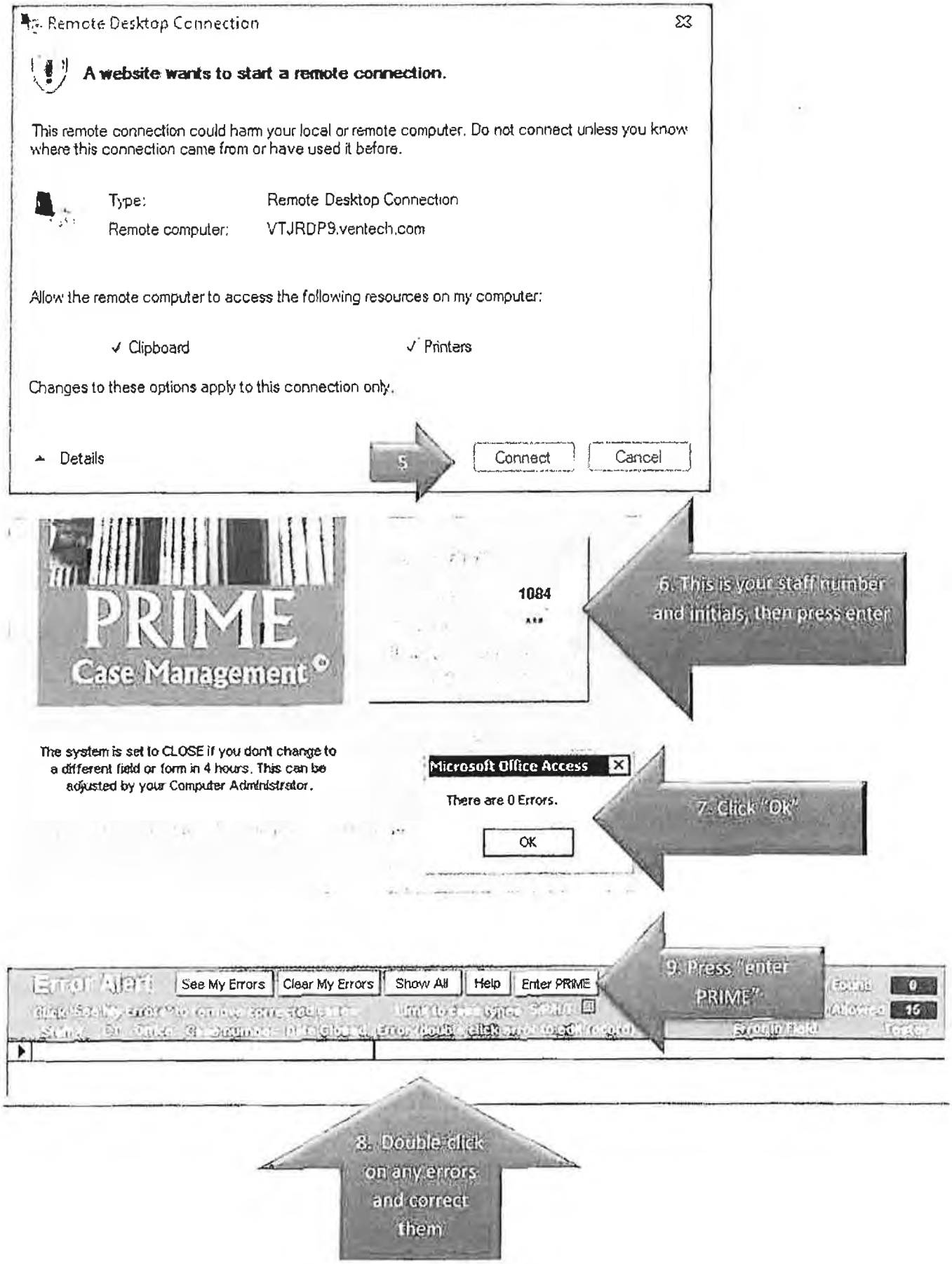
a. AOD will change case type to B and staff number to the appropriate work group
    a. 9100 – Domestic Violence
    b. 9200 – Consumer
    c. 9300 – Public Benefits
    d. 9400 – Housing
b. Work Group will review the case at weekly meeting and
    a. Assign to group member to handle or e-mail Regional Manager to assign case changing the advocate to Regional Manager and case type to T; or
    b. Assign member of the work group to write an advice letter

Post-Interview flow chart



Logging into the Case Management System




Remote Desktop Connection
A website wants to start a remote connection.
This remote connection could harm your local or remote computer. Do not connect unless you know where this connection came from or have used it before.
Type: Remote Desktop Connection
Remote computer: VTJRDP9.ventech.com
Allow the remote computer to access the following resources on my computer:
✓ Clipboard
✓ Printers
Changes to these options apply to this connection only.
Details
5
Connect
Cancel
PRIME
Case Management
1084
6. This is your staff number and initials, then press enter
The system is set to CLOSE if you don't change to a different field or form in 4 hours. This can be adjusted by your Computer Administrator.
Microsoft Office Access
There are 0 Errors.
OK
7. Click "OK"
Error Alert
See My Errors
Clear My Errors
Show All
Help
Enter PRIME
9. Press "enter PRIME"
Found
0
Allowed
15
8. Double click on any errors and correct them

Eligibility Screening

Microsoft Access - [Main Menu]

Clients for Windows Window SysInfo Close Filters Link Manager Toolbars Hide Extra Menus

Main Help
To Do List
Today
Time-Day
Agencies
Fund Raise
Call Back
Intake Sys
Upkeep

PRIME
Case Management ©

Click Below for Help
- Get Started
- Add Intakes
- Save Information
- Find or Change Information
- Make a Report
- Generate a Form Letter
- Find Agencies - Non Legal Help
- Check for Case Conflicts
- Do Time Keeping
- Use the Callback System
- Use the Calendar
- Use some Shortcuts
- Use Private Bar Features
- Correct Errors
- Change the Form Defaults
- Error Check

Add
Conflict
Search
Reports
Letters
Time
Trust
Calendar
Email

Microsoft Access - [Main Menu]

Clients for Windows Window SysInfo Close Filters Link Manager Toolbars Hide Extra Menus

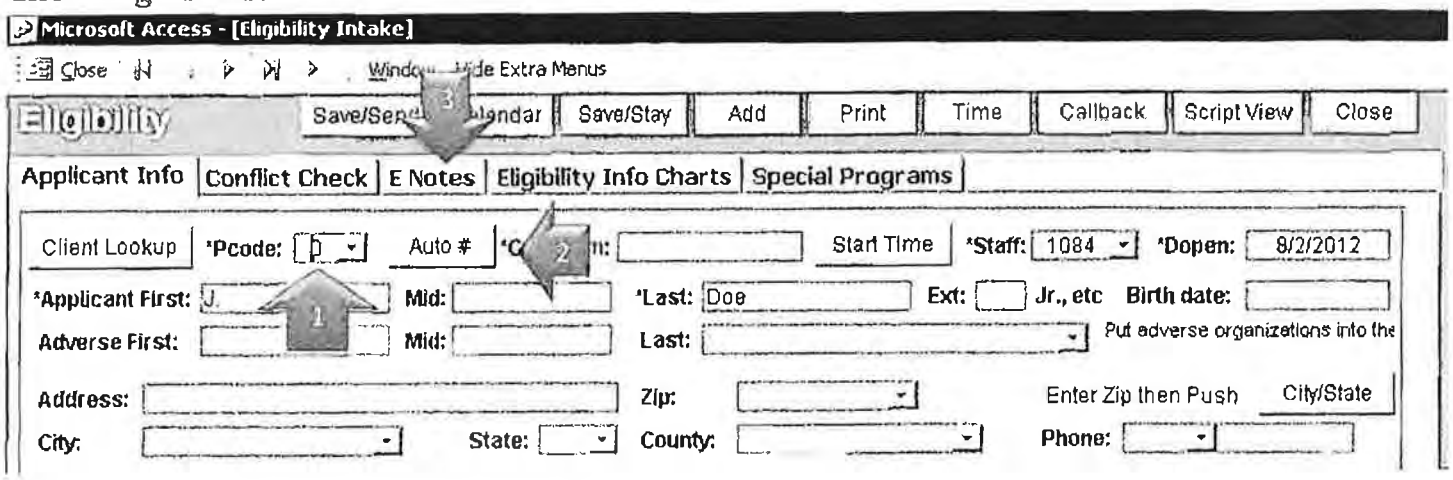
Main Help
To Do List
Today
Time-Day
Agencies
Fund Raise
Call Back
Intake Sys
Upkeep
Help
Exit/Save

Search for Records
- Clients
- Eligibility
- Call Back
- Client Browser
- Case Information Tree
- Client Information Tree
- Family of Client
- PBI Clients
- PBI Lawyers
- Web registration
- Law Firms
- Answers to Intake System
- Agencies
- Subjects
- Other Services
- Case Notes
- Internal Messages
- Difficult Person

Date Difference Calculator
- All People
- All Phones
- Documents
- Doc Text Srch
- Time
- PBI Time
- Calendar
- Calendar View Search
- Contact
- Conflict
- Conflict Detail Search
- Compensated
- Staff Member
- Courts
- Judges
- Litigation
- Email Send Files
- Report Previews
- Tree View

Add
Conflict
Search
Reports
Letters
Time
Trust
Calendar
Email
PBI
Activity

Checking Priorities



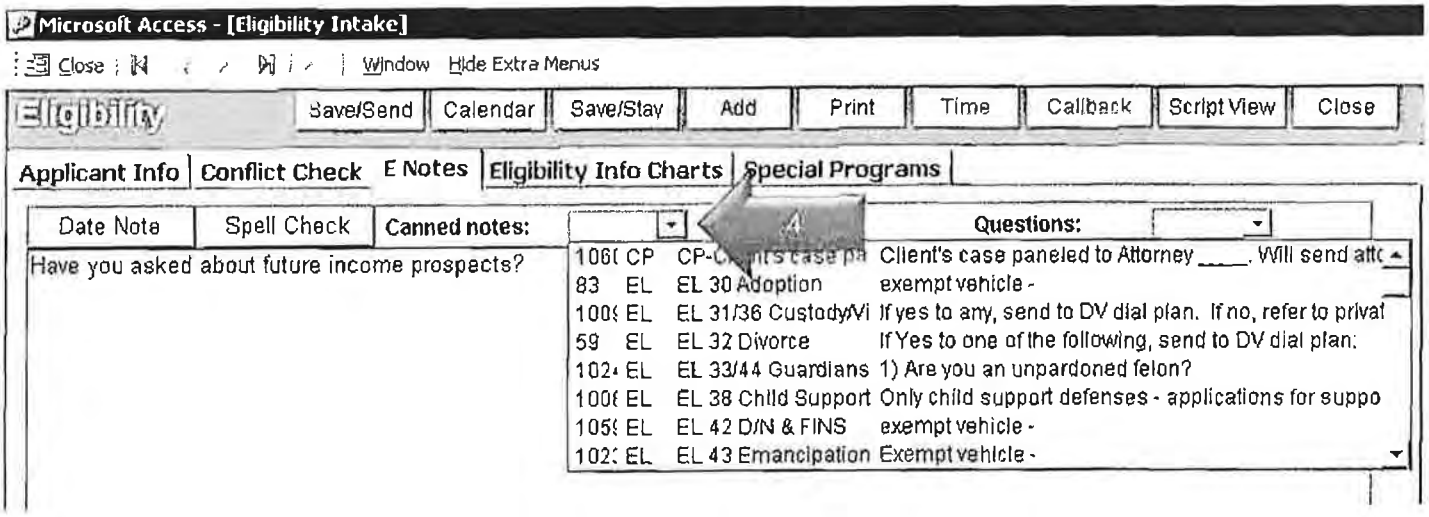
Hello, my name is _____, I'm a/n (attorney, paralegal, law clerk, AmeriCorps member).

1. **What is your legal problem?** see Appendix A

   This should be brief, to get the initial problem code, explain that an advocate will get more information about the legal problem after you make sure he/she is eligible for services. *If the problem is a civil legal problem, continue application. If it is a criminal, other than an eviction, or traffic case, go to 38.*

2. *Press the "Auto #" button*

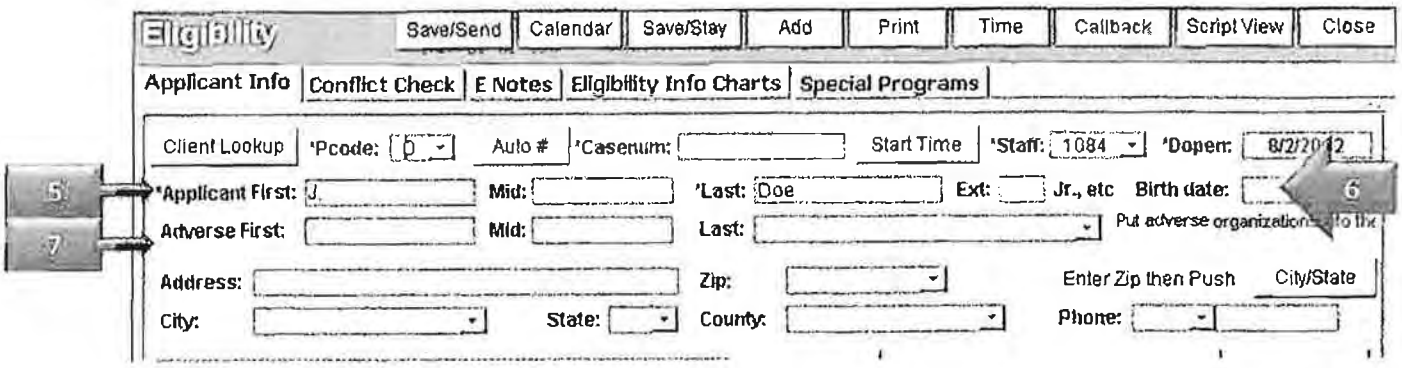
3. *If Problem Code 30-49 (family law case), click the "E Notes" tab and continue to 4. If a non-family case, continue to **5**.*



4. **Choose canned note that corresponds to the applicant's legal problem.**

*If applicant's problem is within priorities, as determined by the questions, continue to **5**, if it is outside priorities, go to **39**.*

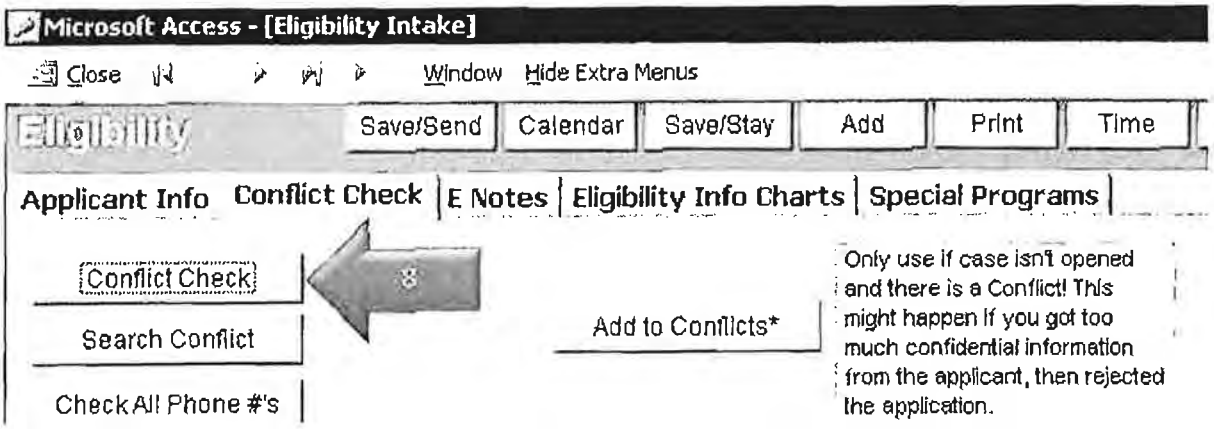
Checking Conflicts of Interest



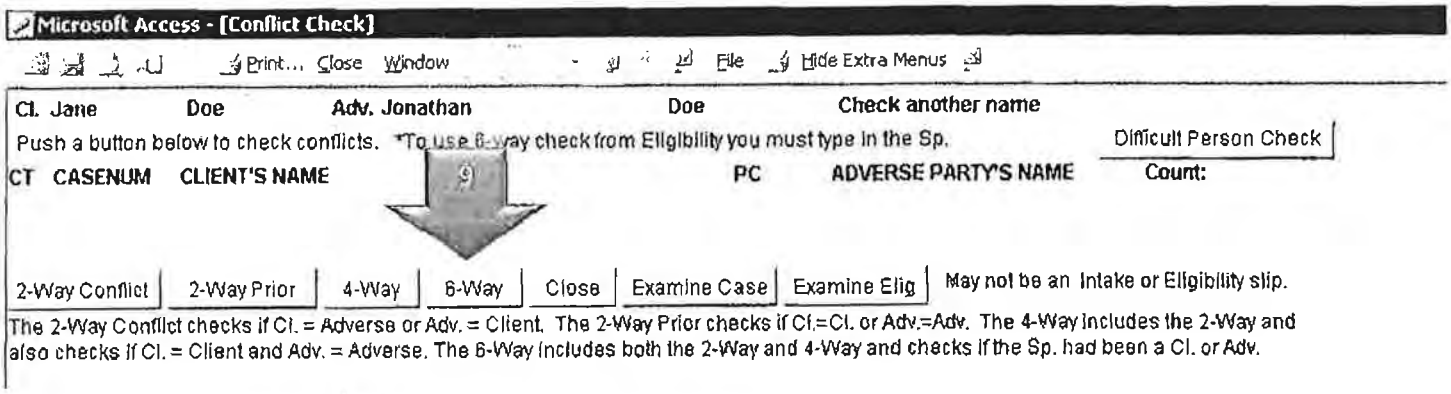
5. **Please spell your first, middle, and last name.** Person seeking assistance must be the one providing information, unless another person is his/her guardian, has Power of Attorney, or he/she gives permission for us to speak with someone else. Explain that talking to someone other than the applicant affects the attorney/client privilege.

6. **What is your date of birth?**

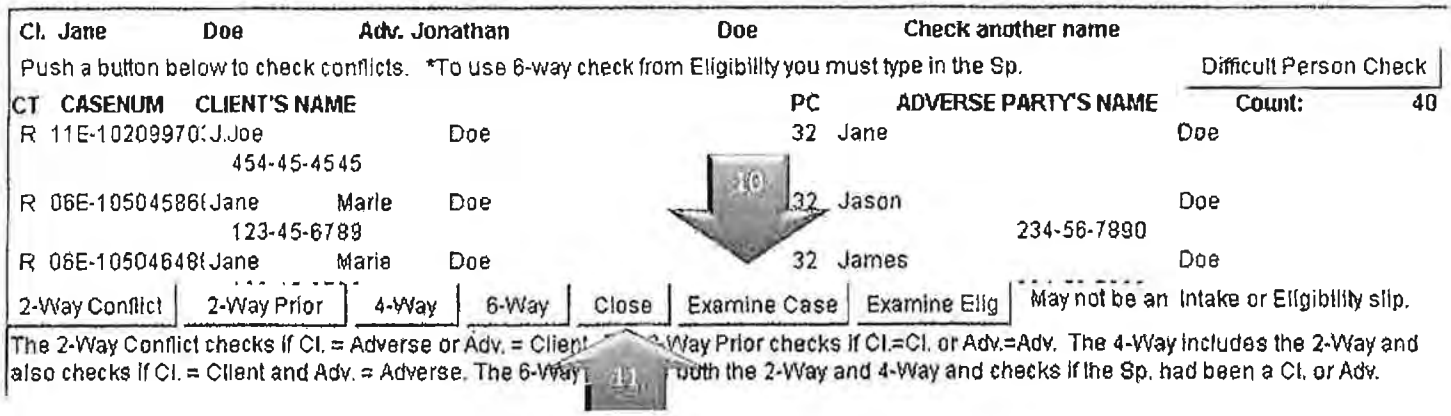
7. **Please spell the first, middle and last names of the opposing party or parties.** Leave blank if the opposing party is an agency or business until after conflicts check. *Press the "Conflict Check" tab*



8. *Press "Conflict Check" button*



9. *Press "6-Way" button*



10. *Review cases to see if there is a conflict of interest, examining cases, as necessary. If there is a case of the same type for the same calendar year, reopen that case.*

The rules related to conflicts of interest are:

a. If we have any type of open case for the opposing party it is a conflict of interest. Ark. Rules of Prof'l Conduct R. 1.7.

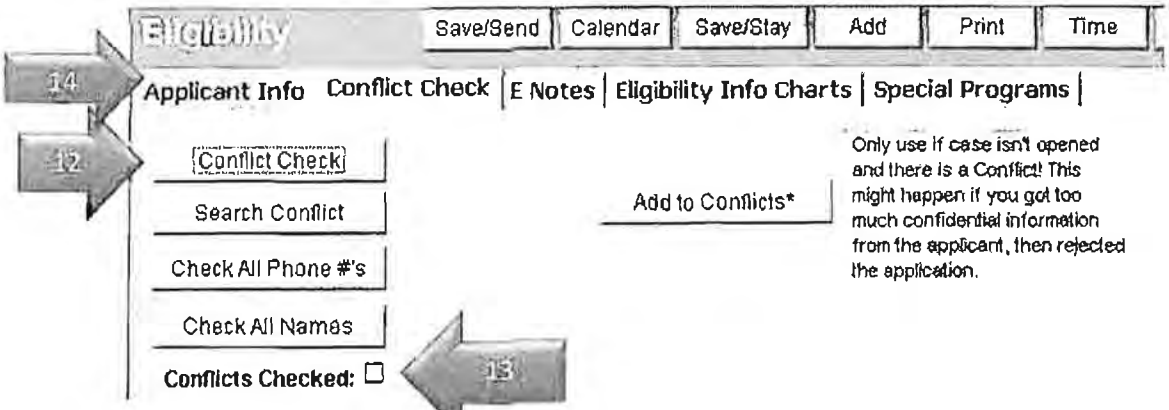
b. If the opposing party is a former client, then Rule 1.9 applies, and neither a lawyer, nor the law firm may "represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client gives informed consent, confirmed in writing."

c. This includes cases in which we have received confidential information, even if we have not provided extended services. We are prohibited from "using information relating to the representation to the disadvantage of the former client . . . or reveal(ing) information relating to the representation . . . with respect to a client." Ark. R. Prof'l Conduct R. 1.9

d. The rules relating to conflicts of interest are available at: http://courts.state.ar.us/rules/current_ark_prof_conduct/client_lawyer_relationship/index.cfm

e. IF YOU HAVE A QUESTION ABOUT A CONFLICT OF INTEREST; PLEASE ASK, THESE CAN BE TRICKY.

11. *If no conflict of interest, press "close"* *If conflict, go to 38.*

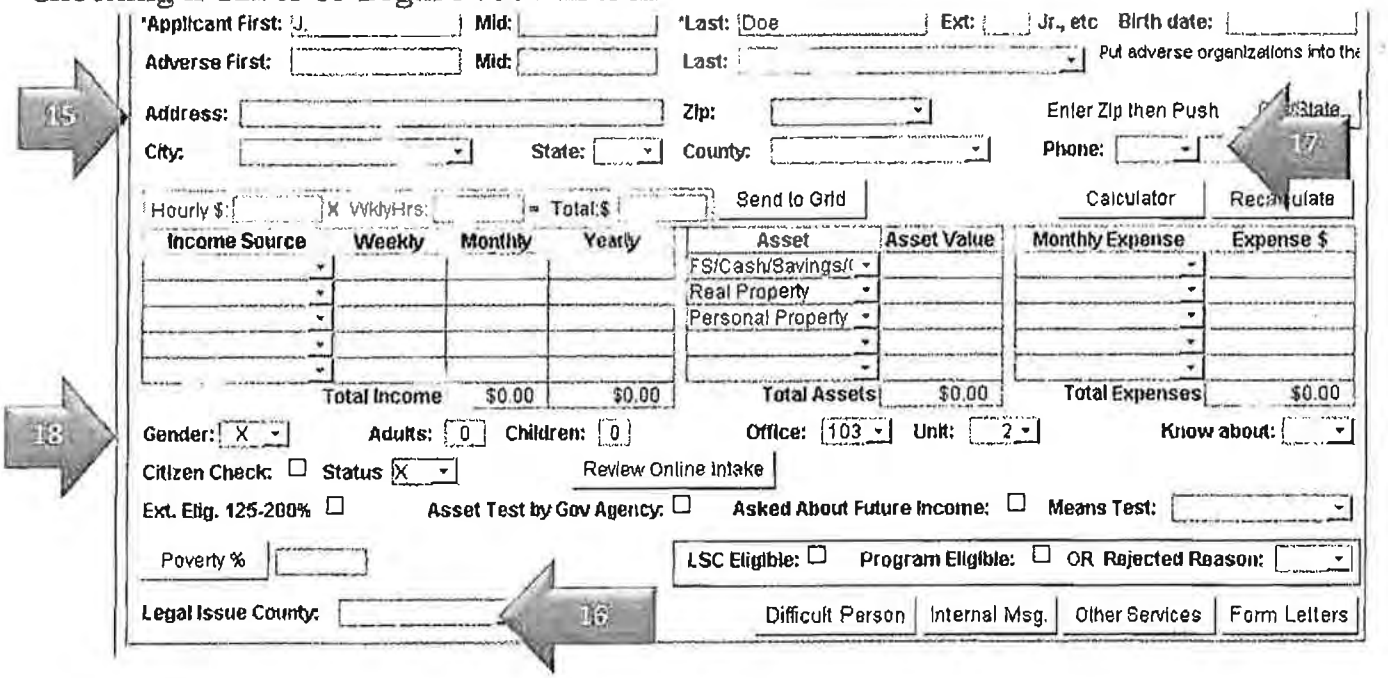


12. *Check the "Conflicts Checked" box*

13. *If more than one adverse party check each individually and enter each name in Conflict Check on full intake*

14. *Press "Applicant Info" tab*

Checking if Caller or Legal Problem is in Our Service Area

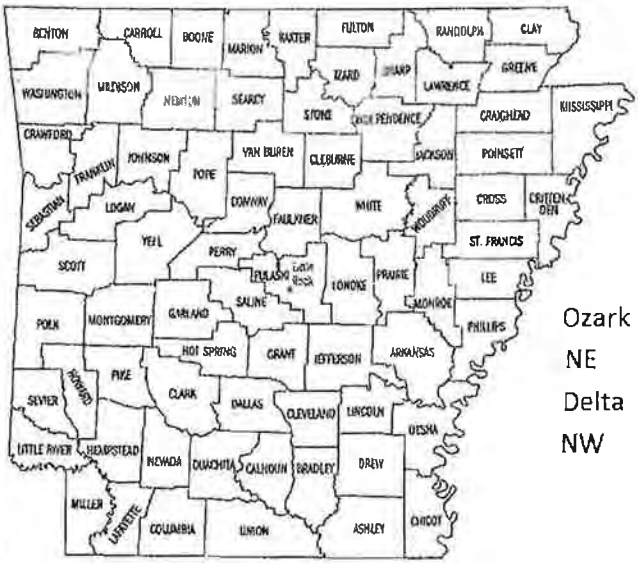


15. What is your mailing address?

Enter the address, verify spelling of the street and getting any apartment number, then enter the zip code and press City/State, the City, State and County will automatically populate.

16. What county is your legal problem in? If no court action has been filed, this is usually the county the client lives in. If either the county of residence OR the Legal Issue County is in our service area (counties listed below), continue application.

