

**LEGAL SERVICES CORPORATION
OFFICE OF INSPECTOR GENERAL**

**REVIEW OF GRANTEE'S
COMPLIANCE WITH PROVISIONS OF
TECHNOLOGY INITIATIVE GRANT**

Grantee: Kentucky Legal Aid

Recipient No. 618036

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INTRODUCTION

The Legal Services Corporation (LSC) Office of Inspector General (OIG) conducted an audit of Kentucky Legal Aid's (grantee) compliance with the provisions of LSC's Technology Initiative Grant No. 51 (grant) for \$101,600.

BACKGROUND

Legal Aid of Kentucky (grantee) is a nonprofit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or other matters to persons financially unable to afford legal assistance in western and south central Kentucky. The grantee is headquartered in Bowling Green, Kentucky and maintains additional offices in Madisonville, Owensboro, and Paducah, Kentucky. LSC funding for 2004 was \$1.151 million.

The purpose of the grant was to develop a wide area network to allow grantee personnel to share and access data throughout each office in the program area. The costs associated with this project were to be funded by the LSC grant and program contributions. In May 2000, the grantee submitted its application for a \$445,645 technology initiative project of which \$175,000 was requested from LSC. In September 2000, LSC awarded a technology initiative grant for \$101,600.

OBJECTIVES, SCOPE, AND METHODOLOGY

The focus of the audit was compliance with the provisions of LSC's Technical Initiative Grant No. 51 to the grantee. The on-site field work was performed on June 28 and June 29, 2004.

The specific objectives of the audit were to:

- Express an opinion on the costs reported in a grantee prepared cost summary.
- Determine whether the grantee had substantially completed the grant deliverables, and
- Determine whether the grantee had complied with the grant requirements to measure the impact of the grant.

The OIG reviewed materials pertaining to the grant including the award letter; grant terms, conditions, and assurances; acceptance of award document; payment schedule; requests for payments; and, audited financial statements. The OIG also discussed issues pertaining to the grantee with LSC officials.

During the on-site audit, the OIG examined a summary of the total costs of the technology initiative project prepared by the grantee. The summary showed the costs of the project within six categories and identified the costs funded through the LSC grant and those funded through program contributions. The OIG examination of the summary included a review of the supporting documentation of the costs to determine whether they were allowable, reasonable, and allocable to the project.

The OIG reviewed a description of the software, hardware, and technical services that the grantee was to provide and determined whether they had been provided. The OIG interviewed grantee officials and made observations of the operation of the network. The OIG also reviewed documentation related to the evaluation of the impact of the project.

The OIG performed the audit in accordance with Government Auditing Standards established by the Comptroller General of the United States and under authority of the Inspector General Act of 1978, as amended and Public Law 108-7, incorporating by reference Public Law 104-134.

RESULTS OF AUDIT

In our opinion, except for our audit adjustments (see details below), the grantee's cost summary presents fairly, in all material respects, the allowable costs incurred in accordance with the criteria set forth in the grant. Also, the grantee met the significant deliverables in its grant. However, the grantee did not fully comply with the grant requirements to measure the impact of the grant.

Grantee Expenditures for Technology Initiative Project

The following table shows the grantee's summary of costs incurred by budgeted line items for the technology initiative project and the results of our examination of the summary. The OIG identified \$31,789 in incorrect charges to the "LSC grant" portion of the summary as noted below. We are not questioning these costs because the grantee included in the "program contributions" portion of the summary a sufficient amount of eligible costs for the project that could reasonably have been allocated to the LSC grant. Examples included costs of servers, computers for intake, and cable/telephone lines.

GRANTEE COST SUMMARY

<u>Category</u>	<u>LSC Grant</u>	<u>Program Contributions</u>	<u>Total Project Costs</u>
Personnel		\$583,115	\$583,115
Fringe Benefits		110,216	110,216
Equipment	\$ 55,784	71,503	127,287
Band Width	32,400	32,400	64,800
Software	11,816	5,971	17,787
Training	1,600	2,572	4,172
Total	\$101,600	\$805,777	\$907,377

Audit Adjustments

Duplicate Costs	(6,089)	Note 1
Past Period Costs	(25,700)	Note 2
Adjusted Summary	\$ 69,811	

Notes

1. Costs for equipment and software totaling \$6,089 were double-counted in the grantee's summary. These costs for servers, routers, and associated software were charged to the LSC grant and also counted as program contributions.
2. Costs of \$25,700 were incurred subsequent to the grant performance period. The grantee charged three years of costs for personnel, fringe benefits, equipment, band width, and software to the LSC grant. The grant period was one year and only costs incurred in that year should have been included.

Although some grant-related records indicate a three year grant period, the best evidence of the agreed-upon period indicates the grantee received a one year grant. The award letter signed by the grantee's board chairman and executive director had an attachment that indicated the grant period was from October 1, 2000 to October 1, 2001. Further, a letter from the grantee to LSC ten months after the grant period began stated that the project was completed and requested that all of the grant funds be provided.

Grantee Deliverables for the Technology Initiative Project

The grantee completed the deliverables required by its technology initiative grant.

The grant provided funding to implement a wide area network (WAN) to link computers in the grantee's multiple offices. Major requirements of the grant

included the purchase and installation of equipment for the WAN and of software to operate an automated case management system. Documentation supported the purchase and installation of WAN equipment. We observed the operation of the centralized intake and referral system that utilized the WAN.

Impact of Technology Initiative Project

The grantee did not comply with grant requirements to have the project evaluated using the measures specified in the grant. As a result, we were unable to determine whether the grantee met the project goals and objectives.

The grant required the grantee to have the Access to Justice Foundation (AJF), an independent state support organization, perform a formal evaluation of the project using specific performance measures provided in the grant document. These specific