Baxter	Madison
Benton	Marion
Boone	Mississippi
Carroll	Monroe
Clay	Newton
Cleburne	Phillips
Craighead	Poinsett
Crittenden	Randolph
Cross	St. Francis
Fulton	Searcy
Greene	Sharp
Independence	Stone
Izard	Van Buren
Jackson	Washington
Lawrence	Woodruff
Lee	



Ozark
NE
Delta
NW

If applicant lives outside our service area AND his/her legal problem is outside our service area, please refer to appropriate legal aid program, go to 38

For Arkansas case not in our service area, refer to Center for Arkansas Legal Services **1-800-950-5817**

17. What is a telephone number we can reach you?

18. What is your gender?

Checking Financial Eligibility

Microsoft Access - [Eligibility Intake]

Close | Window | Hide Extra Menus

Eligibility | Save/Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

22 Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly	Yearly	Asset	Asset Value	Monthly Expense	Expense $
				FS/Cash/Savings/(			
				Real Property			
				Personal Property			
Total Income		$0.00	$0.00	Total Assets	$0.00	Total Expenses	$0.00

23

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

Citizen Check: ☐ | Status X | Online Intake

Ext. Elig. 125-200% ☐ | 19 | 20 | Asked About Future Income: ☐ | 24

25 Poverty % | LSC Eligible: ☐ | Program Eligible: ☐ | OR Rejected Reason:

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | Form Letters

19. How many adults live in your household or family unit? See Appendix B for flowchart

Adult family or household members include adults living in the same household with Applicant:

- Whom the applicant is required by law to support or to whom the applicant is providing support or;
- Who are required by law to support the applicant; or
- Who is the "domestic partner" of the applicant, meaning a person who co-habits with the applicant, and with whom the applicant holds himself or herself out to the general public as having the same or similar relationship of spouses; and not person who is merely a roommate or housemate of the applicant

20. How many children live in your household? See Appendix B

21. Are you or anyone in your household employed?

22. (if yes) **How much do you earn an hour? How many hours do you work in a typical week?** Enter hourly wage and hours worked and *select "send to grid", enter "Employment" or "spousal employment" in "income source" or otherwise describe employment income.*

23. (if no) **Do you or any other members of your household receive disability, SSI, or social security? Do you receive TEA, unemployment, child support, alimony, pension, or have any other income? Does any other member of your household, including your children, receive income?** Enter all sources of income and amounts. If no income enter "none" in income source and "0" in amount.

24. Are you expecting any additional income such as more hours at work? Have you applied for a job, unemployment, disability, or any other source of income? if yes, explain in "E notes" tab. *Check "Asked About Future Income" box.*

25. *Press "Poverty %"* See Appendix C for explanation of Income and Assets

26. Continue application, if applicant is 125% of poverty or below, or over 125% of poverty, but meets one of the following:

a) Is the Petitioner in an order of protection case;
b) Is 60 or older;
c) Is a client because a judge has appointed an LAA attorney in a juvenile case; or
d) Is seeking help on a tax case and is under 250% of poverty
e) Has a housing case and is under 200% of poverty

See Appendix E for alternate funding sources

If applicant is over 125% and does not meet any of the criteria above, go to 38.

In extraordinary circumstances we can waive income for clients 125%-200% of poverty, see Appendix D

Eligibility | Save/Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly	Asset	Asset Value	Monthly Expense	Expense $
			FS/Cash/Savings/(			
			Real Property			
			Personal Property			
Total Income	$0.00	$0.00	Total Assets	$0.00	Total Expenses	$0.00

27 28 / 30 29 31

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

Citizen Check: ☐ | Status X | Review Online Intake

Ext. Elig. 125-200% ☐ | Asset Test by Gov Agency: ☐ | Asked About Future Income: ☐ | Means Test:

Poverty % | LSC Eligible: ☐ | Program Eligible: ☐ | OR Rejected Reason:

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | Form Letters

27. Do you have any money in a savings or checking account or cash on hand? Enter value, if none, enter "0"

28. Do you own a vehicle? If yes, enter make and model in "E notes" tab. One vehicle is exempt. Enter the value of any additional vehicles under "personal property." If one or fewer, enter "0"

29. Do you own any real estate, such as a house or land other than the home you live in? enter value, if none, enter "0"

30. Do you own any other valuable property, besides household items, including any other vehicle, boat, 4-wheeler, trailer, etc.? enter estimated value in "Personal Property", if none, enter "0"

31. Do you have any retirement accounts? enter value, if none, enter "0"

If applicant's non-exempt assets are below $2,000 ($3,250 if age 60 or older or disabled) in assets for an individual and $3,000 ($5,000 if at least one person in the household is age 60 or older or disabled) for a household, with assets meaning cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant not including up to $10,000 in a retirement account, or applicant qualifies under one of the exceptions listed in 26 above, continue application. See Appendix C. If over assets, go to 38

Group Representation:

To determine if the group meets LAA guidelines LAA will collect the following information:

1) The group's most recent annual budget and/or financial report to determine if the group cannot afford to hire an attorney; and either

a. Financial eligibility information for enough member of the group to determine if the group is primarily composed of persons who are financially eligible for services; or

b. The mission statement, bylaws, financial eligibility guidelines, or other documentary evidence that the financial or socioeconomic characteristics of the persons served by the group would be financially eligible for LAA services.

After the requisite information is gathered, the HelpLine Managing Attorney will be notified and will make a determination regarding the eligibility of the group, and clearly notate that determination and the factors considered therein within the case management system.

Checking Citizenship Status

Eligibility | 37 | /Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly	Yearly
Total Income		$0.00	$0.00

Asset	Asset Value
FS/Cash/Savings/(	
Real Property	
Personal Property	
Total Assets	$0.00

Monthly Expense	Expense $
Total Expenses	$0.00

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

33 | Check: | Status X | 34 | nline Intake

Ex. Elig. 125-200% | Asset Test by Gov Agency: | Asked About Future Income: | Means Test:

Poverty % | 36 | Eligible: | Program Eligible: | OR Re | 35

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | Form Letters

32. Are you a United States citizen? *Check "Citizen Check"*

33. *If yes, change "status" to A, if no, see if he/she meets any of the following:*

a. Citizen of the Republic of the Marshall Islands, Republic of Palau, Fed. States of Micronesia (status D)
b. Non-Eligible Alien victim of domestic violence or whose child is the victim of domestic violence.
c. Lawful Permanent resident
d. Refugee
e. Asylee
f. Persons granted withholding or deferral of removal/deportation
g. Victims of Trafficking and their dependents
h. Conditional entrants
i. Immigrants who have filed an application for "adjustment of status" to permanent residence and who are married to a U.S. citizen, the parent of a U.S. citizen, or the unmarried child under 21 of a U.S. citizen
j. Certain American Indians born outside the U.S. (born in Canada or Texas Band of Kickapoo)
k. Foreign nationals who seek assistance pursuant to the Hague Convention on the Civil Aspects of International Child Abduction.

Select appropriate "Status"

If client is citizen or eligible alien continue application. <u>If non-eligible citizenship status go to 38.</u>

34. *Check "program eligible" if applicant is eligible under any funding source, LSC or under criteria in 26.*

35. *Check "LSC eligible" if applicant is eligible under LSC funding.* Income is under 125% or waived, assets are under $2000 for an individual or $3000 for a family ($3500 or $5000 if 60+ or disabled), it's not a prohibited case type, and the applicant has a qualifying citizenship status.

36. *Press "Save/Send"*

Ineligible Cases

38. I'm sorry, you are not eligible for our services because:

- ***i. You are over our income or asset guidelines;*** *or*
- ***ii. There is a ~~conflict of~~ interest;*** *or*
- ***iii. You do not have an eligible immigration status;*** *or*
- ***iv. We are not accepting that type of application at this time;*** *or*
- ***v. We are prohibited from handling that type of case***

(Provide referral to other source of assistance, including private bar, Office of Child Support Enforcement, etc. as appropriate, see agencies)

Eligibility | Save/Send | Calendar | Save/Stay | Add | Print | Time | Callback | Script View | Close

Applicant Info | Conflict Check | E Notes | Eligibility Info Charts | Special Programs

Client Lookup | *Pcode: D | Auto # | *Casenum: | Start Time | *Staff: 1084 | *Dopen: 8/2/2012

*Applicant First: J. | Mid: | *Last: Doe | Ext: | Jr., etc | Birth date:

Adverse First: | Mid: | Last: | Put adverse organizations into the

Address: | Zip: | Enter Zip then Push | City/State

City: | State: | County: | Phone:

Hourly $: | X WklyHrs: | = Total:$ | Send to Grid | Calculator | Recalculate

Income Source	Weekly	Monthly	Yearly
Total Income		$0.00	$0.00

Asset	Asset Value
FS/Cash/Savings/	
Real Property	
Personal Property	
Total Assets	$0.00

Monthly Expense	Expense $
Total Expenses	$0.00

Gender: X | Adults: 0 | Children: 0 | Office: 103 | Unit: 2 | Know about:

Citizen Check: ☐ | Status X | Review Online Intake

Ext. Elig. 125-200% ☐ | Asset Test by Gov Agency: ☐ | Asked About Future Income: ☐ | Means Test:

Poverty % | LSC Eligible: ☐ | Program Eligible: ☐ | OR Rejected Reason: | 39

Legal Issue County: | Difficult Person | Internal Msg. | Other Services | 40 | ers

39. *Select "Rejected Reason"* that corresponds with the reason we cannot accept the case.

40. *Press "Other Services"*

Recording Other Services

Microsoft Access - [inpOSERVICE]

Close Window Hide Extra Menus

Other Services

Print | Save/Stay | Add | Close

*Service Provided: 41

*Service or Start Date: 8/2/2012 End Date - Blank if Same:

Persons Helped: 42

Estimated?

Narrative:

Problem Code:

Narrative overview of the services provided: 43

Good Story?

OPTIONAL

Staff Number: 1084 Hours Spent: Add Time Review Associated Client

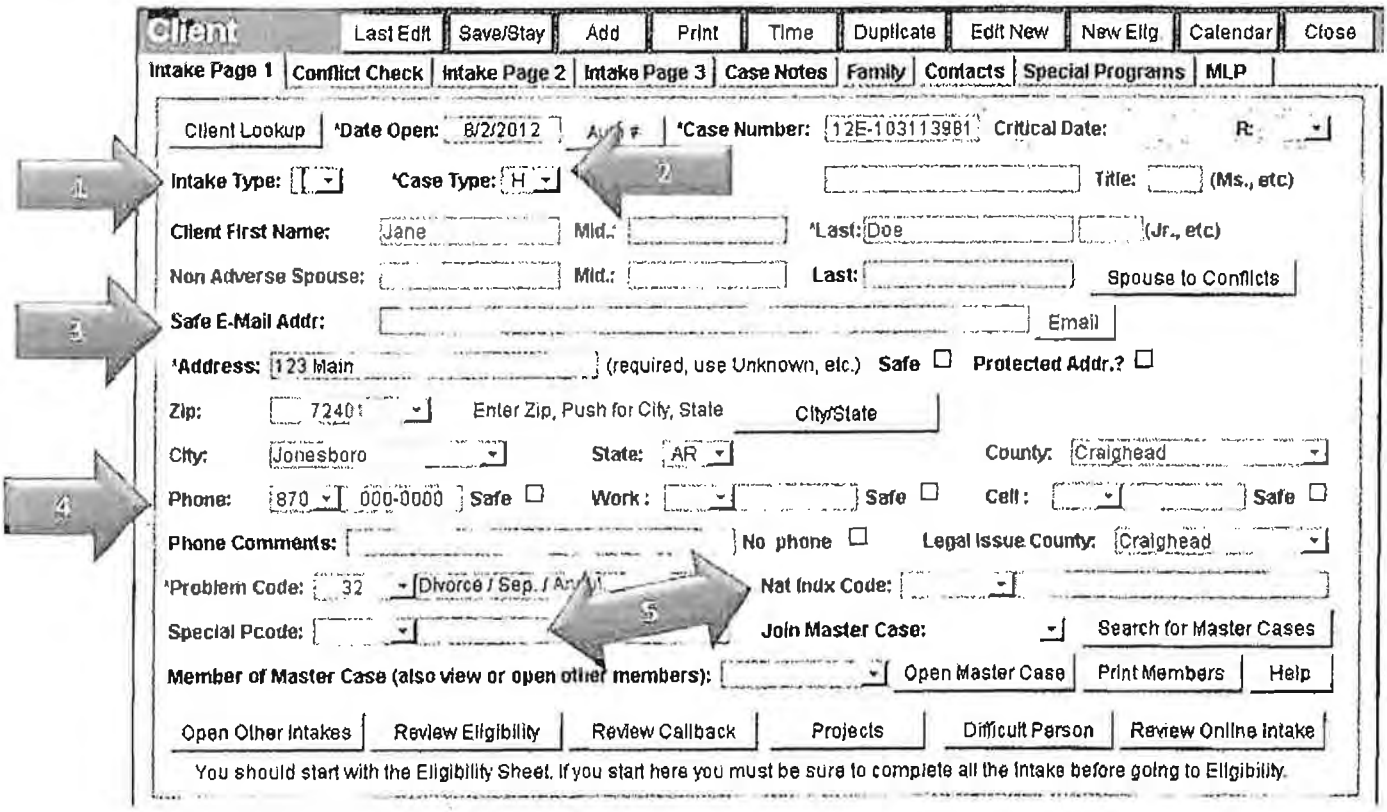
Funding Code: 1 Office Number: 103 PBI Lawyer: PBI Type: X

41. *Input Service Provided*

42. *Insert number of persons helped*

43. Explain the type of service you provided, generally a referral to another source of assistance

Intake Page 1



1. *Change intake type, if it is not an in-person intake.* ***If it is in-person, get a signed citizenship statement or copies of eligible immigration documents***

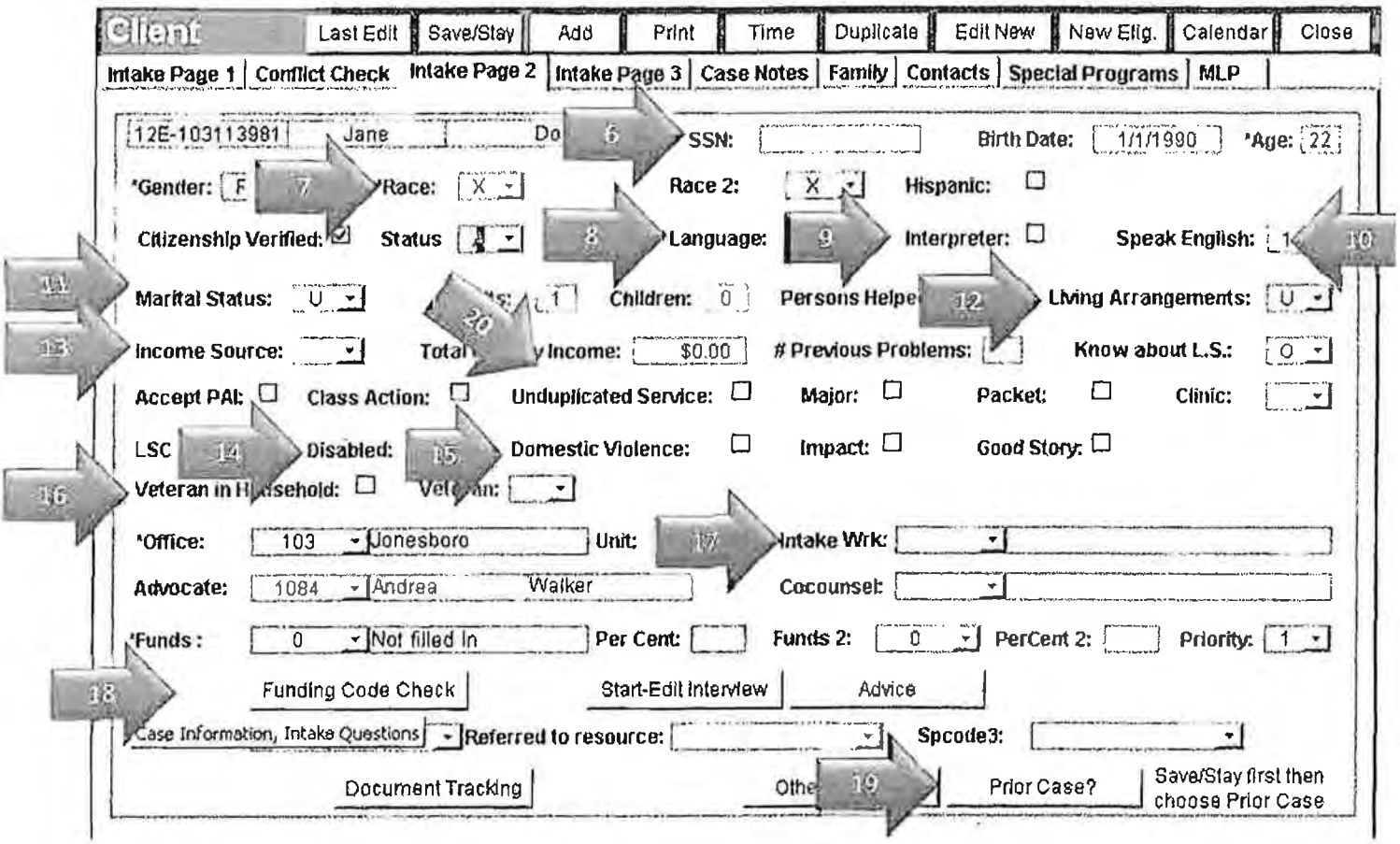
2. *Change Case type to A, if you are only screening for eligibility and not completing full intake.*

3. **What is your e-mail address?** enter "none" if no e-mail access

4. **Other than the number you gave me before, are there any other telephone numbers where we can reach you?**

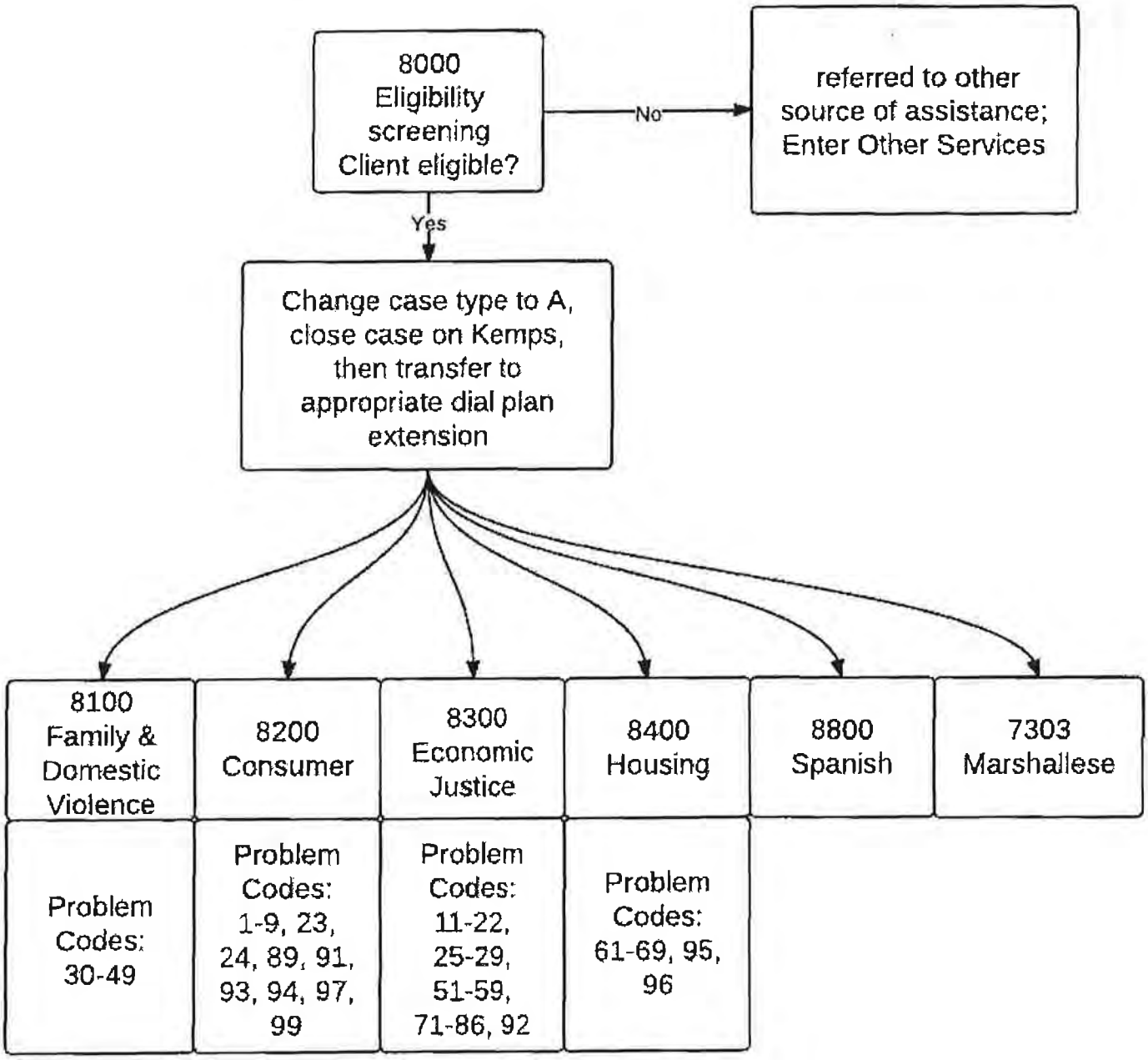
5. *Select appropriate national index code and/or special problem code*

Intake Page 2



6. **What is your Social Security Number?**
7. **What is your Race?**
8. **What is your native language?**
9. *Check if an interpreter was used*
10. *If client is a non-native speaker, mark how well he/she speaks English, if at all*
11. **What is your marital status?**
12. **What are your living arrangements?**
13. *Input income source*
14. *Check box if client is disabled*
15. *Check box if case involves domestic violence*
16. **Is there a Veteran in your household?**
17. *Input your staff number*
18. *Press "Funding Code Check" for possible funding codes; enter appropriate funding code*
19. *Check "unduplicated services"* If there is no case for this client a) still open or b) closed this calendar year, check the "unduplicated services box" (**20**), if there is a case that is either still open or closed this year, then the current application should be closed and the prior case reopened. To reopen:
    1. Update income, asset, household, and contact information
    2. Change the Case Type on Intake Page 1.
    3. Delete the date closed and reason closed on Intake Page 3.
20. *Transfer call to appropriate Dial Plan*

Transferring Calls to Appropriate Dial Plan



Legal Interview

Hello, my name is _____, I'm a/n (attorney, paralegal, law clerk, AmeriCorps member).

1. *Search for client by last name, or by case type A*

Client | Last Edit | Save/Stay | Add | Print | Time | Duplicate | Edit New | New Elig. | Calendar | Close

Intake Page 1 | Conflict Check | Intake Page 2 | Intake Page 3 | Case Notes | Family | Contacts | Special Programs | MLP

Client Lookup | *Date Open: 8/2/2012 | Aut # | *Case Number: 12E-103113981 | Critical Date: | R:

Intake Type: | *Case Type: H | 2 | Title: (Ms., etc)

Client First Name: Jane | Mid.: | *Last: Doe | (Jr., etc)

Non Adverse Spouse: | Mid.: | Last: | Spouse to Conflicts

Safe E-Mail Addr: | Email

2. *Change Case Type to appropriate work group*

Client | Last Edit | Save/Stay | Add | Print | Time | Duplicate | Edit New | New Elig. | Calendar | Close

Intake Page 1 | Conflict Check | Intake Page 2 | Intake Page 3 | Case Notes | Family | Contacts | Special Programs | MLP

12E-103113981 | Jane | Doe | SSN: | Birth Date: 1/1/1990 | *Age: 22

*Gender: F | *Race: X | Race 2: X | Hispanic: ☐

Citizenship Verified: ☑ | Status A | LSC | Language: X | Interpreter: ☐ | Speak English: 1

Marital Status: U | Adults: 1 | Children: 0 | Persons Helped: 1 | Living Arrangements: U

Income Source: | Total Monthly Income: $0.00 | # Previous Problems: | Know about L.S.: 0

Accept PAI: ☐ | Class Action: ☐ | Unduplicated Service: ☐ | Major: ☐ | Packet: ☐ | Clinic:

LSC Eligible: ☑ | Disabled: ☐ | Domestic Violence: ☐ | Impact: ☐ | Good Story: ☐

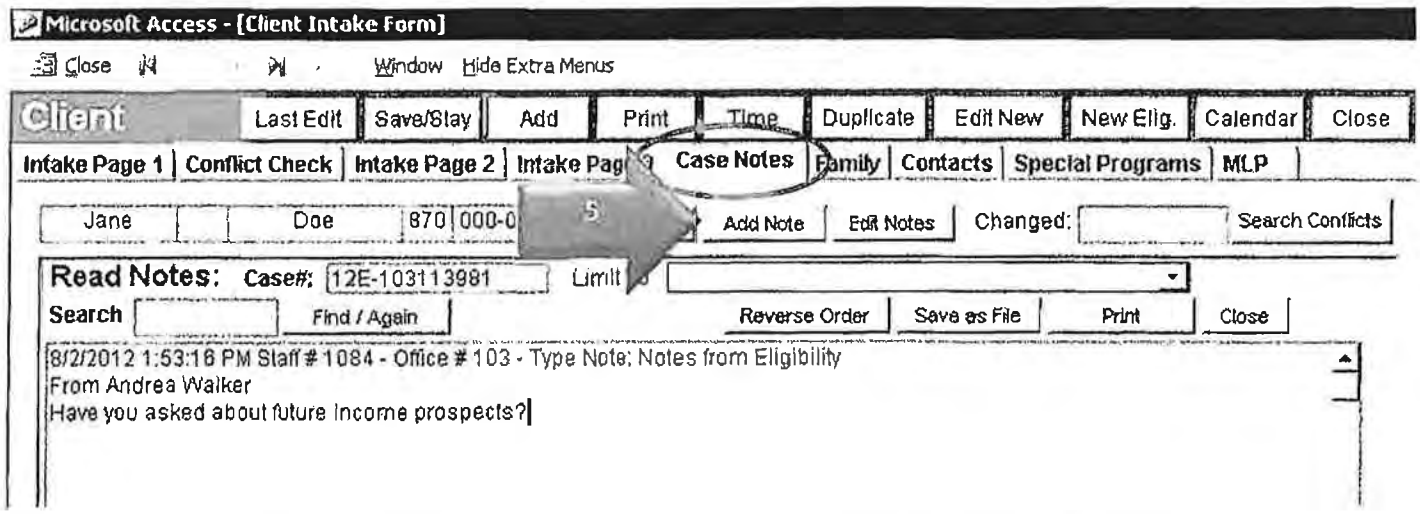
Veteran in Household: ☐ | Veteran:

3 | ice: 103 | Jonesboro | Unit: 2 | Intake Wrk:

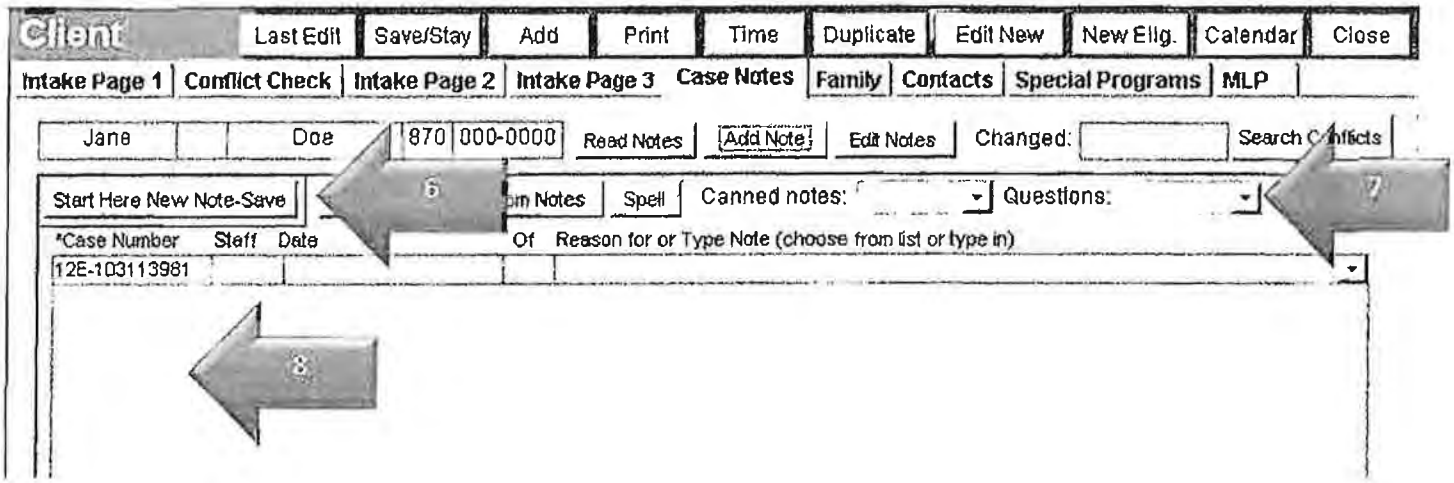
4 | ocate: 1084 | Andrea | Walker | Cocounsel:

Funds: 0 | Not filled in | Per Cent: | Funds 2: 0 | PerCent 2: | Priority: 1

3. *Change Office number*
4. *Change Advocate number*



5. *Press, "Add Note"*

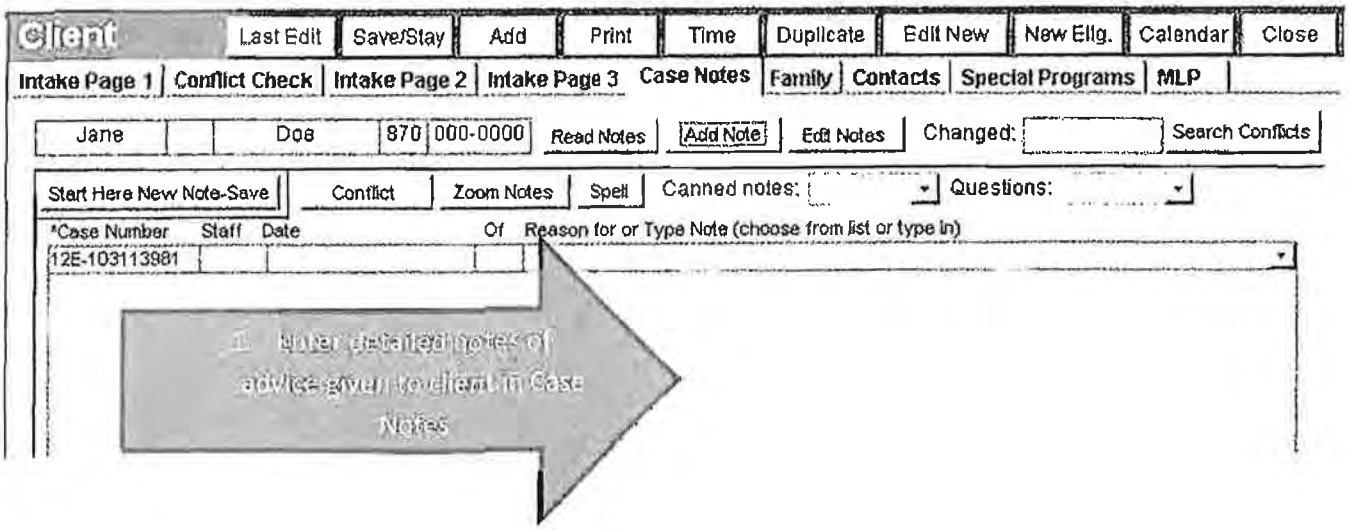


6. *Press "Start Here New Note-Save"*
7. *Select appropriate set of questions, if applicable (see Appendix A)*
8. *Insert any additional information relevant to case. If no canned questions, get information about the legal problem.*

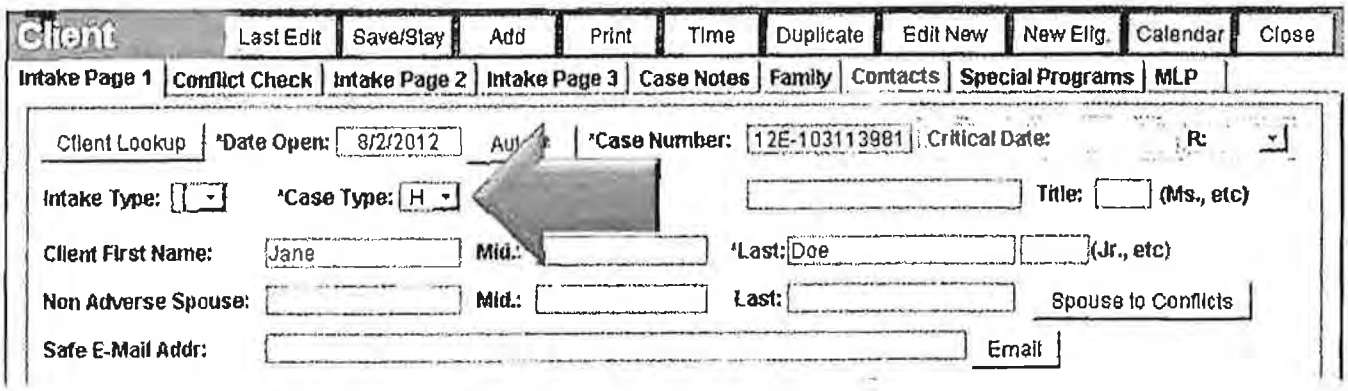
<u>For all Divorce and Orders of Protection applications, please complete a risk assessment – it is very important for assessing the danger the client is in – question 37</u>

Closing HelpLine Cases

If you are an attorney:



OR send advice letter, saving original letter in Dropbox under the date the intake was originally opened.



2. Change Case Type to C. If housing case, complete HUD forms (ask housing group for explanation)

If you are not an attorney:

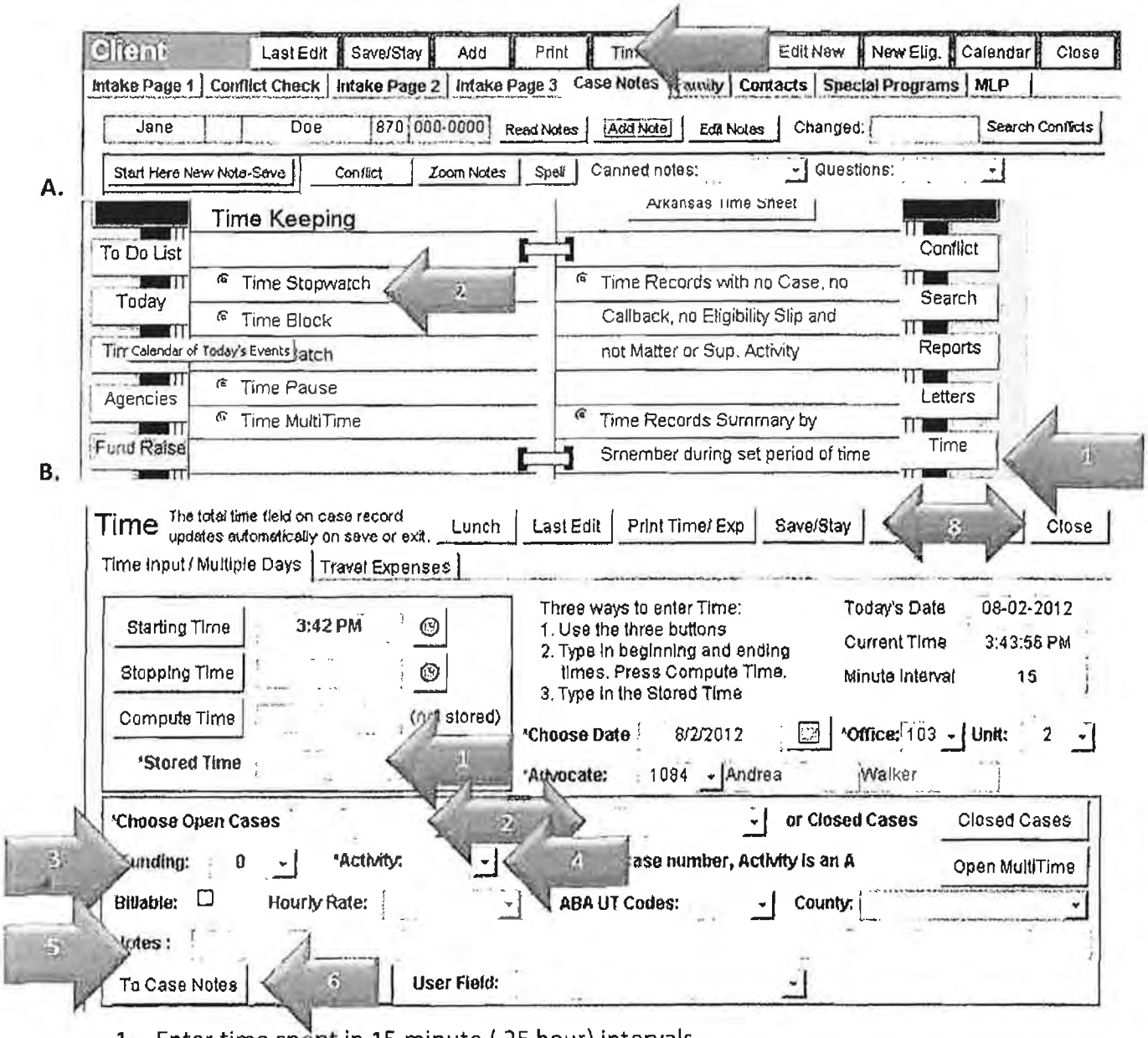
1. prepare advice letter
2. change case type to L, e-mail AOD to review letter
3. Print and mail approved letter
4. Change case type to C like 2. in the attorney section

Timekeeping

All time should be kept at the same time the work was completed. If you do work on a case, please be sure to enter time on a case. You may enter time when in a case (1) or from the start screen (2):

A.

B.



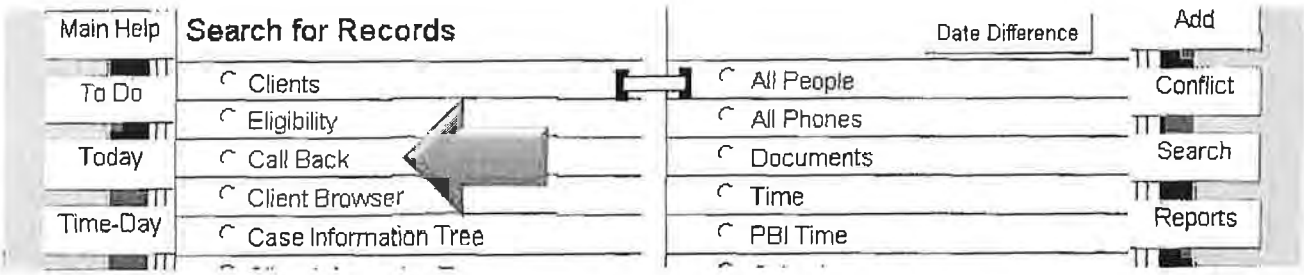
1. Enter time spent in 15 minute (.25 hour) intervals
2. Make sure that a case is entered or select a non-case type
3. Verify funding code is entered
4. Enter activity
5. Enter notes describing the work completed If Case Related, enter Case Work, Press, "To
6. Case Notes" for notes to appear in case
7. Save and close timeslip

Call backs

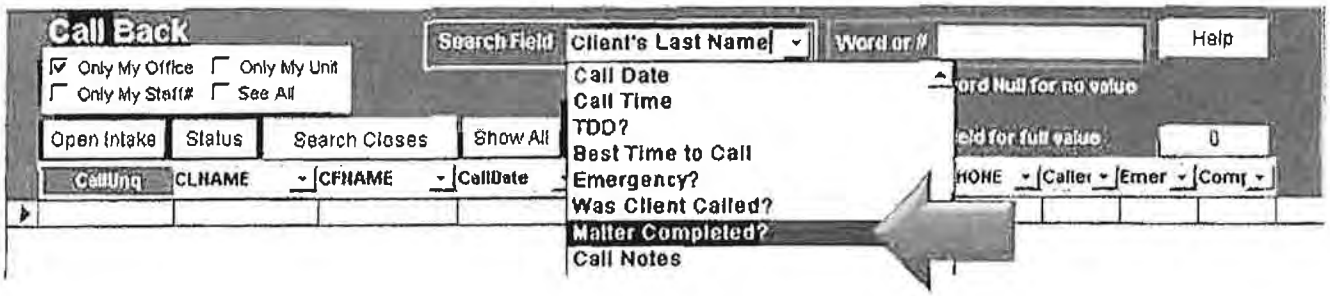
After a call has held for ten (10) minutes the applicant is given the option to leave a message for a return call. Those messages are placed into the Kemps Call Back System. All HelpLine workers are expected to call clients back during lulls in intakes on HelpLine or after HelpLine hours.

Callbacks for cases with no eligibility screening

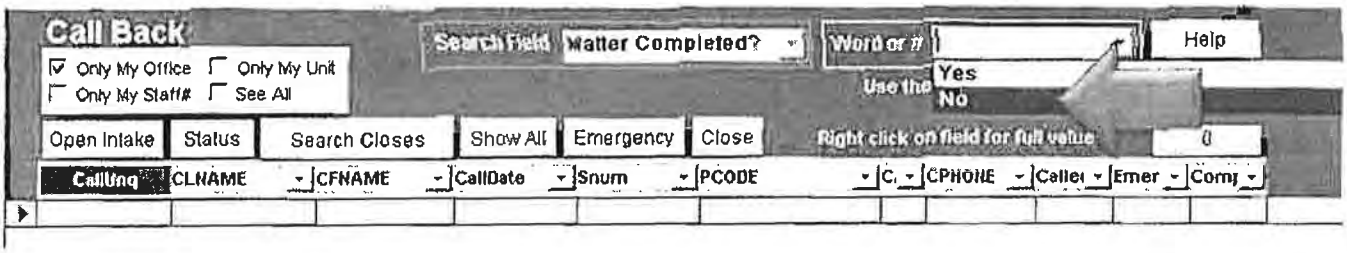
1. Main Screen, select *"Search"*
2. *Select "Call Back"*



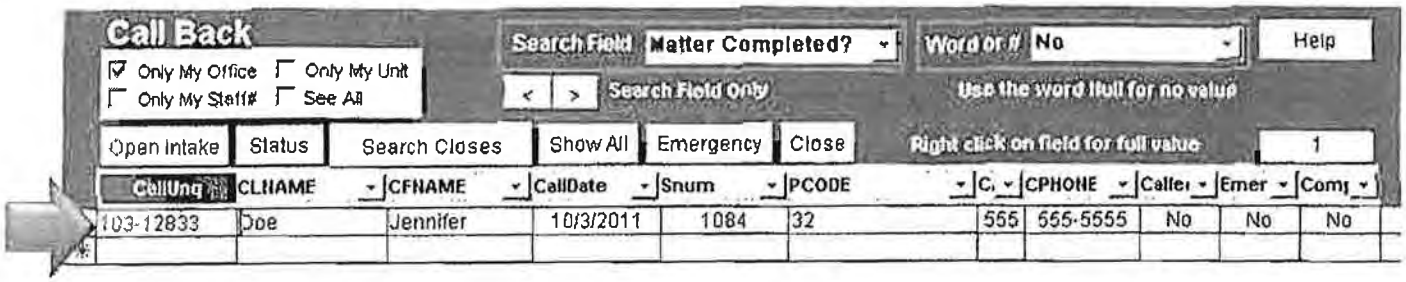
3. *Select "Matter Completed?"* from dropdown

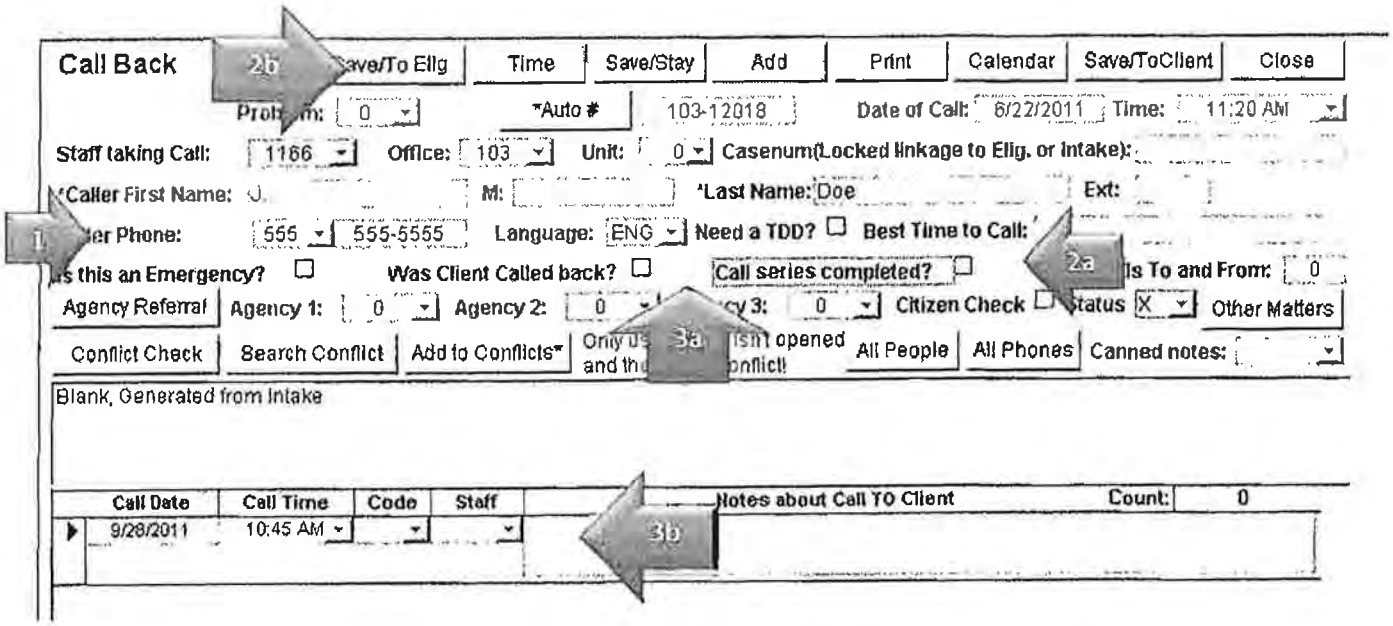


4. *Select "No"*



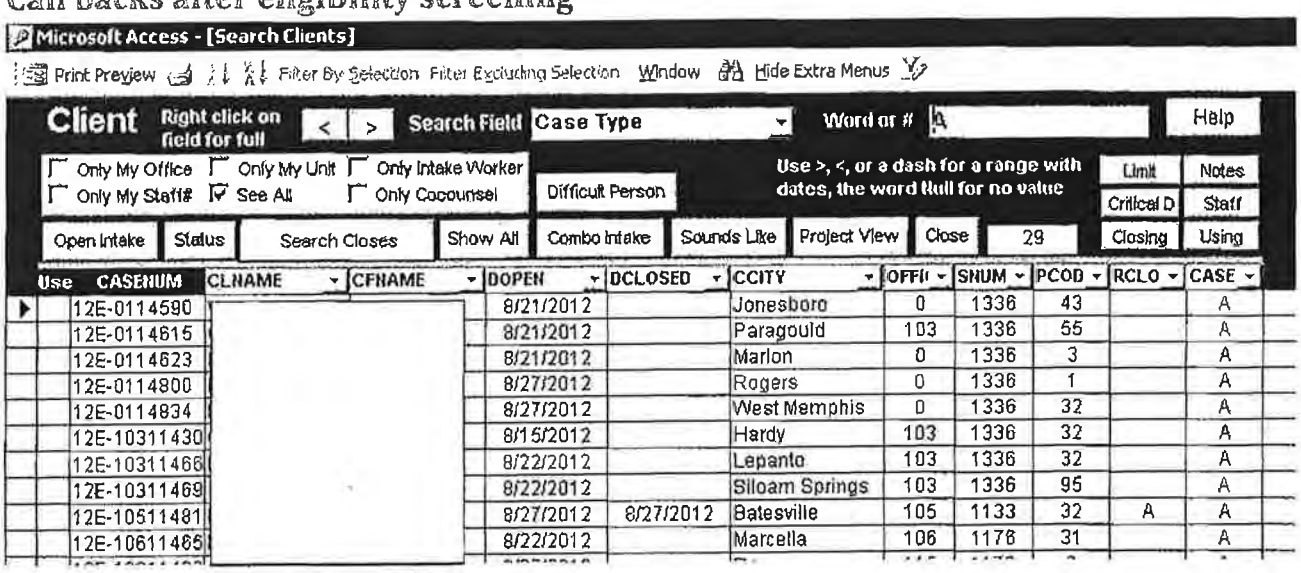
5. Double-click on name to open call back





1. Call Applicant at number shown
2. If applicant answers and can complete an application:
   a) check "Call Series Completed"
   b) *press "Save/To Elig"*
3. If applicant does not complete an application:
   a) check "Was Client Called back"
   b) Leave HelpLine information or your extension, enter code, your staff number, and notes
4. After client has been called three times, at various times and on different days without success, check 2a, "call series complete"

Call backs after eligibility screening



Search by Case Type A, open case, do legal interview as described above

Appendices

A. Problem Codes

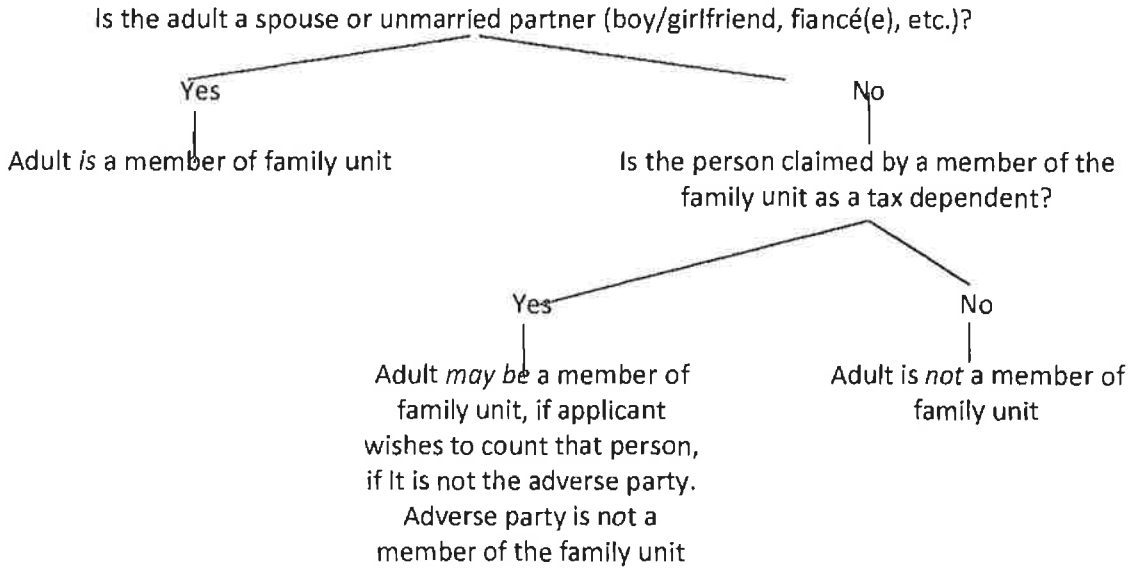
PC – Problem Code; Ext. – Dial Plan extension for transferring from Eligibility queue
*** funding codes for the Area Agencies on Aging can be used for any problem, if the client is age 60 or older.**

PC	Description	Ext.	Case Type	Fund Code*	Question Number
1	Bankruptcy/Debtor	8200	I	1	26
2	Collection/Repossession	8200	I	1	27garnishment, 28 car
3	Contracts / Warranties	8200	I	1	29
4	Collection	8200	I	1	
5	Predatory Lending	8200	I	1	
6	Loans/Installment	8200	I	1	
7	Public Utilities	8200	I	1	
8	Unfair & Deceptive	8200	I	1	
9	Other Consumer /	8200	I	1	
11	Education	8300	F	1	
12	Discipline (Inc.	8300	F	1	
13	Spec. Ed / Learn Dis.	8300	F	1	
14	Access (Inc. Biling, Res,	8300	F	1	
15	Vocational Education	8300	F	1	
16	Student Financial Aid	8300	F	1	
19	Other Education	8300	F	1	
21	Employment	8300	F	1	
22	Wage Claims & Other	8300	F	1	30
23	EITC (Earned Inc. Tax	8200	I	128	
24	Taxes Not EITC	8200	I	128	31
25	Employee Rights	8300	F	1	
26	Agricultural Worker	8300	F	1	
29	Other Employment	8300	F	1	
30	Adoption	8100	D	1	32 defense or 33 petition for
31	Custody / Visitation	8100	D	1	34 served; 35 want to modify
32	Divorce / Sep. / Annul.	8100	D	1	36 – divorce + 37 risk assess
33	Adult	8100	D	1	38
34	Name Change	8100	D	1	39
35	Parental Rights	8100	D	1	40
36	Paternity	8100	D	1	41
37	Order of Protection	8100	D	107	37 + 42
38	Support	8100	D	1	44 contempt, 45 mod, 43 new
39	Other Family (birth	8100	D	1	
41	Delinquent	8100	D	1	
42	Neglected/Abused/Dep	8100	D	1/120	
43	Emancipation	8100	D	1	46
44	Minor	8100	D	1	47 petitioner; 48 termination
49	Other Juvenile (central	8100	D	1	
51	Medicaid	8300	F	1	

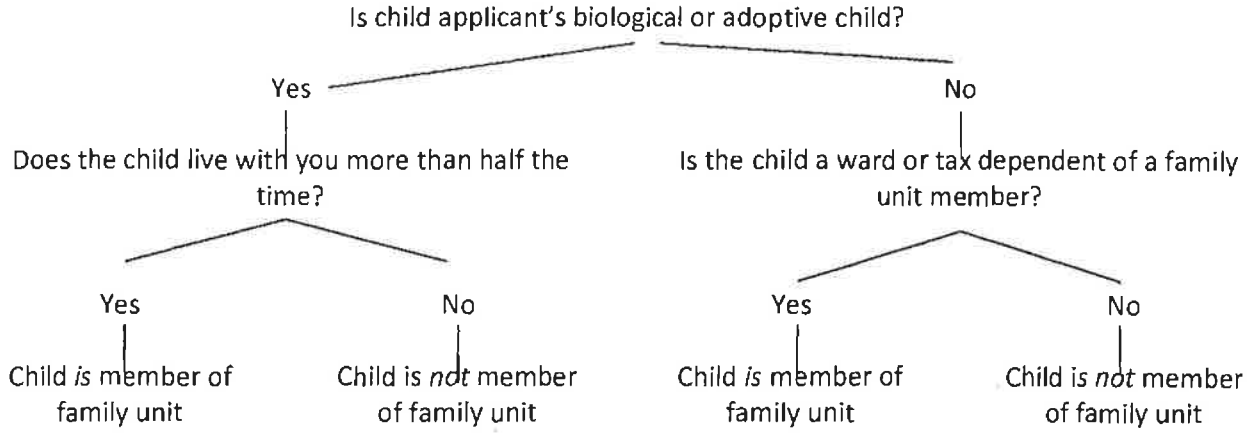
PC	Description	Ext.	Case Type	Fund Code*	Question Number
52	Medicare	8300	F	1	
53	Gov. Children's Health	8300	F	1	
54	Home & Com Based	8300	F	1	
55	Private Health Ins.	8300	F	1	
56	Long Term Care Health	8300	F	1	
57	State and Local Health	8300	F	1	
59	Other Health	8300	F	1	
61	Fed. Subsidized Housing	8400	G	142	49 & 58 all; 50 eviction, 51 sec
62	Homeownership/Real	8400	G	142	
63	Private Landlord/Tenant	8400	G	142	49 all; 50 eviction, 51 sec. dep.
64	Public Housing	8400	G	142	49 & 58 all; 50 eviction, 51 sec
65	Mobile Homes	8400	G	142	
66	Housing Discrimination	8400	G	142	
67	Mortgage Foreclosures	8400	G	142	52
68	Mortgage Predatory	8400	G	142	
69	Other Housing	8400	G	142	
71	TANF	8300	F	1	
72	Social Security (Not	8300	F	1	
73	Food Stamps	8300	F	1	
74	SSDI	8300	F	1	54
75	SSI	8300	F	1	54 adult, 53 child
76	Unemployment	8300	F	1	55
77	Veterans Benefits	8300	F	1	
78	State & Local Income	8300	F	1	
79	Other Income	8300	F	1	
81	Immigration / Natural.	8300	F	1	
82	Mental Health	8300	F	1	
83	Prisoner's Rights	8300	n/a	1	
84	Disability Rights	8300	F	1	
85	Civil Rights	8300	F	1	
86	Human Trafficking	8300	F	1	
89	Other Individual Rights	8200	I	1	56
91	Legal Assistance to Non-	8200	I	1	
92	Indian / Tribal Law	8300	F	1	
93	Licenses (Auto,	8200	I	1	
94	Torts	8200	I	1	
95	Wills and Estates	8400	G	1	57 drafting
96	Advance	8400	G	1	
97	Municipal Legal Needs	8200	I	1	
98	Criminal Referrals	n/a	n/a	n/a	
99	Other Miscellaneous	8200	I	1	

B. Household Member Flowchart

Adult household members:



Child household members:



C. Financial Eligibility Guidelines

2013

INTRODUCTION

All applications accepted for legal assistance and funded by Legal Services Corporation (LSC) annual grant awards or by other sources requiring a financial eligibility determination "means-test" must be screened for total household income and assets. Only those individuals and groups determined to be financially eligible may receive legal assistance supported with LSC funds. .Applicants whose total household income and/or assets exceed the limits set forth by LSC or funding sources requiring a "means-test" can be accepted for legal assistance, but only in certain situations. These include the existence of an alternative funding source which doesn't require a financial eligibility determination and the applicant meets specific conditions set forth by the funding source, e.g., cases funded by Area Agencies on Aging using Title III funds require the applicant to be 60 years of age or older.

INCOME

The Board of Directors of LAA reviews and adopts income eligibility guidelines for applicants. These guidelines are based on the Federal Poverty Income Guidelines, published each year in the Federal Register. Pursuant to 45 CFR §1611.3, an applicant whose total household income is at or below 125% of the guidelines, or national eligibility level, is "income-eligible" and can be provided legal assistance if other requisites for case acceptance, such as priority, case type and citizenship or legal alien status, are met. When new Income Guidelines are published in the Federal Register, they are immediately effective in determining eligibility and shall be presented to the LAA board at the next regular scheduled meeting.

Total household income is considered when determining the eligibility of an applicant for services and will include only the income of persons who are resident members of, and contribute to, the support of a family unit. Legal Aid of Arkansas, for the purpose of eligibility, defines family unit as persons who live together and have a legal obligation of support for one another; or who live together and function as though there is a legal obligation of support, such as unmarried partners. In addition, an applicant for assistance may choose to count as a member of the family unit any other person(s) residing in the same household who is claimed by a member of the family unit as a tax dependent. A temporary guest or person who has been displaced by trafficking or domestic violence will not be considered a member of a family unit.

The opposing party's income and assets, or jointly held assets, shall not be considered for eligibility purposes, even if the opposing party would otherwise be considered a household member.

Exceptions are authorized by 45 CFR §1611.5 so long as gross income does not exceed 200% of the Federal Poverty Income Guidelines and the applicant meets the appropriate asset ceiling for the household size or the asset ceiling has been waived. However, one or more of the following factors must be present in order to consider granting a waiver:

1. The applicant is seeking legal assistance to obtain governmental benefits for low income individuals and families;
2. The applicant is seeking legal assistance to obtain or maintain governmental benefits for persons with disabilities;
3. Current income prospects, taking into account seasonal variations in income;
4. Unreimbursed medical expenses and medical insurance premiums;
5. Fixed debts and obligations;
6. Expenses such as dependent care, transportation, clothing and equipment expenses necessary for employment, job training or educational activities in preparation for employment;
7. Non-medical expenses associated with age or disability;
8. Current taxes; or
9. Other significant factors that the recipient has determined affect the applicant's ability to afford legal assistance.

If the total household income of the applicant, based on household size, is over 200% of the national eligibility level, the applicant is not considered for a waiver and not eligible for services using LSC funds.

WAIVER OF INCOME LIMIT

The decision to grant a waiver must be made by the Executive Director or designee. The determination that a waiver has been made must be noted on the client intake form and the waiver determination must be on the standard waiver form contained in the case management system, citing which factor or factors listed above was used. Copies of all forms must be kept in both the hard-copy file, a file maintained virtually, and in the HelpLine manager's office.

WHAT IS CONSIDERED "INCOME"

The definition of income is found in 45 CFR §1611.2(i). All sources of income are to be used in determining eligibility, with these exceptions:

1. SNAP benefits
2. Housing vouchers, food or rent in lieu of wages
3. Tax refunds
4. Funds withdrawn from a bank account
5. Gifts
6. Compensation and/or one-time insurance payments for injuries sustained
7. Any other non-cash benefit
8. Up to $2,000 per year of funds received by individual Native Americans that is derived from Indian trust income or other distributions exempt by statute.

GROUP REPRESENTATION

LAA may provide legal assistance to a group, corporation or association, if it is primarily composed of persons eligible for legal assistance under 45 CFR Part §1611.6(A)(1); or under (A)(2) has as a principal activity the delivery of services to those persons in the community who would be financially eligible for LSC-funded legal assistance and the legal assistance sought relates to such activity, and information is provided that shows the group, corporation or association lacks, and has no practical means of obtaining, funds to retain private counsel.

DOMESTIC VIOLENCE

Notwithstanding any other provision of this policy, in assessing the income or assets of an applicant who is a victim of domestic violence, LAA shall consider only the assets and income of the applicant and members of the applicant's household other than those of the alleged perpetrator of the domestic violence and shall not include any assets held by the alleged perpetrator of the domestic violence, jointly held by the applicant with the alleged perpetrator of the

domestic violence, or assets jointly held by any member of the applicant's household with the alleged perpetrator of the domestic violence.

VERIFICATION OF INCOME

In certain circumstances, the previous year's income tax returns, bank statements, etc., can be requested, if necessary to verify an applicant's total household income.

ASSETS

Consistent with 45 CFR §1611.3(d)(1) LAA has established guidelines for the determination of the total amount of assets applicants can hold seeking legal assistance and be eligible for services using LSC funding. These asset limits are subject to review on a yearly basis in conjunction with the review of income guidelines. Assets are cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant. When setting asset limits, specific factors are taken into consideration, e.g., economy of the service area and the relative cost-of-living of low-income persons, to ensure the availability of services to those in the greatest economic and legal need. Also, special consideration shall be given to the legal needs of the elderly, the institutionalized, and the disabled.

Specific exclusions to an applicant's assets for determining eligibility include:

1. Principal residence of the applicant;
2. Reasonable equity value in work-related equipment, which is essential to the employment or self-employment of an applicant or member of the family unit, as long as the owner is attempting to produce income consistent with its fair market value;
3. The value of one automobile that is used for transportation per each adult member of the household, and one automobile that is used for transportation for each minor member of the household if the automobile is used for transportation by the minor to school or work;
4. Up to $2,000 ($3,250 if age 60 or older or disabled) in assets for an individual and $3,000 ($5,000 if at least one person in the household is age 60 or older or disabled) for a household, with assets meaning cash or other resources of the applicant or members of the applicant's household that are readily convertible to cash, which are currently and actually available to the applicant;
5. Other assets which are exempt from attachment under state and federal law. [1]

WAIVER OF ASSETS LIMIT (See Appendix D)

In certain unusual or extremely meritorious circumstances, consistent with 45 CFR §1611.3(d)(2), the Executive Director or designee may waive the assets limit. The waiver must be documented on the client intake form and copies of the waiver determination citing the circumstances included in the determination must be kept in both the hard-copy file and in a file maintained virtually and in the HelpLine manager's office.

CHANGE IN FINANCIAL ELIGIBILITY STATUS

Consistent with 45 CFR §1611.8, if after making a determination of financial eligibility and accepting a client for service, LAA becomes aware that a client has become financially ineligible through a change in circumstances, LAA shall discontinue representation supported with LSC funds if the change in circumstances is sufficient, and is likely to continue, to enable the client to afford private legal assistance, and discontinuation is not inconsistent with applicable

[1] Examples include tax exempt or deferred retirement funds, household goods up to $23,050, professional prescribed health aids for the applicant or a household member, SSA or Veterans benefits, and other assets as determined by the Executive Director or designee with written or typed notation in the file setting forth authority.

rules of professional responsibility. Additionally, if LAA, after making a determination of financial eligibility and accepting a client for service, determines that the client is financially ineligible on the basis of later discovered or disclosed information, LAA shall discontinue representation supported with LSC funds if the discontinuation is not inconsistent with the applicable rules of professional responsibility.

Size of Family Unit	National Eligibility Level*	Maximum Income Level**
1	$14,363	$22,980
2	$19,388	$31,020
3	$24,413	$39,060
4	$29,438	$47,100
5	$34,463	$55,140
6	$39,488	$63,180
7	$44,513	$71,220
8	$49,538	$79,260

The figures in the column labeled **National Eligibility Level** represent 125% of the Federal Poverty Guidelines, as determined by the Department of Health and Human Services. The figures in the column labeled **Maximum Income Level** represent 200% of the Federal Poverty Guidelines. Applicants whose total household income falls below the **National Eligibility Level** are income-eligible for legal assistance. Applicants whose total household income does not exceed the **Maximum Income Level** are income-eligible for legal assistance if certain specific factors are present that would allow the income between the two levels to be waived. Under no circumstances will applicants whose total household income exceeds the **Maximum Income Level** be considered income-eligible for legal assistance.

*For each additional family member, add $5,025

**For each additional family member, add $8,040

Each eligibility level is determined using **gross** income.

D. Income and Asset Waivers

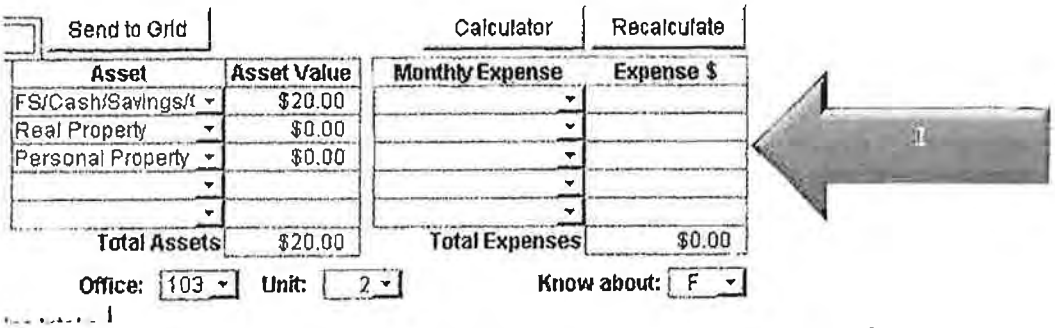
Income Waivers

We can use LSC funds for applicants whose income is between 125 and 200% of poverty, with an income waiver. 45 CFR §1611.4 We cannot waive income over 200% and we are not currently income for family law cases, other than Orders of Protection. Waivers are for extraordinary situations only.

One or more of the following factors must be present in order to consider granting a waiver:

1. The applicant is seeking legal assistance to obtain or maintain governmental benefits for low income individuals and families or for persons with disabilities;
2. Current income prospects, taking into account seasonal variations in income;
3. Unreimbursed medical expenses and medical insurance premiums;
4. Fixed debts and obligations;
5. Expenses such as dependent care, transportation, clothing and equipment expenses necessary for employment, job training, or educational activities in preparation for employment;
6. Non-medical expenses associated with age or disability;
7. Current taxes; or
8. Other significant factors that the recipient has determined affect the applicant's ability to afford legal assistance.

1) Enter these factors and amounts in the "Monthly Expense" section on the eligibility slip, if applicable.



2) Complete the waiver form available on the website, or in Dropbox

3) E-mail the waiver to HelpLine Managing Attorney with an explanation.

4) The determination that a waiver has been made must be noted on the Client Intake Form and copies of the waiver determination, set forth on the standard Legal Aid of Arkansas Waiver of Income or Assets Memo, citing which factor or factors listed above was used, must be kept in both the hard-copy file or Dropbox folder and a file maintained by the HelpLine Managing Attorney.

Asset Waivers

In certain unusual or extremely meritorious circumstances, the Executive Director, HelpLine Managing Attorney, or Litigation Director may waive the assets limit. Asset waivers are even less common than income waivers. The waiver factors must be documented on the application and copies of the waiver determination citing the circumstances included in the determination must be kept in both the client's file and in a file maintained in the main administrative office.

E. Funding Codes

Most commonly used

1 – LSC –Must meet income guidelines (125% or below poverty) and asset guidelines ($2000 for an individual or $3000 for a family), have an eligible citizenship status, and not be a prohibited case type.

Orders of Protection –use in all cases

107 – DFA (STOP) – No income/asset guidelines or citizenship requirement. Use for all petitioners who file Orders of Protection cases (37).

Domestic Violence – use if undocumented alien

131 – Catholic Charities – no income/asset guidelines. Use for any non-US citizen (documented or undocumented) with a case in which they are the victim of domestic violence – divorce, custody, etc.

The Elderly – only use if over income or assets

109 – EAAAA – East Arkansas Area Agency on Aging. No income or asset guidelines. Use for any applicant who is age 60 or older for those who live in Clay, Craighead, Crittenden, Cross, Greene, Lawrence, Lee, Mississippi, Phillips, Poinsett, Randolph, or St. Francis counties. Region III on the map below.

110 – NWAAAA – Northwest Arkansas Area Agency on Aging. No income or asset guidelines. Use for any applicant who is age 60 or older for those who live in Baxter, Benton, Boone, Carroll, Madison, Marion, Newton, Searcy, or Washington County. Region I on the map below. (ONLY AVLE CASES)

111 – WRAAA – White River Area Agency on Aging. No income or asset guidelines. Use for applicants 60 or older who live in Fulton, Izard, Sharp, Stone, Van Buren, Cleburne, Independence, Jackson, and Woodruff Counties. Region II on the map below.

113 – Arkansas Division of Aging and Adult Services

Housing

142 – Foreclosure Settlement – Any housing issue if caller is 200% or below poverty

Dependency/Neglect

120 – Juvenile – cases in which we have been appointed as parent counsel. The caller will generally say that a specific attorney was appointed to represent him/her and told him/her to apply, or attorney will ask you to call to do the intake. No income/asset guidelines if appointed by court.

Tax

128 – IRS- Any tax issue if caller is 250% or below poverty. Remember, we are a Low Income Taxpayer's Clinic, so we do any tax application that comes in.

Pro Bono

115 – PAI - any case accepted for PAI should be changed to this funding code before being transferring and time should be entered in this funding code any time you participate in a private bar activity or determine to send a case pro bono

Other funding codes:

116 – Other – for lobbying activity.

118 – AFDA

121 – BCWS –Benton County Women's Shelter

122 – GAL

123 – Peace Shelter

124 – United Way NWA

125 – United Way NEAR

126 – Freedom Project

129 – Hospice

132 – NFMC

133 – Fayetteville Adult Ed.

135 – Sanctuary

136 – Medical-MD

137 – HPRP

138 – AmeriCorps

139– IRS/ESL

F. Case Types

A – Client's call is being transferred to a substantive queue, or a call has dropped and we need to call client back for legal interview

B – Advocate needs to review notes and take appropriate action, generally prepare advice

C – HelpLine case to be closed

D – Domestic Violence AOD needs to review

F – Economic Justice AOD needs to review

G – Housing AOD needs to review

H – Hold

I – Consumer AOD needs to review

L – Letter prepared by non-attorney and needs attorney review

M – MLP AOD needs to review

P – Staffed to pro bono attorney

R – Reject, applicant is in eligible for services– all these cases should be closed

S – Staffed case assigned to an advocate

T – Transferred cases, which should only be to a Regional Manager, who will assign the case. Regional manager should also receive an e-mail notifying him/her or transfer

G. Inter-program Referrals

No requirement of referral from other states

Complete an application that any caller who has a legal problem in our service area, regardless of where the caller is calling from. There is no need to get a referral for an out-of-state caller.

Referring Callers to Center for Arkansas Legal Services

Because the helpline is a state-wide number calls are sometimes routed to us that should go to the Center for Arkansas Legal Services. If you receive a call like that, please give them the Little Rock number **1-800-950-5817,** get the number the caller is calling from and forward that to HelpLine Managing Attorney.

Process for referring application to another program

Sometimes other programs require that the program in which the applicant resides send a referral to their program. If you need to do this, please follow the following steps.

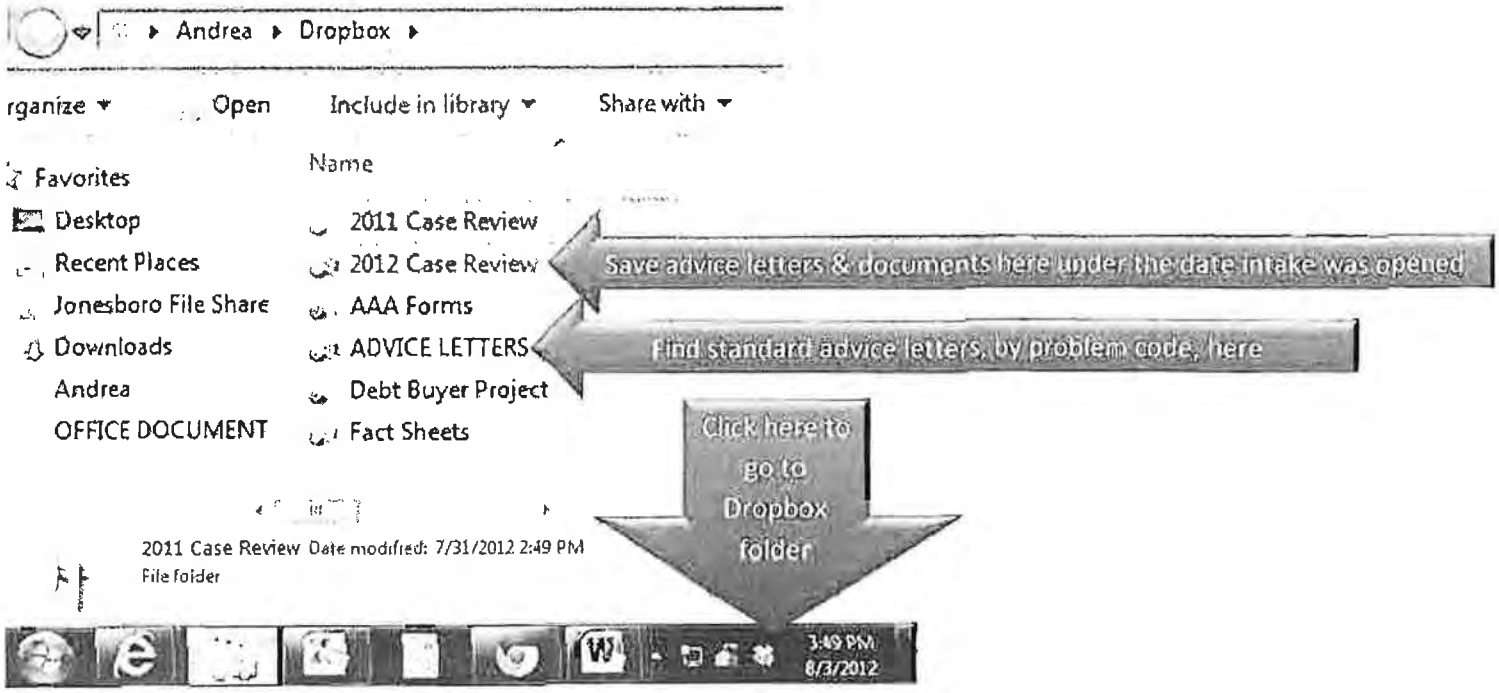
1. Go to: http://www.lsc.gov/map/index.php and click on the state you need to make a referral to.
2. Find the program that serves the county in which the applicant has a legal problem.
3. Call that program for specific instructions on where to send a referral as some prefer it go to central intake and others that it be sent to the individual managing attorneys. (Send referrals to the Center for Arkansas Legal Services to the individual offices).
4. Send client a letter explaining that his/her case has been transferred, that that program is under no obligation to accept his/her case and provide contact information for the program to which you referred his/her case.
5. Fax a copy of the intake, eligibility, and a cover letter to the program to which you are referring the application. Send a copy by regular mail.
6. If no legal advice was given, close as case type R, Y – referred to another legal services provider, reason closed X.

Handling a referral from another program

Other programs regularly send faxed or mailed referrals to us for clients with legal problems in our service area.

1. Call applicant to do a new intake, review information from referral, including eligibility information to make sure it is accurate, conduct interview. Add any notes from the referral.
2. Scan and save referral to that day's case review folder.

H. Dropbox



All HelpLine-related materials should be save in the Dropbox folder, which syncs to all employees computers. All documents are saved to the open date on the intake. If a case is reopened, save to the original open date. Naming convention is lastname, firstname – (description of document).

I. Quick User Guide - Jive 4.0

CALL FEATURES

Below are features common to all Jive phone systems. Instructions on how to access them on the Jive service are also included. Use of some of these features is dependent on your phone and account settings, and some features may not function similarly on all accounts. If you have any questions, please contact Jive Support at (801) 717-1556 for more information.

Voicemail Access

There are three ways that you can access your voicemail messages.

Directly from your phone:

1. Press the ***Messages*** button or dial ****99***
2. Enter the mailbox password (default is ***0000***)

Indirectly from another phone:

1. Dial ****98***
2. Enter the mailbox number
3. Enter the mailbox password (default is ***0000***)

Remotely from a non-Jive phone:

1. Call into your Jive system from any outside phone
2. Dial ******* when you hear your voicemail greeting
3. Enter the mailbox number
4. Enter the mailbox password (default is ***0000***)

To find instructions on these and other phone-specific features, please visit us on the web at http://getjive.com/products/phones/ and select your specific phone model.

Voicemail Greeting

Record your unavailable message on your phone or on the road.

1. Access your voicemail as described above
2. Dial ***0*** for mailbox options
3. Dial *1* to record your unavailable greeting

Transfer to Voicemail

Transfer a call directly to your co-worker's voicemail.

1. Initiate a blind transfer
2. Dial ***0*** followed by the extension (i.e. ***01001***)
3. Complete the transfer

Queue Access

Users may log into and out of multiple call queues. To log into a call queue, dial ****13***, then the ***[Queue Number]***.

To log back out of a queue, dial the same sequence.

Intercom

Jive has the ability to intercom, or immediately begin a conversation with co-workers.

1. Dial *******
2. Dial an extension
3. Wait for connection or press ***Dial***

Conference Bridge

Jive provides a conference bridge for multiple callers on a single line. You can conference with up to 10 concurrent people. Consult your PBX Administrator on how to access your conference bridge; it will require a password.

For more information, please visit http://getjive.com/ or call (877) 548-3003.

Call Handling 101

EFFECTIVELY MANAGING CLIENT CALLS

By: Megan McLaughlin, Senior Program Manager, Customer Care Institute *

What do your clients want when they call? They could be calling about any number of issues, but all callers want someone to listen to them, to understand and to remember their situation. They want a courteous, dependable, solution-oriented response.

Most importantly, they want to know that you care about them. *In fact, they don't care what you know until they know you care.*

So how do you let them know that you care, while providing solutions that will satisfy their needs?

There are **six steps to successfully handling a call.** They are:

1. Setting the appropriate tone
2. Listening effectively
3. Asking questions
4. Interpreting the information
5. Offering a solution
6. Closing the call

**Megan McLaughlin is responsible for program development, training and research at the Customer Care Institute. Many of us were sorely disappointed when Ms. McLaughlin's plane to Tampa was delayed causing her Telephone Communications Skills Workshop at the ABA/NLADA conference in May to be cancelled. She graciously agreed to write this article for the Legal Hotline Quarterly.*

The Customer Care Institute provides information, research, advisory services and training to the Consumer Services, Consumer Affairs, Teleservices, and Help Desk Professions.

www.customercare.com megan@customercare.com

1. Setting the Appropriate Tone

Just as when you meet someone for the first time in person, callers also form opinions about you within the first few seconds of a call. Therefore, it is critical that the appropriate tone is set in the first seconds of the call.

Each client has a different style of communication, and it is important to **adjust your communication style** to deal most effectively with the caller. If the caller is assertive and direct, it would be ineffective for you to chat about the weather. Some callers, however, would prefer a little small talk before getting down to business.

Listen to yourself. Your telephone voice is a substantial part of your message when you are delivering Client Care via the telephone. Your voice is you. While it is not important that you sound like a professional recording artist, it is important to understand how you sound to callers so that you may further refine your telephone voice.

Generally, people find it easier to listen to a lower-pitched voice so it helps to be aware of the volume and pitch of your voice. Also notice your rate of speech. 120 to 150 words per minute is an effective rate. If you speak too quickly, your client will feel rushed and miss key points of the discussion.

Many Client Care representatives tape their telephone conversations in order to understand how they sound to the client. They look for opportunities to improve voice tone, grammar and diction - avoiding filler words like "um." They also determine if they are speaking at the caller's level of understanding and avoiding terms with which the caller may not be familiar.

2. Listening Effectively

In dealing with clients over the telephone, it is im-

(Continued from page 2)
portant to **listen for the central idea** – to listen between the lines. Without the advantage of reading body language and facial expressions, it can be more difficult to discern the meaning behind a caller's words. It is important to listen to the nuance of voice and expression in order to understand the caller's emotion and to find the appropriate resolution to the situation.

An important aspect of communicating via the telephone is conveying the fact that you are listening. Since your client cannot see what you are doing, it is important to reassure them verbally that you are paying attention. Ask questions and **use short messages** such as "yes" and " I see" to let them know that you are listening.

Barriers to Listening

Just as it is important to be aware of effective listening techniques, it is equally important to recognize barriers to listening before they become a problem.

Environmental distractions are a fact of life in any office, so it is important to maintain a strong focus on the client. In some cases, it is possible to arrange the immediate workspace to be more conducive to concentration.

The **"Third Ear" syndrome** occurs when one is engaged in conversation but has a "third ear" on another conversation. Most callers can sense when they do not have someone's full attention and view it as a lack of respect for them and a lack of interest in assisting with their issue.

A frequent trap that many of us fall into is **the tendency to assume or jump ahead** because we already know everything that the client is going to say. Letting the caller finish what he or she has to say without interrupting is simply a matter of common courtesy. Although we may hear the same scenario ten times a day, each situation has different circumstances and a unique client who deserves to be treated as such. This is why effective listening skills are so important in providing good client care.

3. Asking questions

The most effective method of gathering information and controlling a call is by asking questions. Of course, the question must be effective in order to elicit the necessary information. Understanding how to ask a question can help expedite the information gathering process and expedite a resolution.

For example, **open questions** that use how, why, when, what, or where should be used to get a client to explain or discuss a situation: "What happened next?" or "Why did you think that?" Open questions have many answers and are useful for understanding the bigger picture.

Closed questions that use did, can, have, do, will or would will elicit a yes/no answer or a factual response. Closed questions are used to obtain facts or agreement, for example: "Did you cancel the credit card?" or "Have you got a copy of the letter?"

Open questions should be used at the beginning of a call to gain a broad understanding of the situation and to allow the caller to express what is on his or her mind. As the focus of the call narrows to a discussion of priority issues and actions to be taken, closed questions should be used to ensure that both parties have a clear understanding of the situation or the resolution.

4. Interpreting the Information

Paraphrasing and summarizing information back to the client helps confirm the accuracy of the information and it also helps you to process the information more effectively. Even if you are confident that both parties understand the issues, it can only help to repeat the information. This can be accomplished tactfully by telling the caller that you want to be sure that you understand the situation.

5. Offering a Solution

Once you have obtained and interpreted all of the information required to make a decision, you must then offer a solution for the caller. It could be a mat-

(Continued on page 4)

(Continued from page 3)

ter of providing information that is easily available or you may have to conduct further research before responding. In either case, **create an action contract** with the client and obtain agreement. Tell the caller what you are empowered to do, how you will do it, and what results he or she should expect. Then obtain agreement from the client about what his or her obligations are.

6. Closing The Call

The way you end the call makes a lasting impression on the caller. Once the action contract has been reviewed and the outcomes of the call have been summarized, it is time to ask the **closing question**:

> ***Action Contract Illustration***
>
> Suppose the client was complaining about bad conditions in his apartment. (For purposes of illustration, the details of L/T law are left out)
>
> Advocate: *" So we agree that the best course of action is for you to write the certified letter?*
>
> Client: "*Okay, I'll do that.*
>
> Advocate: "*Would you like to review the points that should be included in the letter one last time? If your landlord doesn't make the repairs or if you get any other communication from him please call me back between the hours of 9-12; I can give you additional advice over the phone."*

"Is there anything else I can do?" or "Have I answered all your questions?"

This information should help you in your day-to-day telephone interactions with clients. The advice offered here is not groundbreaking. These are familiar lessons for all of us who deal with clients over the telephone. The value of this advice comes in its application. If you can successfully apply these techniques in your work each day, it can make the job of satisfying your clients a productive and rewarding experience for all involved.

Working with Assertive Callers

In some instances, we project our emotions and believe the caller to be angry when he or she is not. This can happen if the caller is more assertive than you, impatient, rushed, or cold. Assertive or demanding clients are quick to get to the point, show authority, and demand action.

To deal effectively with assertive or demanding callers:

1. You may need to **raise your own assertiveness level,** but keep your assertiveness level just below the caller's to prevent escalation.
2. If your voice is soft, **raise it slightly**.
3. **Be direct and to the point** in your statements.
4. Keep the **non-business conversation to a minimum.**
5. **Adjust your posture** by sitting taller in your chair or by standing.
6. Do not be offended by a lack of rapport with assertive clients - remember, they are focused on taking care of business.

Working with Angry Callers

Some people are angry with every person and every situation. However, most people do not behave that way unless they feel that they have no other choice. Remember that anger is usually born out of fear, and behind every angry voice there is a human being that needs your help.

To deal effectively with angry callers:

1. **Depersonalize the emotion.** Although it may seem that the client is angry with you, remember that he or she is actually angry about a *situation.*
2. **Let the caller vent** to diffuse the emotion.
3. **Empathize without committing to agreement** by using phrases such as "*I understand that you are frustrated*" or "*I can see that this has upset you.*"
4. **Avoid becoming defensive** - it will only escalate the situation. Avoid such phrases as "*I never said...*" "*You're wrong about that...*" "*You have to understand that...*"
5. **Use positive phrases** to correct misinformation: "*I can see why you think so. Our records*

(Continued on page 5)

(Continued from page 4)

show..." "Our information does not agree with yours. Perhaps we misunderstood you..."

6. Use the word **situation** instead of the word problem.

7. Use the word **I instead of you**. *"I need you to check your policy"* is less confrontational than saying *"you need to check your policy."*

8. **Take responsibility** for doing all that you can. That does not mean that you should make com mitments that you are unable to fulfill. It does mean that you should pledge to do whatever you can as quickly as possible.

9. **Take care of yourself.** If you've had a particularly upsetting call, take the time to work the emotion out of your system. Evaluate the call; understand what you did well and what you will do differently next time. Take the time to reflect, go for a short walk, breathe deeply. Do what you need to do to put yourself back on track for the next call.

You should do everything in your power to control the call and make it a productive experience. However, if the caller becomes abusive and is unwilling to work toward a solution, politely inform him or her that you are going to terminate the call and will be ready when he or she is willing to work with you.

- *"I understand that you are upset. I would like to help you, but I cannot do so if you use that kind of language."*
- *"Mr. Jones, it's very important that we work as a team to resolve this situation."*
- *"I'm sorry, but I am unable to help you at this time. Please call back when you are ready to discuss the situation." or "I will call you back in a couple of hours when you have had a chance to calm down."*

When you speak with your client again, resist the urge to retaliate.

Working with Talkative Callers

The talkative client is sometimes harder to handle than the angry client. We are often sympathetic to the talkative client's need to have someone (or anyone) with whom to talk. Delivering effective Client Care means handling the talkative client with care, freeing you to help other clients.

To deal effectively with talkative callers:

1. **Ask closed questions** that require a short yes/no or factual answer
2. **Shorten pauses** between statements
3. **Provide minimal responses** to non-business conversation and always guide the conversation back to the matter at hand.

The following are some examples of effective closes when working with talkative callers:

- *"I know you are busy, so I'll let you go."*
- *"I would like to begin working on this right away, so I'm going to say goodbye now."*
- *"Have I answered all your questions?"*
- *"You understood and I'm sure you'll do well."*
- *"May I call you tomorrow after I've done a little research?"*

Editor's note: If you would like to contact Ms. McLaughlin, she can be reached via email at:

megan@customercare.com

or mail at:

Customer Care Institute,
17 Dean Overlook, NW,
Atlanta, GA 30318

Customer Care Institute
TELEPHONE EFFECTIVENESS CHECKLIST

Greeting:
- ❑ Did you use a salutation?
- ❑ Did you use a clear and appropriate identification statement?
- ❑ Did you ask how you could help?
- ❑ Did your tone establish rapport?

Hold Techniques
- ❑ Was hold appropriate?
- ❑ Did you ask the customer's permission?
- ❑ Did you estimate time?
- ❑ Did you check back regularly? (every 30 secs)
- ❑ Did you thank the customer for holding?

Establishing Rapport
- ❑ Did you use the customer's name?
- ❑ Did you listen to the customer and ask appropriate questions?
- ❑ Did you acknowledge the customer's concern?
- ❑ Were you courteous and respectful?

Controlling the Call
- ❑ Were you able to keep the conversation on track?
- ❑ Were you able to deal effectively with angry or talkative clients?
- ❑ Did you educate the client?

Job Knowledge
- ❑ Were you able to help the caller during this call?
- ❑ Did you offer the appropriate solutions and/or alternatives?

Closing
- ❑ Did you summarize actions and set clear expectations?
- ❑ Did you confirm the client's understanding?
- ❑ Did you execute appropriate follow up?

AARP Legal Services Network (LSN)

Attorneys needed to adapt and update LSN legal materials. Subjects cover a wide range of topics, including health care, estates and consumer issues. The attorney will be responsible for reviewing all submitted materials and making any revisions required so that all materials conform to current state and federal law. The attorney will be responsible to do whatever legal research of case law, statutes, and regulations as is necessary to accurately describe the state of the law in the attorney's jurisdiction. The legal materials to be reviewed include the following:

Frequently Asked Questions with Answers for Attorneys and Clients (approximately 90 questions);

Legal Checkup Workbook; and

Client Self-Help Guides (approximately 14).

Compensation for these services will be $3,000. We are looking for attorneys in the following states:

AK, AL, CO, GA, IA, ID, KS, MS, MT, NC, ND, NE, OR, SC, SD, TN, UT, WA, WY.

Interested parties should e-mail Mary Jo Potter Esq. :

***mpotter@aarp.org* or**
call (336) 998-0168.

K. Custody vs. Guardianship vs. Power of Attorney

	Court involved?	How initiated	Where filed & cost	Duration	Must go to court to change	Person who can receive	Who is the Plaintiff/ Petitioner	Who is the Defendant/ Respondent	Defendant must be notified of hearing date?
Custody	sometimes* (Circuit Court)	1-Complaint for Paternity and Custody 2- Complaint for Divorce 3- Motion to Modify (if there is an existing court order)	Circuit Clerk - Domestic Relations Division $165 new case filing fee or $50 reopen fee	Until changed or modified by the court	Yes	Parent	Parent	Parent	Sometimes - if there is an emergency, or if Defendant filed an Answer to the Complaint or Motion
Minor Guardianship	Yes (Probate Court)	Petition or Complaint for Guardianship	County Clerk - Probate Division $165 new case filing fee	Temporary - 90 days. Permanent - until minor turns 18 or modified by court	Yes	any adult who is not an unpardo ned felon	any adult who is not an unpardon ed felon	parents or guardian (if Petitioner is trying to be substituted as guardian)	Yes
Power of Attorney	No	Power of Attorney signed and notarized by custodial parent or guardian	Circuit Clerk - minimal fee to have it recorded (does not create a court case)	Until Parent or Guardian revokes	No	any adult	n/a	n/a	n/a

***If a child is born out of wedlock the mother has custody until a court order modifies custody through a paternity or guardianship case.**
***If a child is born during a marriage the husband and wife have joint custody until the court modifies through a divorce or guardianship case.**

This information does not apply to a Dependency/Neglect case involving the Department of Human Services

L. Social Security Administration Benefits

	Social Security Disability Insurance ("SSDI" or "SSD")	**Supplemental Security Income ("SSI")**	**Social Security Retirement ("Social Security" or "Retirement")**
Eligibility	1. Claimant must be disabled or blind. 2. Claimant must have worked enough to be "insured" for benefits. *Children* may draw from an eligible parent's benefits.	Claimant must be disabled or blind. • Claimant must have limited income and resources. • *Children* may be eligible on their own if they are disabled and their parents have limited income and resources.	Claimant must have worked enough. *Children and grandchildren* may be eligible for dependent benefits.
Payment Amount	Varies based on earnings record.	Currently $710* for an eligible individual and $1,066* for an eligible couple. *Amount may be reduced depending on a number of factors including overpayment deductions, SSDI, wages, etc.	Varies based on earnings record. Will be lower if claimant retires early.
Medical Coverage	Claimant receives Medicare after 2 years on SSDI.	Claimant covered by Medicaid.	Claimant may be covered by Medicare if he/she is age 65+.
Eligibility for other benefits (SSI and SSDI)	A claimant with limited income and resources may draw both SSI and SSDI.	If a claimant only draws SSI, it means he/she did not work enough to qualify for SSDI.	A claimant with limited income and resources may draw both Retirement and SSI. SSDI benefits automatically convert to Retirement benefits when claimant reaches full retirement age. Payment amount will not change.

Memorandum

To: Allstaff Legal Aid of Arkansas

From: M. Brian Miles

Date: 12/11/2013

Re: LAA Citizenship Attestation Procedure

Please find attached a revision to the LAA Practice and Procedure Manual which modifies the procedure for verifying Citizenship/Alien Eligibility for potential clients. It is important to note that the changes were necessary to establish a uniform process for insuring compliance with 45 CFR 1626. Please review the new procedure along with the new LAA Citizenship Attestation Form and make sure you are using the form properly.

If you have any questions please contact myself or Mr. Richardson.

LAA CITIZENSHIP AND ALIEN ELIGIBILITY PROCEDURES

In order to insure compliance with 45 CFR 1626.6 and 1626.7 LAA shall make an inquiry as to the citizenship/immigration status of all applicants seeking services from the program. Each program physical plant shall maintain a clipboard with copies of the Citizenship Attestation and during all in person encounters shall insure that LAA has a signed Citizenship Attestation or approved Alien Eligibility Form. Staff shall insure that the form is completed correctly and accurately depicts the name of the client seeking service or clearly depicts the nature of the relationship between the signer and the client as required by LSC regulations. Citizenship/Immigration information must always be documented as follows:

In-person Clients and Clients Receiving Continuous Representation by Phone

If the applicant states that s/he is a:

U.S. citizen

He or she must attest to it in writing by signing the appropriate LAA Citizenship Attestation and checking the appropriate box on the Case Management System. If there is reason to doubt the client's affirmation (see section on Verification of Citizenship), the applicant must provide documentation such as (1) a United States Passport, a Birth Certificate, a Certificate of Naturalization, or U.S. Citizenship Identification Card (INS Form I-197), Baptismal Certificate or other authoritative documents, such as a document issued by the INS, by a court, or by another government agency. In lieu of the applicant's own documentation, a notarized statement from a third party that attests to the applicant's U.S. citizenship can be accepted if that third party can furnish proof of his or her U.S. citizenship.

Documents accepted for purposes of verification may be originals, certified copies, or other copies that appear complete, correct and authentic. Verification by either method shall be attached to the LAA Citizenship Attestation Form.

Non-U.S. Citizen

Ask client to describe his or her immigration status. Check LAA Alien Eligibility Form, which lists the categories of eligible aliens, to see if s/he fits into one of the categories. Intake worker shall makes a copy of the acceptable immigration documents establishing eligibility and place a copy of the documentation in the client's file.

Minor U.S. Citizen

The parents or legal guardians of an applicant who has not reached the age of majority shall sign a Citizenship Attestation on behalf to the minor citizen. The form shall clearly notate that the adult is signing on behalf of the minor child.

Incompetent Adult

Upon a determination that the applicant seeking services is incompetent and unable to verify his/her citizenship status LAA shall require verification of citizenship from the incompetent adults' legal guardian or representative. LAA shall insure that the Citizenship verification clearly

states the name of the applicant and that the guardian is signing on behalf of an incompetent adult.

Telephone Clients

When a prospective client seeks assistance over the telephone, advocates or screeners must ask the prospective client whether he or she is a citizen or eligible alien, and the response must be documented in the case file notes. It is sufficient to choose the entry on the intake that corresponds to the prospective client's answer. No signed attestation of citizenship or written verification of eligible alien status is required unless the service provided is more than brief service or counsel and advice or the brief service extends over a period of more than two weeks.

Exceptions to Citizenship Verification

Applicants who meet the criteria for one of the following exceptions set out above including the VAWA 2006 Amendment, Hague Convention, or Miscellaneous Special Eligibility exceptions shall check the appropriate box on the LAA Alien Eligibility Form.

Emergencies: If an applicant cannot produce the required documentation before the commencement of representation and it is an emergency situation as described herein, the legal or intake worker must fill out the appropriate section of the LAA Alien Eligibility Form. Documentation should be provided as soon as possible before any further service can be provided. The case may be counted as a CSR event even if the client does not return with documentation.

Change in Alien Eligibility

If a client who was an eligible alien becomes ineligible through a change in circumstances, LAA staff must discontinue representation in a manner consistent with the Rules of Professional Responsibility of the State of Arkansas.

EMPLOYEE'S ACKNOWLEDGEMENT OF RECEIPT
LEGAL AID OF ARKANSAS PROCEDURE MANUAL

I, the undersigned, hereby acknowledge that I have received the electronic version of the revision to the LAA Practice and Procedure Manual which modifies the procedure for verifying Citizenship/Alien Eligibility for potential clients. I further acknowledge that it is my responsibility to read and comply with the policies and procedures contained in the manual and any revisions made to it.

_____
Date

_____
Signature

_____
Printed Name

6050 Recognition Lunches/Dinners and Performance Awards

a. When an employee reaches a milestone for time served with LAA, as an incentive award for performance, the employee will receive a one-time pay incentive with the amount being reflective of the number of years served, a recognition award, and will be treated to lunch or dinner by the program. In the event that the employee is celebrating a large milestone, i.e. 25 years or more, the program may treat the staff of that office to a lunch or dinner celebration as approved by the Executive Director. This compensation will be made with funds other than federal.

- 5 years - $50
- 10 years - $75
- 15 years - $100
- 20 years - $150
- 25 years - $200
- 30 years - $500 or comparable gift

b. Year-end bonuses may be awarded by the Executive Director, in consultation with the Fiscal Officer, not to exceed a maximum of $300 for full time staff members and $150 for part time staff, subject to funding availability. Bonuses will be prorated, with staff receiving a full bonus if they began employment prior to July 1st of the year, and 50% of the full bonus if they started employment thereafter.

LEGAL AID of ARKANSAS
Equal Access to Justice

ACCOUNTING MANUAL

TABLE OF CONTENTS

INTRODUCTION **1**
PROGRAM OVERVIEW **1**
Mission 1
Major Funding Sources 1
Typical Cases 1
History 2
SECTION I: ACCOUNTING PRINCIPLES **3**
Accounting Philosophy 3
Responsibilities 3
Board of Directors 3
Executive Committee 3
Audit/Finance Committee 4
Executive Director 4
Fiscal Officer 4
Internal Control – Financial 6
Internal Control – Computerization 6
Bonding 7
Private Attorney Involvement 7
SECTION II: REPORTING AND RECORD KEEPING **9**
Record Retention 9
General Journal 10
General Ledger 11
Chart of Accounts 12
Management Reports 12
Annual Financial Statements and Audit 13
Notification of Losses to LSC 14
SECTION III: FINANCIAL POLICIES AND PROCEDURES **15**
Cash 15
Investments 15
Client Trust Accounts 15
Bank Reconciliation 19
Cash Receipts 19
Cash Transfers 20
Credit Cards 20
Payroll 24
Pay Dates and Processing Procedures 24
Employee Benefits 25
Overtime 25
Vacation for Accounting Personnel 26
Cash Disbursements 26
Blank Check Storage 26

Accounts Payable 26
Local Travel Reimbursement 28
Conferences and Training 28
Travel Advance 29
Out-of-Area Travel and Expense Reimbursement 29
Dues and Memberships 30
Local and Long Distance Phone Calls 30
Other 31
Accounting for Capital Assets 31
Cost Allocation 32
Revenue Recognition 33
Grant Setup Procedure 35
Monthly Invoices for Grants Receivable 36
Appendix – Chart of Accounts 38
Appendix – Client Escrow Card 42
Appendix – Client Trust Receipts and Disbursements Log 43
Appendix – General Account Cash Receipts Log 44
Appendix – Inventory Control Tag 45
Appendix – Monthly General Journal Entry Forms 46
Appendix – Personnel Action Form 47
Appendix – Sample Monthly Financial Reports 48

LEGAL AID of ARKANSAS
Equal Access to Justice

ACCOUNTING MANUAL

INTRODUCTION

This manual, prepared in compliance with the *Accounting Guide for LSC Recipients*, is intended to comply with the Legal Services Corporation (LSC) regulations at 45 CFR Part 1600 *et seq.* and will be updated from time to time. It is the policy of Legal Aid of Arkansas (LAA) to abide by these regulations at all times. Regardless of the stated policy, the position stated in the *Accounting Guide for LSC Recipients* will prevail if a conflict should arise.

All LAA employees are bound by these policies, and any deviation from the established policy (with the exception noted above) is prohibited. In the event an item is not specifically covered in this manual, please refer to 45 CFR Part 1600 *et seq.*

PROGRAM OVERVIEW

Mission

To promote equal access to justice for Arkansans of low income by providing quality, free legal services through advice, representation, education and public awareness.

Major Funding Sources

- LSC, a private nonprofit corporation that receives funds from Congressional appropriations through the Department of Justice – 52.5%
- Interest on Lawyers' Trust Accounts – 3%
- State of Arkansas – 25.7%
- Other Grants and Contracts – 10.8%
- Contributions – 8.0%

Typical Cases

- Education: Failure to provide equal educational opportunity, school suspensions and expulsions
- Consumer: Repossessions, collection, garnishment, unfair consumer practices and bankruptcy
- Health: Medicaid and Medicare
- Family: Domestic violence, custody, adult guardianships and divorce
- Juvenile: Parent counsel in dependent neglect cases and guardianships of minors
- Housing: Landlord/tenant, mortgage foreclosures, housing counseling and home ownership issues
- Public Benefits: Social Security Disability, welfare, unemployment and food stamps
- Other: Driver's license restorations, non-insured tort defenses, wills and estates, income tax problems and criminal record expungement

History

LAA was formed January 1, 2002, by the merger of East Arkansas Legal Services, Legal Services of Northeast Arkansas and Ozark Legal Services. LAA is present in 31 of the state's 75 counties. Service is provided through regional offices in Springdale, Harrison, Jonesboro, Mountain View, Newport, Helena-West Helena and West Memphis.

LAA provides free services to low-income persons with a wide variety of civil legal problems; the population served is as diverse as LAA's service area, which includes the Mississippi River Delta and stretches across the Ozark Mountains to the northwest corner of Arkansas. Individual assistance ranges from legal advice or other brief service, such as a letter to a creditor or a landlord, to extended representation in court and at administrative hearings. LAA also engages in community education activities geared toward potential clients and other service providers and provides referrals to other sources of assistance.

LAA is governed by a 21-member Board of Directors appointed by various Bar Associations and client eligible groups throughout the service area. By statute, 60 percent of the members are attorneys and 33 percent are eligible Clients. One "at-large" member is a representative of the area community.

SECTION I: ACCOUNTING PRINCIPLES

Accounting Philosophy

The accounting philosophy of LAA is:

- To provide standards that allows program personnel to evaluate performance in the financial area in accordance with consistent criteria.
- To make improvements as needed in order to safeguard assets against unauthorized use or disposition.
- To provide reliability of financial information and reporting.
- To maintain compliance with regulations and laws that has a direct and material effect on the program.

Responsibilities

Board of Directors

The ultimate responsibility for the program's financial statements rests with the Board of Directors, who defines appropriate parameters for fundamental financial decisions. All financial decisions within those parameters are recorded in the minutes.

Other charges of the Board include:

- Participate in the fundraising activities for LAA.
- Act as a liaison between LAA and other stakeholders in the delivery of legal services to low-income persons.
- Participate in any on-going training provided for Board members.
- Know the organization's mission, goals, policies, programs, services, strengths and needs.
- Advocate for the needs of LAA clients, client communities and organizations.
- Participate in the development efforts by:
    1. Providing a personal financial contribution commensurate with the member's ability.
    2. Identifying potential donors and/or soliciting personal gifts from donors.
    3. Participating in at least one fundraising event.
    4. Researching and identifying potential funding sources.

Executive Committee

The Executive Committee shall be a standing committee composed of the Chairperson, Vice Chairperson, Secretary, Treasurer, Immediate Past Chairperson and three additional Directors who shall be appointed by the Board in a manner such that the three additional Directors are collectively representative of LAA's geographic service area. The Executive Director shall serve on the Executive Committee in an *ex officio* capacity.

- The Executive Committee shall have and may exercise such authority in the management of the business and affairs of LAA as the Board of Directors may authorize.

- Between meetings of the Board of Directors, the Executive Committee shall have the authority to exercise corporate powers and to perform the duties and functions necessary to conduct the business, affairs and activities of LAA. Actions taken by the Executive Committee shall be subject to ratification by the Board of Directors.
- The Executive Committee may determine the procedures by which it can operate most efficiently for the benefit of LAA and may act with or without meetings provided all Directors on the Executive Committee are given notice of any proposed action and an opportunity to vote thereon.
- The designation and appointment of an Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed by law.

Audit/Finance Committee

The *Accounting Guide for LSC Recipients* requires the establishment of this committee. This committee provides assistance to the board in fulfilling its fiduciary responsibilities relating to accounting and reporting practices by:

- Guiding the process of selecting LAA's auditor and recommending the selection of a particular auditor to the full Board of Directors.
- Meeting with the auditor for an exit conference at the completion of each audit.
- Reviewing the expenditure budget in detail and recommending approval to the full Board of Directors.
- Maintaining communication between the Board of Directors and the auditor and meeting with the auditor to discuss, inquire about and review audit reports, financial statements and the effectiveness of LAA's management of accounting and financial functions.
- Instituting any changes necessary to ensure proper oversight and control of funds.
- Reviews IRS Form 990 for completeness, accuracy and timely filing prior to submission. Makes a report at the next scheduled board meeting on the filing of IRS Form 990. A copy of IRS Form 990 will be provided to all board members at this meeting, and made permanently available for board review at the LAA Board Member web portal.
- Reviews IRS Form 5500 for completeness, accuracy and timely filing.

Executive Director

The Executive Director, hired by the Board, is responsible for hiring competent staff and overseeing the appropriate procedures for establishment of records that ensure the integrity of accounting and ensure that reporting and financial systems are maintained. The Executive Director also keeps the Board informed of the financial position of the program and is responsible for negotiating contracts, accepting grants and/or contracts and reporting such transactions to the Board of Directors.

Fiscal Officer

The Fiscal Officer, under the supervision of the Executive Director, is responsible for establishing procedures to properly document, record and report financial transactions.

Executive Director
Lee Richardson

Pro bono	HelpLine	Domestic Violence	Housing	Consumer	Economic Justice	Administration
Heidi Jamison	**Andrea Walker**	**Margaret Reger**	**Jon Comstock**	**Susan Purtle**	**Kevin De Liban**	Elizabeth King
Maria Tommey	Beth Shoupe	*Teresa Franklin**	Marshall Prettyman	Candice Smith^	*Jeanette Whatley**	Maria Moro
Tammy Cullan	Deedra Thomas	Andrea Walker	Gaylynn Alden	Jasmine Baskerville^	Brigid Welsh	**Gregg Stillwell**
	Lisa McBride	Hollie Greenway	Jennifer Rovetti^	Lela Davison	Kathy Grady	Misty Furst
	Katheenya Willis	Beth Shoupe	*Mike Loggains**	Steve Talley	Krista Selnau+	Brian Miles
	Lynda Ware	*Heather Hersh**	Jenna Woodard^	Cory Crawford	Lynda Ware	Samantha Davis
	Sharon Emerson		Victor Richardson^	Barbara Griffin	Shea Crosby^	Sheronda Burton
			Jason Auer	Marta Hurgin^	Mary Goff	
			Lynnette Coulter^			
			Quincey Ross			
			Faye Reed			

Navigators
Stephanie Vang
Tahamara Ibarra
Terry Takamaru

LITC
Jennifer Liguori
Mary Goff

REGIONS
Red - NW
Blue- NE
Yellow - Delta
Green - Ozark
WG leader
**Regional Manager*
+MLP
^ AmeriCorps

Internal Control – Financial

Policy:

It is the intent of LAA to establish and maintain policies and procedures to safeguard all corporation assets against unauthorized use or disposition. To that end, at least two persons will be involved in all cash receipt, payroll, cash disbursement and purchasing transactions. As outlined in polices and procedures throughout this manual, a person who is responsible for incurring an expense or receiving cash will not be responsible for processing the item in the accounting system or final deposit or disbursement of the check. Periodically, all internal controls will be reviewed by Management to ensure that adequate internal controls are in effect, and changes will be made where necessary.

Throughout this manual, policies and procedures will elaborate on the internal control to be followed in the following areas:

- Cash Receipts
- Purchasing
- Cash Disbursements
- Bank Reconciliation
- Payroll
- Credit Cards

Internal Control – Computerization

Policy:

Full system backups are to be run daily offsite. Financial reports and the accounting system are saved on a flash drive in addition to the offsite backups.

All accounting software will be password protected and only authorized personnel (Executive Director, Administrative Assistant and Fiscal Officer) will have access to the password portion of the program.

Complete copies of the general ledger will be run at least quarterly and retained until after the audit is completed and a final audit report is issued.

Employees are expressly prohibited from loading any unauthorized software on the network or any LAA-owned computer. Unauthorized software is that for which a license has not been purchased by LAA.

All software purchased by LAA will require input from the department(s) that uses the software and the Technology Manager. Final approval for all software purchases will be the sole responsibility of the Executive Director.

Procedure:

Full system backups are maintained offsite by Microsoft Essentials., on a daily basis. The Fiscal Officer saves the financial records and accounting system backups on a weekly (minimum) basis.

Bonding

Policy:

LAA will maintain fidelity insurance coverage on all employees who handle cash, sign checks and/or have purchasing or other financial responsibilities or access to financial records and assets. Insurance will be equal to at least the LSC minimum.

Procedure:

The Executive Director will be responsible for annually reviewing LSC policy to determine the minimum coverage required and ensure that the program has coverage equal to at least that amount. The Executive Director will identify all personnel involved in financial matters to ensure that they are covered under the blanket bond.

Private Attorney Involvement

Policy:

LAA will adhere to 45 CFR Part 1614 pertaining to Private Attorney Involvement.

Procedure:

LAA will devote an amount equal to at least 12.5 percent of the LSC annualized basic field award to the involvement of private attorneys in the delivery of legal services (referred to as the "PAI requirement").

Activities undertaken to meet this requirement will include the direct delivery of legal assistance to eligible clients through programs such as organized *pro bono* plans and private attorney contracts. Other activities may also include, but are not limited to:

- Support provided by attorneys to LAA in the delivery of legal assistance to eligible clients on a *pro bono* basis through the provision of community legal education, training, technical assistance, research, advice and counsel, co-counseling arrangements or the use of private law firm facilities, libraries, computer assisted legal research systems or other resources; and
- Support provided by the recipient in furtherance of activities undertaken, including the provision of training, technical assistance, research, advice and counsel or the use of recipient facilities, libraries, computer assisted legal research systems or other resources.

Private attorneys may be reimbursed for actual costs and expenses.

LAA will demonstrate compliance with the PAI requirement by accurately identifying and accounting for:

- Contractual payments to individuals or organizations that undertake administrative, support and/or direct services to eligible clients on behalf of the recipient consistent with the provisions of this part.
- LAA's administrative, overhead, staff and support costs related to PAI activities.

Non-personnel costs shall be allocated on the basis of reasonable operating data. All methods of allocating common costs shall be clearly documented.

Any direct or indirect time of staff attorneys or paralegals, *pro bono* coordinators and support staff allocated as a cost to PAI must be documented by entries on the case management system (CMS) accounting for the time those employees have spent on PAI activities.

Personnel cost allocations for non-attorney or non-paralegal staff will be based on reasonable operating data which is clearly documented.

Because the requirement is based upon an effort to generate the most possible legal services for eligible clients from available, but limited, resources, LAA will attempt to assure that the market value of PAI activities substantially exceeds the direct and indirect costs being allocated to meet the requirement.

SECTION II: REPORTING AND RECORD KEEPING

Record Retention

Accounting Records

- General Journal ..... Permanent
- General Ledger ..... Permanent
- Cash receipts book ..... 10 years
- Cash disbursements book ..... 7 years
- Bank statements and cancelled checks ..... 7 years
- Billings for services ..... 7 years
- Employees travel and expense reports ..... 7 years
- Expense bills (source documents) ..... 7 years
- Petty Cash records ..... 7 years
- Financial statement – annual ..... Permanent
- Financial statements – monthly ..... 7 years
- Audit Reports ..... Permanent
- Inventories ..... 7 years

Fixed Assets

- Land and buildings ..... Permanent
- Equipment in use (After Disposition) ..... 3 years
- Equipment traded in on similar asset (After Disposition) ..... 3 years
- Equipment disposed of (no trade-in) (After Disposition) ..... 3 years
- Depreciation Schedules ..... Permanent

Contracts

- Leases (after termination) ..... 7 years
- Grant Agreements (after expiration of grant) ..... 6 years
- Restricted funds documentation (after use) 7years

Tax Returns

- Federal Form 990 and working papers ..... Permanent
- State information returns and working papers ..... Permanent
- Payroll tax returns ..... 5 years
- Withholding tax statements (W-2) ..... Permanent

Corporate Organization Records

- Corporate charter and certificate of incorporation ..... Permanent
- Minutes of Board of Directors meetings ..... Permanent
- Annual reports ..... Permanent

Personnel Records

- Individual employee records (After Termination) ..... 4 years
- Payroll records ..... Permanent

- Employment Applications.....2 years
- Time Sheets (After Termination).....4 years
- Employee pension and insurance records ..... Permanent

General Correspondence ..... 5 years
Legal Correspondence.....Permanent

General Journal

Policy:

Entries into the General Ledger will be made from one of the following sources:

- Accounts Payable – Entry of an invoice or credit memo to record and expense or check request. Entry will be made in the Accounts Payable Module of Cougar Mountain.
- Cash Receipts – Entry originating from cash received and deposited to a bank account. Entry will be made in the General Ledger Module of Cougar Mountain using the Cash Receipts program and entered into Q&A.
- Cash Disbursements – Recording of a check issued for any purpose. Entry will be made in the Accounts Payable Module of Cougar Mountain.
- Depreciation – Entries originating in the Fixed Asset Module to record the annual depreciation of assets.

Any other entry to the General Ledger will be made by way of a General Journal in the General Ledger module of Cougar Mountain Software. Standard general journal entries are:

- Payroll – Record monthly payroll disbursements
- Receipts and disbursements for all Client Trust accounts
- Telephone transfers between savings and checking accounts, purchase/disposal of Certificates of Deposit and other adjustments such as interest earned or service charges, etc.
- Allocation of expenses to appropriate funding sources
- Prepaid expenses transferred to expense accounts when appropriate
- Deferred Revenue to the appropriate revenue account as earned
- Other Fixed Asset entries – To record the sale or other disposition of an asset and its applicable depreciation. Entry will be made in Asset Keeper annually.

All Journal Entries are accompanied by a thorough description of the transaction and approved by the Fiscal Officer.

Description of standard monthly journal entries:

- J/E #1 – TO RECORD CLIENT TRUST ACTIVITY. To record receipts and disbursements from Springdale client escrow account.
- J/E #2 – RECORD PAYROLL AND PAYROLL TAXES. Record payroll and taxes. Information is taken from Cougar Mountain payroll EFTPS reports.
- J/E #3 – RECORD CAFETERIA BENEFITS/PAYABLE ACTIVTY. Record the appropriate amount of Cafeteria checks taken from Employee Section 125 cash account.

- J/E #4 – TO RECORD INTEREST EARNED IN SAVINGS ACCOUNTS. To record interest earned on monies held in statement savings accounts.
- J/E #5 – TO RECORD DEPRECIATION EXPENSE. Record Depreciation per schedule from Asset Keeper.
- J/E #6 – TO RECORD BANK CHARGES. Record bank charges for downloading payrolls.
- J/E # 7 – RECORD TELEPHONE TRANSFERS. Record telephone transfers between savings, checking, cafeteria and client trust accounts.
- J/E #8 – TO RECORD WIRE DEPOSITS. Record monthly wire deposits.
- J/E #9 – TO RECORD MONTHLY ADJUSTMENTS. Record expense adjustments needed during the current monh.
- J/E #10 TO RECORD MONTHLY RETIREMENT TRANSFERS. To record payments to Mutual of America for retirement benefits and deductions monthly.

J/E #11 – TO RECORD VOIDED CHECKS. To record voided and/or stale dated checks.

General Ledger

Policy:

The General Ledger will be posted throughout the month from the Accounts Payable and General Ledger modules.

Complete hard copies of the general ledger will be printed from time to time, but at least quarterly and retained until the audit report for the fiscal year is completed and the audit report issued. Retention of the hard copies is the responsibility of the Fiscal Officer.

Balance Sheet Accounts will be reconciled monthly in most cases. Accounts with little activity may be reconciled quarterly, semi-annually or annually. The Fiscal Officer will determine which accounts will be reconciled, by whom and how often. All reconciliations will require approval from another appropriate individual. The Fiscal Officer will maintain reconciliations until the annual audit is complete for that year.

Procedure:

The Fiscal Officer will be responsible for ensuring that the General Ledger is posted up to date on a daily basis from the General Ledger and Accounts Payable Modules.

The Fiscal Officer will ensure that the following Balance Sheet accounts are reconciled on a regular basis:

- All Cash Accounts – To be reconciled monthly for all cash, investment and imprest accounts. Reconciliations from Regional Offices for Client Trust accounts will be compared to the General Ledger monthly, and a Journal Entry will be prepared to record any transactions. Receivable Accounts – To be reconciled monthly for all Travel Advance and other receivables. Follow-up must be made for repayments which have not cleared out within 30 days of issuance.
- Grants Receivable – To be reconciled monthly for all funding sources. Follow up must be made for any payments outstanding for more than 30 days from the billing date.

- Prepaid Expenses – To be reconciled at least quarterly for all prepaid expenses. Entries should be made to expense the appropriate portion of the expenditure to the current operating expenses.
- Accounts Payable – A listing from the Accounts Payable module must be compared to the General Ledger on a monthly basis to ensure that the liability account is in balance with the detail. Any discrepancies must be adjusted within the system.
- Other accrued expenses – To be reconciled at least quarterly to ensure that the balance in such accounts (such as accrued vacation, etc.) is in balance with the detail.

Chart of Accounts

Policy:

The Chart of Accounts is designed to classify all income, expense, asset and liability by type, funding source and restriction. All entries to the accounting system will require a minimum of the fund and Account Number. Income and Expenditures will require the full Fund, and Account Number. LSC Fund Income and Expenditures will be represented by 02, or 11-19 using the middle segment of the General Ledger Codes set up in the Cougar Software. All other middle segment codes (other than 02, or 11-19) will be used for Non-LSC Fund Expenditures in order to utilize the Fund accounting capabilities of the Current Cougar Software. Cougar is in the process of upgrading their Pro Fund accounting (D-Base DB) software to Denali which will use a newer SQL database. Accounts Payables Modules is ready but the Payroll Module is not yet complete. An upgrade or change in Accounting Software will be implemented as soon as possible. At this time, the current Accounting Software and Case Management System will be utilized to full capacity to ensure compliance with §2-1.2 of the LSC Accounting Manual.

Only the Fiscal Officer may make additions and/or changes to the Chart of Accounts. Any proposed addition/change should be submitted to the Fiscal Officer for review, approval and implementation.

A valid account number in the LAA Cougar Accounting System is made up of three segments:

- XX Organization/Company
- XX Location/Fund
- XXX Account Number

NOTE:Non-LSC Expenses are to be charged to Location/Fund other than "02(PAI), and 11-19". Specifically, no funds made available by LSC shall be used to pay for administrative overhead or related costs associated with activity listed in 45 CFR §1612.6. LAA will maintain separate records and accounts, currently fund "00", documenting the expenditure of non-LSC funds (currently use funding code 116, State Filing Fee Add-on, on the Case Management System) for legislative and rulemaking activities that are permitted.

Management Reports

Policy:

Reports to Executive Director

Reports will include at a minimum:

- Statements of Revenues and Expenditures (organization wide – YTD compared to budget)
- Statement of Financial Position
- Statement of Financial Position by Office
- PAI activity each Quarter

These reports will be due on the 10th day following the end of the month, or as soon thereafter as reasonably possible. The responsibility for producing such reports lies with the Fiscal Officer.

Additionally, the Executive Director will receive a copy of all other reports furnished to any other person/organization.

Reports to Board of Directors and Audit/Finance Committee

Reports will include:

- Statement of Revenues and Expenditures (organization wide – YTD compared to budget)
- Statement of Financial Position

These reports will be due for each board meeting. The responsibility for producing such reports lies with the Fiscal Officer.

Additionally, each board member will receive a copy of the audit when it is presented.

Procedure:

To insure accurate financials, the Fiscal Officer will be responsible for completing monthly activities.

Annual Financial Statements and Audit

Policy:

Financial Statements of LAA will be audited by an independent Certified Public Accountant annually. The audit agreement will comply with the LSC Inspector General's *Audit Guide for Recipients and Auditors* and the audited financial statements will comply with LSC regulations (see *Audit Guide for Recipients and Auditors*) as well as other funding organizations requiring an independent audit. Three copies of the audit reports and the management letter, where applicable, are to be submitted to the LSC Office of Inspector General by April 30.

Financial statements will be prepared prior to the arrival of the auditors. These statements will be subject to any audit adjustments. Audit reports will be distributed to management and the Board of Directors.

Written notice must be provided to LSC within 30 calendar days after a change in the Independent Public Accountant performing the grantee's annual financial audit. This notice must be sent to the LSC Office of Inspector General.

Requests for Audit Proposals will be distributed at a minimum of every five years or sooner at the discretion of the Board of Directors.

Procedure:

The Fiscal Officer will be responsible for preparing annual financial statements along with all necessary worksheets prior to the arrival of the audit staff. The Fiscal Officer will ensure that all accounts have been reconciled.

Audit journal entries will be entered into the accounting system to ensure that audit balances and internal accounting records are in agreement. These entries will be made as soon as the audit draft has been approved.

Notification of Losses to LSC

Policy:

The LAA Executive Director will notify LSC's Office of Inspector General by telephone within two working days of the discovery of any information that indicates that LAA may have been the victim of misappropriation, embezzlement or other theft or loss of any funds (LSC funds, non-LSC funds used for the provision of legal assistance or client funds).

Procedure:

Staff of LAA will inform the Executive Director of any theft or embezzlement of funds or property as soon as they have discovered such an occurrence. The Executive Director will immediately gather facts regarding the loss and determine if there is in fact a loss. Upon discovery that there is a loss, he/she will notify LSC's Office of Inspector General immediately of the event. Any loss of $200 or more in cash or property will be followed by written notice by mail, e-mail or facsimile within 10 calendar days. Notice will be given regardless of whether the funds or property are recovered.

SECTION III: FINANCIAL POLICIES AND PROCEDURES

Cash

Investments

Policy:

All funds held for immediate operating expenses will be maintained in a federally insured bank account. The balance in that account will not exceed $100,000. However, it is understood that the account will require a balance in excess of $100,000 when payroll checks are to be issued, and that the balance will exceed the limit for only a short period of time.

Funds in excess of those needed for immediate operating expenses will be invested in federally insured accounts. Investments may be in the form of certificates, United States Treasury notes or bills, money market accounts or repurchase agreements that invest in United States government securities.

Any investment policy adopted outside these stated policies must be acknowledged by resolution of the divergence from LSC's authorized policy (stated above), and recorded in the minutes. In such cases, the Board accepts full responsibility for the security of those investments.

Investments are accounted for in accordance with Statement of Financial Account Standards #124.

Authority:

The Executive Director and the Board of Directors have designated the Fiscal Officer to make all investment transactions with regard to maturity dates and the amounts to invest in accordance with Board policy. The Fiscal Officer is responsible for the reconciliation of the account and recording of maturities and interest income.

Client Trust Accounts

Policy:

LAA offices in Harrison, Jonesboro and West Memphis will have a Client Trust Checking Account. All Client funds received by LAA will be kept in a Client Trust Checking Account in accordance with ***Rule 9*** of the Rules of Professional Conduct of the State Bar. ***Rule 9*** states that it is mandatory for every law practice in Arkansas to maintain an interest bearing trust bank account as a depository for client funds.

The Board of Directors of LAA will authorize all Client Trust Accounts for the following offices: Harrison, Jonesboro and West Memphis and appropriate signatories on the account. All checks will require two signatures prior to disbursement. Harrison, Jonesboro and West Memphis will maintain its own Client Trust Accounting.

A designated staff member (DSN) in each office will have fiscal responsibility over the client trust account. The fiscal officer will maintain a master list of DSNs and update it as necessary.

Client Trust accounts will be reconciled monthly within 10 working days from the receipt of the Bank Statement. The DSN will be responsible for reviewing the account and ensuring that the total of cash in the account equals the total of each individual client account. The DSN will forward the monthly activity to the Fiscal Officer to reconcile. After the reconciliation has been completed, the Fiscal Officer will fax copies back to the DSN for review.

The DSN in each office will be responsible for ensuring that the client funds are refunded to the client prior to the closing the Client's case. Regular reviews will be performed to ensure that client funds are not held when there is no purpose for the funds.

Client funds that have been inactive for a period of 60 months must be escheated to the State of Arkansas according to the Unclaimed Property Law of the State of Arkansas.

Procedure:

Staff Responsibilities:

The Attorney on each client case will be responsible for requesting client funds, requesting the disbursement of those funds and requesting a refund of any balance to the client when the case is complete.

The DSN in each office will be responsible for recording Receipts and Disbursements on each individual Client Record, preparing checks based on invoices/Requests from the Attorney, preparing monthly reconciliation of the account and sending to the Accounting Department after all documentation has been approved by the Regional Manager. The DSN or any other person receipting funds will not make the bank deposit.

The DSN, or other support staff person, in each office will be responsible for accepting funds from the client, issuing a receipt to the client, preparing a bank deposit slip and forwarding the deposit and copies of the receipts/check copies to the Managing Attorney and Secretary.

The Fiscal Assistant Designee will be responsible for reviewing the completed reconciliation (Bank and Client) prior to submission to Accounting Department. The Fiscal Assistant will approve the reconciliation and ensure that it reaches Accounting Department in a timely manner.

Check signers will be responsible for reviewing documentation prior to signing checks from the Client Trust Account to ensure that the request/invoice has been approved and that the expenditure is reasonable and accurate.

General Policies:

Clients will be asked to bring in a check or Money Order – no cash will be accepted for deposits to the Client Trust Account. This may be waived by the Regional Manager or Executive Director in unusual or emergency circumstances.

A Check made payable to the Client and LAA will be held for the client. At the time the client comes to the office, he/she will be asked to sign a receipt that the check was received. A representative of LAA will countersign the check to the client. A copy of the receipt and the check will be placed in the client file for reference.

Upon the request of an LAA advocate, in appropriate and unusual circumstances, with prior approval of the Executive Director or Litigation Director, a client may be advanced fees by way of a check issued from the General Operating Account and charged to Litigation Expense. Under no circumstance will the Client Trust Account advance these fees. Efforts will be made by the LAA advocate to recoup these advanced fees and expenses from the client or any other appropriate source.

If the bank charges for Stop Payments and/or monthly Service Charges, these funds will be reimbursed from the General Operating Account. A check will be made out from the General Operating Account charging the amount to Bank Fees and will be deposited to the Client Trust Account. The Regional Office should make every effort to request that the bank charge such fees to the General Operating Account rather than the Client Trust Account.

- Signatories: Each Client Trust account will have at least two approved signatories. The Signatories will be at a minimum the Regional Manager and one other staff member. The DSN cannot be one of the authorized signatories on the account – as that person is responsible from accounting and reconciliation of the account.
- Client Records: Each client with funds in the Client Trust Account will have a record sheet that records their deposit of funds and disbursement of those funds from their account. The Client Trust record will be balanced monthly bringing forward the balance in the client account. An entry will be made every time a client deposits funds into their account and every time a check is issued on behalf of the client for costs and fees.
- Client Receipts: A receipt will be issued to each client for funds received that will be deposited to the Client Trust account. Receipts will be numerical and issued in sequence. The DSN in each office will be responsible for issuance of the receipt. The original will be given to the client, the second copy will be given to the DSN for recording and processing, the third copy will be retained in the Receipt Book and the fourth copy will be placed in the client file. The DSN will be responsible for recording the funds on the Client Record and bringing the balance forward.
- Cash Disbursements: An invoice or Check Request must support Disbursement of Client Funds. The Invoice/Check Request must indicate the client name; purpose of the check and be approved by the Regional Manager. The completed document will be forwarded to the DSN for processing. The Invoice/Check Request will be included with the check when signatures are obtained. All supporting documents will be filed with the Client

Trust account. The DSN will be responsible for updating the client record with the disbursement and bringing the current balance forward.

- Monthly Reconciliations: Within 10 working days of the receipt of the bank statement, the DSN will perform the monthly Bank Reconciliation and reconcile the bank balance to the Client Records. After the bank account has been reconciled, outstanding checks will be reviewed monthly. If a check has been outstanding for more than one month, every effort will be made to contact the client/payee and assure that the check is cashed. The Monthly Reconciliation will include reconciling a total of Client Trust Records to the Reconciled Bank balance. A Client Trust Accounting sheet will be completed monthly showing the total of the Client Records and the Bank Statement. This form along with the Bank Statement, Cash Receipts, Check Requests/invoices and cancelled Checks and Cash Deposits forms will be forwarded to Accounting Department no later than the 15th of each month. The Regional Manager will review all documentation ensuring that the reconciliation is complete and accurate and approve the Monthly Reconciliation form prior to submission to Accounting Department.
- Refunding Funds to the Client: Any funds left on a client account after the case has been resolved, will be refunded to the client in a timely manner. A check will be issued to the client for the balance in his/her account. If the check has not been cashed within a month of the date of issue, the client will be contacted. If the check was lost, a stop payment will be issued and a new check will be sent to the client. If the client cannot be located, the Office will make every effort to locate the client.
- Escheating funds to the State of Arkansas: Balances in client accounts which are 60 months old or more will be escheated to the State of Arkansas according to the Unclaimed Property Law. Each year during the month of June , the Regional Manager and DSN will be responsible for reviewing all client funds and identifying those which have had no activity for 60 months or more. The Attorney should be notified to determine if the case is still active. If not active, the funds will be refunded to the client. In July, Due Diligence Letters (in accordance with Arkansas's unclaimed property Law Requirements information the client of property subject to be turned over to the state) will be sent to the last known address of those owners in which all the three following exists; (1) the address of the owner appears to be accurate, and (2) the property has a value of at least $50, and (3) the statute of limitations does not bar the claim of the owner. After sixty days of Due Diligence letters and no later than 120 days, the report will be filed, no later than November 15. Those accounts having no activity for more than 60 months shall be forwarded on or before October 31 of each year to the LAA Fiscal Officer.
- Accounting Department review and Record Keeping: Upon receipt of the monthly reconciliation from the Branch Offices, Accounting staff will review each office Client Trust Account. Accounting will be responsible for ensuring that policies outlined above are being followed (appropriate signatures on documents, numerical cash receipts, follow-up on client balances, outstanding checks, etc.) After the review is complete, staff will prepare a journal entry to record the net changes in the Client Trust Checking Account and the Client Trust Payable account. These entries will be entered into the General Ledger.

Bank Reconciliation

Policy:

The Fiscal Officer will be responsible for reconciling all LAA bank accounts to the General Ledger on a monthly basis with the exception of the Client Trust account (see the appropriate policy for reconciling these accounts). The Executive Director or his/her designee will be responsible for reviewing and approving all bank reconciliations.

All LAA bank statements are delivered, unopened, to the Fiscal Officer, who will review the returned checks for unauthorized signatures, unusual endorsements and other such matters as may come to his/her attention.

Procedure:

The Fiscal Officer will reconcile the Bank statements no later than 15 working days after receipt. The Executive Director or his/her designee will be responsible for reviewing and approving all bank reconciliations.

The Fiscal Officer is responsible for ensuring that the reconciled bank statements are in agreement with the General Ledger balances. Any differences must be fully explained in a journal entry to accompany the completed reconciliation.

Stale dated (more than six months old) checks, which are still outstanding, will be voided. The Fiscal Officer will be responsible for researching the reason the check is still not cashed and will determine whether the check should be re-issued. If the invoice is no longer valid, a debit memo will be issued in the system to reverse the charge. The debit memo will be dated as of the date the check is to be voided.

Cash Receipts

Policy:

The administrative assistant, or other staff, in the Accounting Department will record all cash received by the program in a Cash Receipts Log. Funds received in a Regional Office (with the exception of Client Trust Funds) will be forwarded to the Accounting Department for processing. The DSN of the Regional Office will send an Email to the Fiscal Officer notifying him/her of funds being forwarded to the Accounting Department.

All checks will be restrictively endorsed by the Administrative Assistant, or other staff, and will be forwarded along with a copy of the Cash Receipts log to the Fiscal Officer for processing. Cash receipts will be coded according to the type of income received and recorded in the General Ledger at least monthly.

Procedure:

The secretary or other staff, will open all mail.. Checks will be restrictively endorsed, recorded in the Cash Receipts Log and forwarded to the Fiscal Officer.

The Fiscal Officer will be responsible for making a copy of all checks to be deposited. The Fiscal Officer will prepare the bank deposit slip and assure that the funds are deposited to the appropriate bank account.

The Fiscal Officer will be responsible for coding all cash receipts to the appropriate account number and funding source and preparing a Journal Entry to be recorded in the General Ledger.

The Fiscal Officer will compare the Cash Receipts Log of deposits made to the Bank Reconciliation to ensure that all funds have been deposited in the appropriate bank account.

Cash Transfers

Policy:

The Fiscal Officer has the responsibility and authority to transfer funds from one account to another for the following purposes:

- From the General Account to the Investment Account to invest excess cash on hand.
- From the Investment Account to the General Account to cover Cash Disbursements.

The Fiscal Officer will verify the funds needed prior to making the transfer of funds. To transfer funds to the Investment Account, the Fiscal Officer should review the projection for payroll and cash disbursements for the next month at minimum, as well as investment maturities over the next month. The Fiscal Officer will fill out a Phone Transfer form and a Check Signer will make the Phone Transfer.

Credit Cards

Policy:

LAA credit cards may be used only by an officer or employee of the corporation for the purchase of goods or services for official business.

LAA employees who use a credit card shall, as soon as possible, submit a copy of the vendor's credit card slip to the Fiscal Officer. If no credit card slip was obtained that described the transaction, the employee shall submit a signed Credit Card Disbursement Request that shows the name of vendor or entity from which the goods or services were purchased, the date and the amount of the transaction and the official business that required the transaction. All credit card slips shall include this information as well. Credit Card Disbursement Request shall also include a statement why a credit card slip was not obtained.

Cardholders

Cardholders must use the card responsibly and in accordance with this policy.

Cardholder responsibilities include:

- Purchasing items for LAA business use only
- Never lending or sharing the credit card or account number. Purchasing only goods and services that approved by the Executive Director or are in accordance with LAA policies
- Keeping all individual purchases to less than $500 without written approval of the Executive Director
- Returning the Credit Card to the Fiscal Officer and privilege of its use upon leaving LAA or the position which entitled use of the card or upon request of the Executive Director, Fiscal Officer or direct supervisor.
- Forwarding purchasing documents, such as sales receipts, to the Fiscal Officer.

Fiscal Officer

The fiscal officer is responsible for:

- Ensuring that these procedures are in place for all cards before employees or are given card privileges.
- Timely reconciliation
- Appropriate record keeping
- Handling these administrative duties:
  - Knowing the credit card limitations and restrictions
  - Developing and implementing internal procedures that govern staff use of the credit cards
  - Sharing new program information with cardholders
  - Answering cardholder questions about use of cards
  - Monitoring card usage to ensure that LAA policies, and internal policies and procedures are being followed
  - Requesting new cards from the Bank
  - Terminating accounts and inactive cards

Executive Director

The Executive Director is responsible for:

- Assigning credit card privileges to staff.
- Communicating with the Board of Directors when new or modified cards are required.
- Communicating with the board as necessary about card use and policy; terminating accounts and inactive cards.
- Terminating individual authority to use cards.
- Monitoring card usage to ensure that LAA policies, and internal policies and procedures are being followed.
- Approving internal procedures that govern staff use of the credit cards.

Protecting the Credit Card

The credit card is valuable property which requires proper treatment by the Cardholder to protect it from misuse by unauthorized parties. The credit card should always be treated with the same

care as personal credit cards, bankcards, cash and checks. Keep your card in an accessible, but secure location. When using the credit card for internet purchases, cardholders should ensure that the site utilizes industry recognized encryption transmission tools.

When the expiration date is passed and/or after you have received a new credit card, cut the old credit card in half and dispose of it. Make sure the credit card is returned to you after each charge and verify that the returned credit card has your name on it.

Lost or Stolen Credit Cards

An employee who is issued a credit card is responsible for its protection and custody. If the credit card is lost or stolen, contact the Bank's 24-hour toll-free number immediately. Thereafter, notify the Fiscal Officer and Executive Director as soon as possible.

The Fiscal Officer shall maintain a list of all credit cards owned by LAA, along with the name of the employee who has been issued the credit card, the credit limit established, the date issued and the date returned. Each employee shall sign an acknowledgement form to indicate agreement that the credit card has been issued, and that the employee has received and read a copy of this policy.

Compliance with Policy, Violations and Consequences

The Fiscal Officer shall review each credit card statement as soon as possible to ensure that transactions comply with this policy. Any transactions that appear on the statements that are not documented with a credit card slip or a signed voucher shall be immediately investigated. Transactions that do not appear to comply with this policy shall be reported to the Executive Director.

All transactions should be verified prior to the Executive Director approving a payment to the entity issuing the credit card.

The balance, including interest due on an extension of credit under the credit card arrangement, shall be paid for within not more than 60 days of the initial statement date.

Employees who use an LAA credit card in a manner contrary to this policy shall be subject to the following disciplinary actions, as deemed appropriate by the Executive Director, or in the case of the Executive Director, the Board of Directors:

- Verbal counseling
- Written reprimand
- Suspension
- Termination
- Reimbursement to LAA for unauthorized expenditures

Credit Card violations include but are not limited to:

- Purchase of items for personal use
- Purchase of items in violation of policy
- Use of the credit card for cash advances

- Exceeding bank credit line limit
- Use of the credit card for purchase of more than $500 without written approval by splitting purchases into more than one transaction
- Failure to return the credit card when an employee is reassigned, terminated or upon request
- Failure to turn in packing slips, receipts or other back up documentation to the fiscal officer for the purpose of establishing accountable reconciliation procedures.

Specific Credit Cards

(This section to be updated as necessary)

Visa Cards

LAA has four physical Visa credit cards. The holders of these cards are the Executive Director and Administrative Assistant. Two of the cards are designated for the purchase of goods and services through internet or other sources when use of the regular disbursement process is not desirable or feasible.

There is one separate card in the Jonesboro office and one in the Springdale office. These cards are for the sole purpose of employee travel when there is no other form of payment accepted (such as hotel stays and vehicle rentals). Should an employee need to purchase items for their office or make travel arrangements, they will be required to fill out a Credit Card Disbursement Request, have it signed by the Executive Director and/or the Administrative Assistant and then the Administrative Assistant will make the appropriate purchase.

Credit Cards are not to be used for personal use or borrowed by another individual. Credit card holders will sign a memo of receipt stating they have received the card and will not give the information of the card to any other individual without the approval of the Executive Director.

Credit Card Use for Employee Travel

In the event that an employee has a need to take the credit card with them for travel, they will fill out a credit card release form and have it signed by the Executive Director and/or the Administrative Assistant. They will also be advised that improper use of this card could result in termination of employment.

Wal-Mart

These cards will be kept locked in the lock box of each office. In order to use the card, the employee must sign the card out with the date and time they take the card and sign it back in with the receipt. At the end of each month each office will forward the Wal-Mart card logs to the Fiscal Officer in the Springdale office.

Sam's Club Cards

There are three membership cards in the program. The holders of these cards are the Administrative Assistant, Jonesboro Regional Manager and HelpLine Managing Attorney. The cards are membership/credit cards and are to be used for office expense only. Employees will return an itemized receipt to the Fiscal Officer within one week of their purchase. Employees will not loan said card to any other individual for any reason.

Payroll

Pay Dates and Processing Procedures

Policy:

All staff will be paid on a bi-weekly basis. Paydays will be every other Friday. If payday falls on a holiday, checks will be available the day preceding the holiday.

All changes to the payroll – new hires, terminations, change in pay rate, transfer of location and change in mandatory or voluntary deductions – will require appropriate paperwork and approval(s) to be processed. Documentation must reach the payroll clerk at least two days before the day of payroll processing to become effective on the next paycheck.

Procedure:

The Executive Director's designee, i.e., Human Resources Director, will submit written documentation of any changes to the gross wages, new hire and/or termination to Payroll (Appendix-Personnel Action Form). The employee must authorize changes to employee withholdings. Authorization may be in the form of a revised/new withholding statement for state and/or federal income tax, an appropriate enrollment form amending deductions for voluntary withholdings or a court document for garnishments. An employee must be notified of a garnishment before any deductions can be made to the employee paycheck.

The payroll is downloaded to the Bank two days prior to payday for Direct Deposit into employee's personal bank account.

Each employee shall have a personnel file that will include, among other things, salary information, evaluations and signed receipt for Personnel Policies, promotions and terminations. The I-9 Forms (certification of employment eligibility form) will be kept separate from the personnel files. The Human Resources Manager maintains such files.

Allocations of payroll will be made based on the requirements of each funding source. If a grant requires specific time records to be maintained to charge the fund, the time keeping entry on the CMS will be the determining factor in charging that grant. If the grant does not require time keeping records, a determination will be made based on the management allocation system approved each year to charge a funding source for time worked.

Employee Benefits

Policy:

Accounting for employee benefits will be on an accrual method of accounting and will be allocated to funding sources based on each individual funding sources budget. Earned but unused annual leave will be recorded in the financial statements annually.

Employee benefits will be offered to all employees in accordance with the Personnel Policies currently in effect. All Employee Gifts, Awards, or Incentive Awards for performance will be paid with non-LSC and non-Federal Funds.

Procedure:

The Cougar Mountain software program is set up to automatically post benefits to funding sources in the same percentage as employee salary according to the payroll setup specified in the Payroll Module. Therefore adjustments to benefits charged to funds will be adjusted monthly by journal voucher entries based on the individual fund budget.

Overtime

Policy:

All staff positions are classified as either non-exempt (hourly) or exempt (salaried) according to the Fair Labor Standards Act.

Non-Exempt Staff

Compensatory time is not available for non-exempt; however, overtime at a rate of 1-1/2 times the hourly rate will be. Overtime should be pre-approved by the Executive Director or his/her designee. The Regional Manager or Supervisor shall request prior approval in writing, stating the nature as well as the reason that necessitates the overtime. Such approved overtime pay will be paid after 40 hours of regular pay.

Procedure:

Regional Managers in each office will be responsible for notifying the Executive Director, in advance, of any required overtime. He/she will prepare an e-mail requesting approval for overtime indicating the employee name, reason for the overtime and estimated amount of time required. The Executive Director will be responsible for notifying the Regional Manager of his/her approval for the request and forwarding the approved notification to the Fiscal Officer for processing. If the overtime is denied, the Regional Manager will ensure that the employee does not work the additional hours.

The employee will be responsible for indicating the overtime hours worked on his/her time sheet for that pay period. The Regional Manager will approve the time card and attach a copy of the approved overtime approval request for processing by Accounting.

Vacation for Accounting Personnel

Policy:

Employees with significant accounting responsibility are required to take extended annual leave periodically, but at least annually. Extended annual leave is deemed to be at least one week in duration, during which time another person will perform accounting duties to the extent reasonably possible.

Persons having significant accounting responsibilities are identified as the Executive Director, Administrative Assistant, Fiscal Officer, and any individual designated to reconcile any bank statements, other than client trust accounts, as well as appropriate staff.

Cash Disbursements

Blank Check Storage

Policy:

Blank checks will be stored in numerical order in a locked file located in fire-proof safe in the Fiscal Officer's office. The Fiscal Officer and the administrative assistant or other designee in the Springdale Office are authorized to have access to blank checks. Blank checks for client trust accounts will be locked in secure filing cabinets and/or safe . Any staff authorized to sign client trust account checks will have access to the checks, as well as the DSN.

It is strictly forbidden for any LAA staff member to sign a blank check.

Procedure:

All blank checks will be stored numerically in a locked file cabinet and/or safe. The Fiscal Officer will review the check register and ensure that all checks have been accounted for in the check run and that all unused checks were returned to locked storage.

Accounts Payable

Policy:

Accounts Payable invoices, check requests and reimbursement requests must be reviewed and approved in the Regional Office by the Regional Manager. Upon completion of the review and approval procedures, they will be forwarded to Accounting Department for processing and payment.

Accounts Payable invoices and check requests will be paid every Tuesday for invoices received in Accounting Department by Monday noon. Invoices received after those dates will be paid on the following Accounts Payable check run. Employee reimbursement checks will be run every Tuesday for requests received in Accounting Department by Monday at noon. Checks will be mailed to Regional Offices by Tuesday afternoon.

Procedure:

Invoices received in the Regional Offices will be matched with Purchase Orders (if applicable), receiving documents, etc. and reviewed for accuracy. If the invoice is issued incorrectly, the Fiscal Officer will be responsible for communicating with the Vendor for a correct invoice. Check Requests and Reimbursement Requests will be reviewed for accuracy and appropriate approval requirements.

The Fiscal Officer will be responsible for keeping allocation codes up to date.

The Regional Manager for that Regional Office must approve each invoice.

Accounting Department will make every effort to pay invoices according to vendor terms in order to take advantage of good cash management techniques. For example, if an invoice is due on the 30th of the month, but is received in Accounting Department by the 6th, Accounting Department will pay the invoice on or before the last Tuesday of each month. This procedure will allow the program to utilize its' cash flow to the advantage of the program and yet meet vendor payment requirements. Unless the Regional Office notifies Accounting Department of a need to pay the invoice sooner, vendor due dates will take precedence over check run dates mentioned above.

Prior to processing checks, the Accounting staff will produce a Preliminary Check Register that must be approved prior to printing checks. This register will be given to the Executive Director or his designee for review and approval, and check signors will review payment drafts against the approved list prior to execution. If the Executive Director is scheduled to be absent for more than 24 hours and accounts payable approval is required, then the Regional Manager of the Jonesboro office is designated to issue such approval, subject to subsequent review by the Executive Director. Invoices may be added or deleted from this check run by the Fiscal Officer. Adjustments will be made to the check run prior to printing checks.

Printed checks will be matched to the invoice packet and reviewed to ensure accuracy. The full check packet will be arranged in numerical order and will be forwarded to appropriate staff personnel for review and signature. The signed checks and invoice packets will be returned to Accounting for distribution and mailing.

Check stubs and vendor invoice packets will be filed alphabetically after the check has been printed, signed and disbursed.

Local Travel Reimbursement

Policy:

Employees will be reimbursed the current approved mileage rate as published in the LAA Policy Manual and actual parking costs incurred while performing within the scope of their duties. Parking costs will be reimbursed when the employee is charged for parking at their destination. All travel reimbursements must be submitted on the LAA Travel Reimbursement form and requires his/her immediate supervisor's approval prior to submission to Accounting.

Parking receipts are required for such reimbursement as well as mileage records recorded on LAA travel forms and signed by the employee. When a receipt is not possible, a notation of the lot parked in, the entry and exit time, etc. is required.

Procedure:

Employees will complete a Travel Reimbursement Request at least monthly recording the date, purpose of the trip, miles driven and other incidental expenses incurred. Local Travel is generally by personal auto, however, may include bus and taxi, etc. when necessary.

If the travel is to be charged to a particular funding source, the employee **must indicate the purpose and the funding source to be charged**.

The completed form must be given to the employees' immediate supervisor for approval and forwarding to Accounting for processing.

The Local Travel Reimbursement Request must be submitted to the Fiscal Officer no later than 30 days after the end of the month. Submission of forms for travel in excess of 30 days will be returned to the employee unpaid. It is the employees' responsibility to ensure that travel reimbursement requests are submitted in a timely manner.

Conferences and Training

Policy:

The Program will pay registration and related costs of approved conferences and training, provided prior approval has been gained from the Executive Director. The Program will also pay for transportation, hotel and lodging at an approved conference.

Procedure:

An employee must submit a request to the Executive Director for any Conference/Training programs. The request must include a description of the training, the cost of the training/conference, travel and hotel/lodging estimates. If a training/conference is approved, the request will be forwarded to the Accounting Department for processing of the conference fee. An approval will also be forwarded to the employee.

Travel Advance

Policy:

Travel advances must be approved by the Executive Director or Administrative Assistant in advance on the Travel Advance Form. Approved Advance Requests will only be processed if they are submitted by Monday noon in time for regular processing through Accounts Payable on Tuesday. No travel advances will be allowed for local travel.

Procedure:

Prior to actual travel, a Travel Advance Form must be completed and approved. To complete the form, the employee will indicate the purpose of the travel, the estimated cost of transportation, hotel and *per diem*.

Advance requests must reach the Accounting Department in time for regular processing. Special checks will not be processed for travel advances.

A Travel Advance Reconciliation form must be submitted within 14 days of the end of the travel period. The Advance received must be deducted from the total expenses incurred. A check will be issued through Accounts Payable for the difference due the employee. Expense Advances not cleared in the 30-day period will be deducted from employee payroll.

Out-of-Area Travel and Expense Reimbursement

Policy:

Employees and other authorized individuals will be reimbursed for expenses incurred while representing clients, conducting program administrative or board business or attending approved conferences/trainings.

Airline travel is to be at the most economical cost and can be either paid for by the program, or reimbursed to the employee. Whenever possible, airline reservations should be made early enough to ensure the lowest fare.

If a staff member selects to travel by personal vehicle instead of air, and air travel would be more economical for LAA, the personal vehicle expense will only be reimbursed up to the costs of the airfare, roundtrip mileage to airports, the projected necessary parking expenses if air travel were used, and necessary transfers if the personal vehicle were not available. Any request will be accompanied by a print out of airfare costs, made at least three weeks prior to travel if possible, showing the lowest reasonable airfare attainable.

If several staff attends the same conference or training and travel costs would be minimized by driving together, whether in employee owned or leased automobiles, such arrangements should be made.

Automobile rental will be reimbursed at actual cost of a compact automobile. Rental of an automobile is discouraged when a personal auto or other form of transportation is available.

Reasonable costs for lodging and transportation are reimbursable if such costs are not included in the cost of the training and evidence of payment is supplied.

Actual cost of miscellaneous expenses, such as tolls, parking meters or lots (but not parking tickets) local public transportation or necessary local telephone calls will be reimbursed with proof of payment.

Procedure:

Travel expenses must be submitted on a Travel Reimbursement Request Form and must have receipts for lodging, automobile rental and airline tickets attached. The employees' supervisor must approve the Request prior to forwarding to the Accounting Department for processing.

If the travel is to be charged to a particular funding source, the employee **must indicate the purpose and the funding source to be charged**.

Travel advances for estimated mileage, parking and hotel and meals are allowed. Upon completion of the travel a Travel Advance Reconciliation form must be completed reconciling the advance and the actual expenditures. The Travel Advance Reconciliation must be submitted to the Fiscal Officer no later than 30 days after the travel has ended. Submission of forms for travel in excess of 30? days will be returned to the employee unpaid. It is the employees' responsibility to ensure that travel reimbursement requests are submitted in a timely manner.

Dues and Memberships

Policy:

LAA pays for all Bar Dues, which are required to practice. Local and specialty bar dues are paid at the discretion of the Executive Director and the availability of program funds, however only dues, which are required for the practice of law, will be paid with LSC funds.

Memberships to professional organizations and/or support centers will be based upon the availability of program funds and must be approved by the Executive Director. These expenses *may not* be charged to LSC funds.

Local and Long Distance Phone Calls

Policy:

LAA recognizes the need for occasional *de minimis* personal phone calls, whether local or long distance, however such calls should be held to a minimum. Employees should never receive personal calls on any LAA toll free line.

Long distance personal calls, which are recurring, or more than 10 minutes in length should be reported to the Fiscal Officer and payment to LAA made when the cost of the call(s) is/are determined.

Abuse in making long distance calls (or extended local personal calls), or receiving personal calls on the toll free line, will be considered as fraud and the employee treated accordingly.

Other

Accounting for Capital Assets

Policy:

Expenditures for real and personal property in excess of $1,000 will be capitalized, tagged, inventoried and depreciated. Real Property purchases represent those purchases of buildings and land. Personal Property expenditures represent purchases of computer software and hardware, other equipment, furniture and improvements to leased and owned property.

All expenditures for capital additions must be competitively priced prior to approval and ordering. The person involved in the purchase will be required to obtain three telephone or internet quotes for all purchases under $1,000 and three written quotes for all purchases in excess of $1,000. The selection of the vendor will depend upon quality, convenience, and service as well as price. Every effort will be made to make purchases within the local service area. The Executive Director must approve the final selection after reviewing the recommendations and proposals. This requirement may be waived in emergency situations, such as plumbing failure, heat and air failure, and other immediate physical plant necessities. In such situations, the Executive Director or designee should be notified within 24 hours. It is understood that in some rural areas, sufficient vendors may not be available to obtain three quotes. It is also understood that multiple vendors may not be available for certain specialty products.

Property inventories will be taken at least every two years and more often when warranted for example when theft is suspected, or an office is moved. Results of the inventory will be reconciled to the property records and financial statements.

Property donations valued in excess of $1,000 each and with a useful life of more than one year will be reported as unrestricted revenues, unless donor restrictions apply. If the donation is initially reported as temporarily restricted, the restriction is deemed to expire ratably over the useful life of the item, i.e., in proportion to the depreciation for a comparable depreciable asset.

As property valued in excess of $1,000 is purchased, the item is tagged with a LAA equipment inventory control tag (see Appendix) and is added to depreciation records, including manufacturer, model number, serial number, cost, funding source, location and useful life.

Property purchases in an amount of $10,000 or more for a single item to be acquired with LSC funds will require that the program follow LSC bidding and purchasing policies in accordance with the Fixed Asset Management policies.

Capitalization

Items that are deemed to be capitalized will be recorded as an equipment acquisition (recorded as a debit) with the offsetting credit to cash. In addition, at year-end, the acquisition will be reported in Changes in Net Assets.

For management reporting purposes, fixed asset purchases are treated as expenses during the year and closed to the appropriate fund balance as a fund transfer along with all support and expense account at year-end.

Depreciation

Depreciable items will be expenses using a straight-line method as follows:

- Computers – 3 to 5 years
- Furniture and Fixtures – 5 to 10 years
- Leasehold/Building Improvements – Term of lease or life of improvement, whichever is shorter

Disposals

Net gains or losses from the disposal of property will be reported as revenue or expense in the fund where the property was originally purchased when there is a reversionary interest in the item. Gain or loss is defined as the difference between the sales proceeds and the net book value.

Amounts required to be written off through abandonment or loss will be recognized as expense in the property fund and the equipment fund.

When an item of non-expendable property or equipment becomes unserviceable or no longer needed it shall be disposed of by one of the following methods:

- Property with a fair market value of less than $1,000, will be donated to another non profit corporation or sold to the highest bidder
- Property with a fair market value of more than $1,000 will be transferred to another non-profit organization servicing the poor within our community. If another non-profit organization cannot be located for the donation, the property will be advertised and sold to the highest bidder.
- If no other avenues are available, the property will be sold to an employee or to a member of his/her family. When this situation occurs all employees shall be given an opportunity to bid on the property.
- If an item is unusable, it will be disposed of.

Cost Allocation

Policy:

Direct costs are allocated to a particular grant to the degree that the costs were incurred to achieve the objectives of the grant. Common expenses are allocated among funding sources on

the basis agreed to by the applicable funding organization. In the absence of approved methods the allocation will be fair, consistent and in an equitable manner to the individual cost centers and funds, most generally on the basis of full time professional staff equivalent and the percentage of total of funds received.

Similarly, Management and General expenses are allocated among funding sources as agreed by the applicable funding organization. In the event a particular funding source will not sustain the cost of Management and General expenses, allocation will be made to those funds that will pay for such expenditures. Management and General expenses are deemed to be those expenses that are specifically relevant to management, such as travel and training costs for management personnel, professional services, Management Errors and Omissions Insurance, and audit costs. In addition, a portion of routine office expense is allocated to Management and General on the basis of full time professional staff equivalent.

Procedure:

All employees providing client services will record their time by matter, case and funding source on the Time Keeping System. This source of information will be the basis of charging the employee time to a particular funding source and will allow for allocation of other expenditures to the grant or to other general funding sources.

The Fiscal Officer will establish an allocation methodology that is reasonable and complies with OMB Circular A-122, "Cost Principals for Non-Profit Organizations. The Allocation system will first identify all those funding sources that will pay for only specific expenditures. The second tier of allocation will be those grants that will pay a portion of overhead or administrative expenses. The final tier of the allocation system will be those funding sources that will pay any expenses (except those specifically against funding policy).

From the above analysis, allocations will be based on percentages established by fulltime equivalent, percentage of income and/or square footage for each funding source. All costs incurred will be expensed either directly or by Distribution Code in the COUGAR MOUNTAIN system. The Fiscal Officer will review individual funding source expenditures as needed to determine that expenses have not been exceeded and are within the allowable parameters of the grant. Any changes to be made after this review will be made prior to the release of the Annual Audit.

Revenue Recognition

Policy:

Revenues and contributions made to LAA are recognized pursuant to FASB 116 pronouncement, and are recognized for the full amount of the contribution upon receipt of the funds or a pledge form.

LAA will not accept funds or cash contributions from any source other than LSC unless the source of the funds or cash contributions is provided with written notification of the prohibitions

and conditions which apply to the funds. This notification will generally be given to all grantors or donors, but will be strictly followed when a grant, award, or donation exceeds $249.99. The notification will be generated by the Executive Director or designee in conjunction with the filing of any grant or funds application, and upon receipt of any grants, funds, or cash contributions. The language of the notification may be modified to meet the needs of a particular circumstance, but will generally be in one of the following forms:

Because we receive a grant from the federally funded Legal Services Corporation, we are required to notify you that our funds may not be used in any manner inconsistent with the Legal Services Corporation Act or Section 504 of Public Law 104-134.

This letter serves as notice that Legal Aid of Arkansas receives funds from the Legal Services Corporation (LSC). Legal Aid complies with the LSC Act, 42 USC §§ 2996 et seq., regulations, 45 CFR Part 1600, et seq., appropriations riders and all other applicable law. See, Pub. L. 104-134 (1996).

Legal Aid of Arkansas, Inc. is a 501(c)3 non-profit organization, making your charitable donations tax-deductible as permitted by law. Funding for Legal Aid of Arkansas, Inc., is provided in part by the Legal Services Corporation (LSC), and is restricted in certain activities in all of its legal work - including work that is supported by other funding sources. Please be advised that any contribution may not be used in any manner that is inconsistent with the Legal Services Corporation Act, 42 U.S.C. 2996 et seq. or by Public Law 104-134, which requires that notices of these restrictions be given in full to all funders or programs funded by the Legal Services Corporation. No goods or services were received in return for this gift.

The language below shall be added in appropriate situations.

The amount of the contribution that is deductible for federal income tax purposes is limited to the excess of money contributed over the value of goods or services provided by the organization. A good-faith estimate of the fair market value of sponsorship at the level indicated above is $_____.

Services donated to LAA are recognized at a fair market value of the service, so long as the program would have had to purchase the service absent the donation. Recognition is at the time the service is provided as unrestricted revenues and expenses, absent restrictions placed on the service by the donor.

In the event the donation of either services or equipment carries restrictions from the donor, such will be recognized as Temporarily Restricted revenues and released to unrestricted revenues as restrictions are satisfied.

Procedure:

Grant Revenue will be recognized as follows depending upon the type of grant received:

- Continuous such as LSC – 1/12 per month. Funds received from LSC in December for the following year will be placed in December revenue. However, these funds will be

identified in a separate line on the audited financial statement as funds received in advance.

- Cost Reimbursable – Revenue will be recognized as equal to expenditures for the period being billed. Invoices should be issued monthly to the funding source equivalent to the costs incurred on the grant. A Grant Receivable will be set up to recognize the earned but not received revenue for each period.
- One Time Grants – The revenue in this type of grant will be recognized when the funds are received or when the project incurs expenditures.
- Court Awarded Attorney Fees- Attorneys' fees received for representation supported in whole or in part with LSC funds shall be allocated to the fund in which the LSC grant is recorded in the same proportion that the LSC funds expended bears to the total amount expended to support the representation. Further, attorneys' fees received shall be recorded during the accounting period in which the money from the fee award is actually received and may be expended for any purpose permitted by the LSC Act, regulations and other applicable law at the time the money is received. If attorneys' fees are received for representation supported in whole or in part with other restricted funds, a similar allocation as described herein shall be made.
- Derivative Income- Derivative income is any additional income derived from an LSC grant, such as interest income, rent or the like, or that portion of any reimbursement or recovery of direct payments to attorneys, proceeds from the sale of assets, or other compensation or income attributable to any LSC grant. Income derived from publications and from fundraising is not considered LSC derivative income. LSC derivative income must be reported in the same class of net assets that includes the LSC grant.

Contribution Revenue will be recognized when it is received. If there is a restriction on the contribution, it will be recorded in the Temporarily Restricted fund until the restriction has been met. If there is no restriction, the funds will be recorded as Contribution Income in the Unrestricted Fund.

In Kind Contributions will be recognized when the services or materials are received. The Fiscal Officer will be responsible for determining if the In Kind Contribution should be recorded based on materiality to the program. The Fiscal Officer will gather appropriate information to value the services and/or materials at fair market value and prepare the Journal Entry to record both the income and expense.

Grant Setup Procedure

Policy:

All grants, new and renewal will be reviewed as soon as they are received to ensure that accounting codes, budget, distribution, timekeeping and reporting requirements are properly set up. The Fiscal Officer will be responsible for reviewing the new and/or renewed grant and completing the Grant Checklist form. After the review is complete, proper communication to the Accounting Department, Project Manager (if applicable) and other involved staff will be prepared within five working days of the receipt of notification of the grant.

Procedure:

When Accounting is notified of a new or renewed grant, the following procedures will be followed to properly set up the grant:

Account Number – Review the Funding Source component of the account number to ensure that it has been properly set up. Set up a new funding source number if applicable.

Budget – Review the approved budget and assign account numbers to each line item. Input the approved budget to the accounting system over the life of the grant.

Distribution Codes – Review the budget and determine if a distribution code should be used for any of the line items. If so, set up or revise the distribution codes involved to include charges to the grant as invoices are processed.

Funding Source Code in Kemps – Review the timekeeping codes in Kemps to ensure that an appropriate code is in the system. If a new code must be set up, notify the CMS Manager of the need for a new code and ensure that it is properly set up for immediate use.

Grant Folder – Set up a grant folder to include the following items:

- Approved grant contract
- Approved grant budget and sign-off showing COUGAR MOUNTAIN input date
- Grant period – beginning and ending date of grant
- Funding Source number in COUGAR MOUNTAIN
- Timekeeping code in Kemps
- Reporting requirements
- Invoicing requirements
- Personnel assigned to the grant (if applicable)
- Project Manager name (if applicable)
- Location able to spend these funds

Amendments and Revisions (if applicable) – Ensure that a copy of all revisions and/or amendments to the grant are communicated and placed in the grant file.

Grant Close-out – When a grant has been completed (fully expended and/or the end of the grant period) final financial reports will be prepared ensuring that final numbers match the amount billed and/or received. After final adjustments to a grant are complete, the Fiscal Officer will discontinue the funding source number in COUGAR MOUNTAIN if the grant is not to be renewed.

Monthly Invoices for Grants Receivable

Policy:

All cost reimbursable grants will be invoiced no later than the 10th working day of each month for the amount spent on that grant. A Journal Entry will be prepared to set up the revenue and receivable for each grant once the invoice is complete.

Procedure:

After all entries have been made for the month and accounts payable has been cut off but prior to producing monthly financial statements, a report will be run for all cost reimbursable grants to determine the amount of the invoice. A review of all expenditures will be made to ensure that they are within the grant parameters. If expenditures have been recorded to a grant that is not allowed, an entry will be made to transfer those expenditures to some other funding source. The total of expenditures for the month will represent the amount to be billed to the funding source for that month. This amount will also be used to generate the monthly journal entry to show income and Grants Receivable for that month.

If a grant is fully expended, a review of the financial statement will be made to ensure that additional expenses have not been recorded to that funding source.

The Fiscal Officer will be responsible for reviewing Grants Receivable on a monthly basis to ensure that funds have been collected after invoicing has been prepared and mailed. Invoices outstanding for more than 30 days must be reviewed and the funding source contacted.

Appendix – Chart of Accounts

GL Chart of Accounts Report
Sample
Fund LEGAL AID OF ARKANSAS (10)

Acct No.	Description	Account Classification
10	LEGAL AID OF ARKANSAS	
10-00-100	CASH IN BANK-GENERAL	Asset
10-00-102	CASH IN BANK-ARVEST SAVINGS	Asset
10-00-104	CASH IN BANK-CAFETERIA PLAN	Asset
10-00-106	CASH IN BANK-MONEY MRKT/BANK OF FAY	Asset
10-00-110	CLIENTS TRUST	Asset
10-00-121	ACCOUNTS RECEIVABLE	Asset
10-00-130	EMPLOYEE ADVANCES	Asset
10-00-140	PREPAID EXPENSES	Asset
10-00-150	LAND	Asset
10-00-151	BUILDINGS	Asset
10-00-155	FURNITURE & EQUIPMENT	Asset
10-00-160	LAW LIBRARY	Asset
10-00-170	LEASEHOLD IMPROVEMENTS	Asset
10-00-180	ACCUMULATED DEPRECIATION	Asset
10-00-200	ACCOUNTS PAYABLE	Liability
10-00-204	CLIENTS TRUST	Liability
10-00-205	ACCRUED PAYROLL	Liability
10-00-206	FICA/FED W/H & PAYABLE	Liability
10-00-207	SIT W/H	Liability
10-00-209	SUTA PAYABLE	Liability
10-00-210	UNITED WAY W/H	Liability
10-00-211	GARNISHMENTS W/H	Liability
10-00-212	MISC REIMBURSEMENT WH	Liability
10-00-213	GROUP INS. W/H & PAYABLE	Liability
10-00-214	RETIREMENT W/H & PAYABLE	Liability
10-00-216	CAFETERIA BENEFITS PAYABLE	Liability
10-00-220	ACCRUED LEAVE	Liability
10-00-240	DEFERRED SUPPORT	Liability
10-00-301	NET ASSETS-LSC	Equity
10-00-303	NET ASSETS-PROPERTY	Equity
10-00-305	NET ASSETS-UNRESTRICTED	Equity
10-00-320	NET ASSETS-STATE OF ARKANSAS	Equity
10-00-350	NET ASSETS-FUND TRANSFERS	Equity
10-00-375	CURRENT YEAR CHANGE IN NET ASSETS	Equity
10-00-413	REVENUE - ST OF ARK-GAL	Revenue
10-00-414	REVENUE - STATE OF ARKANSAS	Revenue
10-00-415	REVENUE - NWA COMMUNITY FDN	Revenue
10-00-417	REVENUE - ARKANSAS COMMUNITY FOUNDATION	Revenue
10-00-418	REVENUE - ST OF ARK-PARENTAL COUNSELING	Revenue
10-00-419	REVENUE - BENTON CO WOMENS SHELTER	Revenue
10-00-420	REVENUE - PEACE AT HOME FAMILY SHELTER	Revenue
10-00-429	REVENUE - West Tennessee Legal Services	Revenue

10-00-430	REVENUE - DONATIONS	Revenue
10-00-431	REVENUE - EQUAL JUSTICE WORKS	Revenue
10-00-432	REVENUE - BANK OF AMERICA/HOUSING	Revenue
10-00-433	REVENUE - CITY OF SPRINGDALE	Revenue
10-00-434	REVENUE - CATHOLIC CHARITIES	Revenue
10-00-441	REVENUE - OTHER	Revenue
10-12-416	REVENUE - INTEREST	Revenue
10-1?-400	REVENUE - LSC BASIC	Revenue
10-2?-402	REVENUE - IOLTA BASIC	Revenue
10-3?-402	REVENUE - IOLTA PRO BONO	Revenue
10-4?-403	REVENUE - STOP	Revenue
10-78-408	REVENUE - ADFA	Revenue
10-8?-42?	REVENUE - UNITED WAY'S	Revenue
10-00-526	MEMBERSHIP DUES & FEES	Expense
10-00-660	DEPRECIATION	Expense
10-00-541	LOCAL MILEAGE & PROF. MEETINGS	Expense
10-11-500	ATTORNEY SALARIES	Expense
10-11-501	PARALEGAL SALARIES	Expense
10-11-510	SALARIES - OTHER	Expense
10-12-532	CONTRACT SERVICES	Expense
10-12-540	TRAINING & TRAVEL	Expense
10-13-541	LOCAL MILEAGE & PROF MEETING	Expense
10-13-550	SPACE RENT	Expense
10-14-551	UTILITIES, JANITOR, SP. MAINT	Expense
10-14-560	OFFICE SUPPLIES	Expense
10-16-562	POSTAGE EXPENSE	Expense
10-16-563	PRINTING EXPENSE	Expense
10-17-564	COMMUNICATION EXPENSE	Expense
10-17-565	LIBRARY EXPENSE	Expense
10-18-570	EQUIPMENT RENTAL	Expense
10-18-571	EQUIPMENT MAINTENANCE	Expense
10-19-580	LITIGATION EXPENSE	Expense
10-19-590	ADVERTISING EXPENSE	Expense

ASSETS

Cash in Bank-General - Cash on deposit in bank account(s).

Client Trust - Funds held on behalf of clients.

Accounts Receivables - Revenues earned but not received.

Prepaid Expenses - The amount of expenses paid that apply to future periods. A prepaid expense need not be recorded unless the expense applies to a period more than 12 months from the date paid.

Furniture, Fixtures, and Equipment - The cost (or fair value, if donated) of furniture, fixtures and equipment capitalized based on the recipient's policies.

Law Library - The cost of the law library. The costs capitalized in this account should reflect only those items with a useful life of more than one year.

Leasehold Improvements - The cost of all items valued in excess of $1,000 incurred in connection with making capital improvements to rental space (e.g., carpets, new walls, etc.), which cannot be carried to another location.

Accumulated Depreciation/Amortization - the expiration of the service life of assets (i.e., periodic depreciation/amortization expense).

LIABILITIES

Accounts Payable - The amount of unpaid vendor invoices on hand.

Client Trust Payable - An amount equal to the Client Trust Cash account representing the individual clients for whom the organization holds funds.

FICA/FED WH & PAYABLE - Funds withheld from employees' salaries and Liabilities from the employer's share of employee benefits for FICA and Federal taxes.

SIT WH - Funds withheld from employees' salaries for State taxes.

SUTA WH - Liabilities from the employer's share of employee benefits for State Unemployment taxes.

UNITED WAY WH - An amount deducted from employee payroll for contribution to various United Ways.

Accrued Payroll - That portion of employee compensation that is earned but not paid during the month. This account is necessary because payroll is disbursed on a bi-weekly basis so that some portion of the month was earned but not paid until the following month.

Misc Expenses - the estimated cost of goods or services received for which an invoice has not yet been received. This account can be used at the end of an accounting period to accrue salaries, employer's share of FICA, other taxes, and pension, which are owed, but not yet paid.

Garnishments Payable - An amount deducted from an employee paycheck as mandated by a federal or state order to withhold. These deductions are then paid to the appropriate authority.

Group Insurance WH & Payable - An amount from employee payroll representing the employee share of health insurance premiums.

Retirement WH & Payable - An amount from employee payroll to be paid to the appropriate organization containing employee pensions.

Cafeteria Plan Payable - An amount deducted from an employee paycheck for contribution to their employee cafeteria benefit plan.

Accrued Leave - An amount equivalent to the Vacation pay earned by employees at their current rate of pay but not used at a particular time during the year.

Deferred Support - Amount of revenue received but not earned during the fiscal year. This account will always be zero at the end of each year to

comply with FASB 117 regulations. During the year, the account balance will be brought into income as earned.

NET ASSETS

Net Assets - This account represents the cumulative difference between Income and Expense from the beginning of the organization to the current time.

Property - The net equity in all land, buildings, leasehold improvements, furniture, equipment, and law books purchased.

EXPENSES

Attorney Salary - Gross salary paid to attorneys in the program

Paralegal Salary - Gross salary paid to paralegals in the program.

Salaries Other - Gross salary paid to support staff in the program.

Trust Basic Form 1

10/6/2008 3:25:04 PM

SN	CT	CASENUM	CLNAME	PC	DATE	FU	DEPOSIT	WITHDRAW	CLOSED	COMMENT
1007	S	07E-101049563	Barrera	32	2/12/2007	1	148.58	0		02/12/07 - Rec'd on acct - Ck # 21353/filing fee-from Peach at Home a
1007	S	07E-101049563	Barrera	32	3/20/2007	1	95	0		03/20/07 - Rec'd on acct - Ck # 1849/warning order.
1007	S	07E-101049563	Barrera	32	5/4/2007	1	0	140		05/04/07 - Ck # 3444 - Wash Co Circuit Clerk/filing fees.
1007	S	07E-101049563	Barrera	32	8/14/2007	1	0	94		08/14/07 - Ck # 3483 - Wash Co Newspaper/pub of warning of order.
1007	S	07E-101049563	Barrera	32	8/28/2007	1	0	9.58		08/28/07 - Ck # 3491 LAA/reimb service.
1007	S	07E-101056790	Barrera	32	10/8/2007	1	140	0		10/08/07 - Rec'd on acct - mo/filing fee.
1007	S	07E-101056790	Barrera	32	12/5/2007	1	0	140		12/05/07 - Ck # 3532 - Wash Co Circuit Clerk/filing fees.
1007	S	07E-101056790	Barrera	32	1/11/2008	1	9.48	0		01/11/08 - Rec'd on acct - Ck 1048 - LAA/reimb Certified Mail.
1007	S	07E-101056790	Barrera	32	4/3/2008	1	0	9.48		04/03/08 - Ck 3559 - LAA/reimb Certified Mail
1007	S	07E-101056790	Barrera	32	8/29/2008	1	100	0		08/28/08 - Rec'd on acct - mo/warning order.

Total Trust Slips: 10 **Sum of Deposits:** $493.06 **Sum of Withdrawals:** $393.06 **Balance:** $100.00

The Search:

```
SELECT DISTINCTROW TRUST.TCOMMENT, TRUST.CASENUM, TRUST.TReceipt, TRUST.OFFICENUM, TRUST.Unit, TRUST.TCheck,
TRUST.TPayee, TRUST.TClear, CLIENTSW.CASETYPE, TRUST.TDEPOSIT, TRUST.TWITHDRAW, TRUST.TADATE, CLIENTSW.PCODE,
CLIENTSW.CLNAME, CLIENTSW.CFNAME, CLIENTSW.FUNDSNUM, CLIENTSW.DCLOSED, CLIENTSW.SNUM
FROM CLIENTSW RIGHT JOIN TRUST ON CLIENTSW.CASENUM=TRUST.CASENUM
WHERE ClientsW.CLname Like "barrera*";
```

Page Number: 1

CLIENT TRUST ACCOUNT
HELENA

EPOSITS

MONTH: September, 2008

CLIENT'S NAME	DEPOSIT AMOUNT	DEPOSIT DATE	RECEIVED FROM OTHER	
ichmond, Latasha	$10.00	9/2/2008		
royles, Erma	$10.00	9/2/2008		
cott, Racheal	$10.00	9/2/2008		
mith, Alice	$30.00	9/9/2008		
trickland, Cornelius	$6.00	9/9/2008		

HECKS

CHECK NUMBER	CHECK AMOUNT	PAYABLE TO	CLIENT'S NAME	DATE WRITTEN
1224	$5.32	United States Post Master	Brown, Lakesha	9/2/2008
1225	rec'd $23.52	Legal Aid of Arkansas	Client Trust Refund	9/3/2008
1226	$29.20	United States Post Master	Scott, Racheal; Richmond, Latasha; V	9/3/2008
1227	$9.79	United States Post Master	Broyles, Erma	9/9/2008
1228	rec'd $14.20	Legal Aid of Arkansas	Client Trust Refund	9/17/2008
1229	$10.00	Earnestine Johnson	Earnestine Johnson	9/17/2008
1230	$24.45	Joe Thelman	Joe Thelman	9/17/2008

9/17/2008

Moneys Received Worksheet - 2007

11/30/2007	LAA - FA - CT	$126.36	BK	DB	Ray & Myrtle Douglas - Expenses
12/3/2007	LAA - JO - CT	$30.00	BK	DB	Reimburse for postage
12/3/2007	D. Glover/Jackson	$21.00	BK	DB	Reimburse Litigation
12/3/2007	Maria Rodriguez	$150.00	BK	DB	Filing fee and service costs
12/3/2007	Susan Bourg	$150.00	BK	DB	Filing fee and service costs for Whitney Atkinson
12/10/2007	State of Arkansas	$1,973.21	BK	DB	MV - GAL
12/10/2007	LAA - WM - CT	$5.00	BK	DB	Reimburse Service -Millenden
12/10/2007	City of Fayetteville	$792.71	BK	DB	Final Disbursement
12/10/2007	Susan Purtle	$30.00	BK	DB	Reimburse Cell Phone Bill
12/10/2007	Susan Purtle	$90.00	BK	DB	Reimburse Cell Phone Bill
12/10/2007	Linda Whitfield	$157.10	BK	DB	Reimburse Litigation
12/10/2007	LAA - WM - CT	$25.00	BK	DB	Reimburse Postage Stacey Taylor
12/10/2007	Equal Justice Works	$2,800.00	BK	DB	WM - Tracye Walker
12/10/2007	WTLS	$6,845.61	BK	DB	Jul-Sept 2007
12/11/2007	LAA - Cafeteria	$1,193.83	BK	DB	Cafeteria
12/14/2007	State of Arkansas	$10,552.41	BK	DB	Parent Counsel - November
12/14/2007	Peace at Home Shelter	$540.00	BK	DB	Representation 2006
12/19/2007	Tracye Walker	$48.50	BK	DB	Reimburse Disability
12/19/2007	LAA - WM - CT	$9.48	BK	DB	Reimburse Service - Franklin Nalpin
12/19/2007	UW of Independence County	$583.37	BK	DB	Dec-07
12/19/2007	UW of NEA	$416.67	BK	DB	
12/19/2007	LAA - FA - CT	$10.00	BK	DB	Reimburse Service - Rodriguez
12/19/2007	Susan Purtle	$58.38	BK	DB	Reimburse Cell Phone
12/20/2007	LAA - Cafeteria	$1,193.83	BK	DB	Cafeteria
12/21/2007	Susan Purtle	$30.00	BK	DB	Reimburse Cell Phone
12/21/2007	Julie Weber	$750.00	BK	DB	Donation
12/26/2007	LAA	$5.00	BK	DB	Reimburse Postage - Tanya Allen
12/26/2007	LAA Petty Cash	$9.82	BK	DB	Redeposit check# 30934

10/1/2008

Appendix – Inventory Control Tag

LAA PROPERTY
TAG NO. 001

Appendix – Monthly General Journal Entry Forms

September 2008
Journal Entries

JE-No	Description	Check Payable/Client	Acct No.	Debit	Credit	
JE-01	Clients Trust	LAA-reimb Litigation Exp/Maria Sanchez	10-00-204	110.00		
	Clients Trust		10-00-110		110.00	
	Clients Trust	Benton Co Circuit Clerk/Paul Pease	10-00-204	140.00		
	Clients Trust		10-00-110		140.00	
	Clients Trust	Wash Co Circuit Clerk/	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust	Wash Co Circuit Clerk/	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust	Kimberly McElyea/return unused money	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust	LAA-reimb cert mail/	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust	LAA-reimb cert mail/	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust	LAA-reimb cert mail/	10-00-204	-		
	Clients Trust		10-00-110		-	
	Clients Trust		10-00-204	-		
	Clients Trust		10-00-110		-	
	To record Sept. 2008 Client Trust Activity.					**250.00**
JE-02	FICA/Fed W/H & Payable	Sept. 12 - payroll	10-00-206	12,748.40		
	Cash in Bank-GEN		10-00-100		12,748.40	
	FICA/Fed W/H & Payable	Sept. 26 - payroll	10-00-206	13,000.00		
	Cash in Bank-GEN		10-00-100		13,000.00	
	To record Sept. 2008 EFTPS.					**25,748.40**
JE-03	Cafeteria Benefits/Payable	MGIS-settlements	10-00-216	1,030.42		
	Cash in Bank-CAF		10-00-104		1,030.42	
	To record Sept. 2008 Cafeteria Payable.					**1,030.42**
JE-04	Cash in Bank - MM		10-00-106	469.99		
	Cash in Bank - GEN		10-00-100	37.55		
	Interest		10-12-416		507.54	
	To record Sept. 2008 Interest.					**507.54**
JE-05	Depreciation Expense		10-00-660	605.52		
	Accumulated Depreciation		10-00-180		605.52	
	To record Sept. 2008	**Depreciation per schedule.**				**605.52**
JE-06	Misc Expenses - ACH fee		10-12-620	10.00		
	Cash in Bank-GEN -	ACH fee	10-00-100		10.00	
	To record Sept. 2008 Bank Charges.					**10.00**
JE-07	Cash in Bank - GEN ACCT - move from LITC Acct 07/10/08		10-00-100	-		
	Cash in Bank - LITC Acct - move to GEN Acct 07/10/08		10-00-105		-	
	Cash in Bank - LITC ACCT - 07/09/08		10-00-105	-		
	LITC Revenue - 07/09/08		10-00-435		-	
	Cash in Bank - CLIENTS TRUST ACCT - LAA JO/CT Unclaimed P		10-00-110			
	Cash in Bank - GEN ACCT - 11/21/06		10-00-100		-	
	To record Sept. 2008 Phone Transfer.					-
JE-08	Cash in Bank - Gen		10-00-100	2.44		
	Revenue - Valley Sun United Way - 09/15/08		10-00-430		2.44	
	Cash in Bank - Gen		10-00-100	2,083.33		

10/1/2008

Appendix – Personnel Action Form

LEGAL AID OF ARKANSAS
PERSONNEL ACTION FORM

Employee Name: _____ SSN: _____

Location: _____ Job Title: _____

TYPE OF ACTION

Date Effective: _____

_____ New Hire

_____ Rehire

_____ Classification Change

From: _____ To: _____

_____ Salary Change (Annual)

From: _____ To: _____

_____ Bonus Award

Amount: _____

_____ Leave Without Pay

From: _____ To: _____

_____ Separation

_____ Payroll Deduction Change

Specify: _____

_____ Data Change-Name

From: _____ To: _____

_____ Data Change-Address

From: _____

To: _____

_____ Data Change-Home Phone

From: _____ To: _____

Employee: _____ Date: _____

Supervisor: _____ Date: _____

Executive Director: _____ Date: _____

Appendix – Sample Monthly Financial Reports

YEAR TO DATE
2008 Budget Revised - 03/26/08
2008 Budget - app'd 12/01/07

Legal Aid of Arkansas
2008Budget with Revenue and Expenses
January 01 - August 31, 2008

PROJECTED SUPPORT/REVENUE:	CONSOLIDATED BUDGET	YTD ACTUAL	2007 ACTUAL	2006 ACTUAL
LSC BASIC FIELD GRANT	1,449,768.00	967,104.00	1,442,661.00	1,345,068.00
STATE OF ARKANSAS	153,947.00	102,631.00	153,947.00	153,947.00
IOLTA GRANT-BASIC	200,000.00	150,000.00	200,000.00	156,609.00
IOLTA GRANT-PBI	11,200.00	8,400.00	11,200.00	6,786.00
IOLTA GRANT-LAW STUDENT INTERN	10,000.00	7,500.00	10,000.00	0.00
STOP/VAWA (VOCA)	40,000.00	31,111.00	39,601.00	31,523.00
WEST TENNESSE LEGAL SERVICES	40,000.00	32,063.00	29,513.00	20,060.00
IRS-LITC	29,790.00	12,902.00	0.00	0.00
CITY OF FAYETTEVILLE	0.00	0.00	23,428.00	0.00
EQUAL JUSTICE WORKS FELLOWSHIP	19,600.00	22,400.00	33,600.00	0.00
WHITE RIVER AREA AGENCY ON AGING	1,050.00	850.00	200.00	1,450.00
EAST ARKANSAS AREA AGENCY ON AGING	7,250.00	4,700.00	3,500.00	8,650.00
INTEREST INCOME	4,575.00	5,745.00	7,821.00	7,315.00
UNITED WAY OF INDEPENDENCE COUNTY	7,000.00	4,649.00	7,000.00	7,000.00
UNITED WAY OF BENTON COUNTY	26,000.00	17,167.00	12,700.00	12,183.00
UNITED WAY OF BLYTHEVILLE	2,000.00	2,000.00	2,000.00	2,000.00
UNITED WAY OF BOONE CO	2,250.00	1,687.00	2,000.00	1,500.00
UNITED WAY OF NORTHEAST ARKANSAS	5,000.00	3,333.00	5,000.00	4,525.00
UNITED WAY OF WASHINGTON COUNTY-see UWB	0.00	0.00	10,250.00	4,500.00
UNITED WAY OF MID SOUTH	5,691.00	5,367.00	5,023.00	3,605.00
DONATIONS	35,000.00	37,097.00	47,589.00	19,252.00
CARRYOVER	223,004.00	223,004.00	80,350.00	111,747.00
GUARDIAN AD LITEM	16,000.00	13,542.00	20,000.00	20,000.00
ADMINISTRATIVE OFFICE OF THE COURTS	63,314.00	73,718.00	37,057.00	8,802.00
BENTON COUNTY WOMENS SHELTER	7,000.00	3,600.00	8,200.00	6,600.00
OTHER	2,500.00	2,825.00	18,275.00	18,900.00
TOTAL SUPPORT	2,361,939.00	1,733,395.00	2,210,915.00	1,952,022.00
PROJECTED EXPENSES:	**CONSOLIDATED BUDGET**	**YTD ACTUAL**	**YTD ACTUAL**	**YTD ACTUAL**
LAWYERS	1,010,408.00	641,581.00	888,738.00	785,556.00
PARALEGALS	165,525.00	108,914.00	197,252.00	212,751.00
OTHER STAFF	255,817.00	166,411.00	203,991.00	176,248.00
EMPLOYEE BENEFITS	243,684.00	176,226.00	222,049.00	211,703.00
TOTAL PERSONNEL	1,675,434.00	1,093,132.00	1,512,030.00	1,386,258.00
SPACE - RENT/LEASE	52,140.00	35,555.00	52,140.00	52,853.00
SPACE - OTHER EXPENSES	29,625.00	20,518.00	29,436.00	31,543.00
EQUIPMENT RENTAL & MAINTENANCE	28,250.00	13,354.00	17,080.00	14,720.00
OFFICE SUPPLIES/POSTAGE/PRINTING	69,800.00	44,700.00	74,992.00	87,907.00
COMMUNICATIONS	60,730.00	37,089.00	55,625.00	57,350.00
TRAVEL -BOARD MEMBERS	6,500.00	1,977.00	6,535.00	5,962.00
TRAVEL -STAFF & OTHER	77,250.00	42,957.00	68,178.00	72,729.00
TRAINING -BOARD MEMBERS	3,500.00	150.00	4,699.00	1,248.00
TRAINING -STAFF & OTHER	24,500.00	18,407.00	28,350.00	16,284.00
LIBRARY	8,425.00	5,978.00	6,745.00	6,930.00
INSURANCE	22,000.00	18,943.00	18,584.00	17,601.00
DUES AND FEES	12,500.00	12,821.00	11,930.00	9,811.00
AUDIT	16,000.00	14,100.00	12,250.00	12,000.00
LITIGATION	8,100.00	2,780.00	6,722.00	3,695.00
ADVERTISING	3,500.00	3,657.00	3,312.00	3,582.00
PROPERTY ACQUISITION	7,500.00	6,163.00	3,400.00	11,603.00
CONTRACT SERVICES TO CLIENT-AVLE	30,000.00	7,625.00	23,625.00	23,625.00
CONTRACT SERVICES TO APPLICANT-ALSP	66,840.00	50,130.00	49,846.00	49,846.00
DEPRECIATION	0.00	0.00	0.00	0.00
OTHER	5,105.00	5,838.00	3,433.00	6,125.00
TOTAL NON-PERSONNEL	532,265.00	342,742.00	475,882.00	485,414.00
GRAND TOTAL	2,207,699.00	1,435,874.00	1,987,912.00	1,871,672.00
SUPPORT OVER (UNDER) EXPENSES	154,240.00	297,521.00	223,003.00	80,350.00
	Depreciation	(4,844.16)	(10,651.15)	(22,099.96)
	Carryover	(223,004.00)	(80,350.00)	(111,747.00)
	Matches Balance Sheet	69,672.57	132,001.94	(53,497.34)

9/11/2008, 10:02 AM

LEGAL AID OF ARKANSAS (LEG)

Balance Sheet

All Funds

August 31, 2008

09/04/2008 12:38:10

	Assets		
10-00-100	CASH IN BANK-GENERAL	143,810.20	
10-00-102	CASH IN BANK-ARVEST SAVINGS	100,000.00	
10-00-104	CASH IN BANK-CAFETERIA PLAN	7,337.85	
10-00-106	CASH IN BANK-MONEY MRKT/BANK OF FAY	241,068.45	
10-00-109	PETTY CASH	300.00	
10-00-110	CLIENTS TRUST	5,582.56	
10-00-121	ACCOUNTS RECEIVABLE	0.00	
10-00-140	PREPAID EXPENSES	4,212.19	
10-00-150	LAND	8,000.00	
10-00-151	BUILDINGS	199,363.64	
10-00-155	FURNITURE & EQUIPMENT	245,189.26	
10-00-160	LAW LIBRARY	25,746.06	
10-00-170	LEASEHOLD IMPROVEMENTS	38,367.99	
10-00-180	ACCUMULATED DEPRECIATION	(487,391.72)	
Total Assets			**$531,586.48**
	Liabilities		
10-00-200	ACCOUNTS PAYABLE	0.00	
10-00-204	CLIENTS TRUST	5,582.56	
10-00-205	ACCRUED PAYROLL	(76.50)	
10-00-207	SIT W/H	7,447.01	
10-00-209	SUTA PAYABLE	1,461.58	
10-00-210	UNITED WAY W/H	354.55	
10-00-213	GROUP INS. W/H & PAYABLE	12,234.86	
10-00-216	CAFETERIA BENEFITS PAYABLE	1,165.77	
10-00-220	ACCRUED LEAVE	56,396.23	
10-00-240	DEFERRED SUPPORT	120,225.50	
Total Liabilities			**$204,791.56**
	Net Assets		
10-00-301	NET ASSETS-LSC	108,262.85	
10-00-303	NET ASSETS-PROPERTY	34,118.75	
10-00-305	NET ASSETS-UNRESTRICTED	55,262.75	
10-00-320	NET ASSETS-STATE OF ARKANSAS	59,478.00	
	Excess Revenues Over Expenses	69,672.57	
Total Net Assets			**$326,794.92**
Total Liabilities and Net Assets			**$531,586.48**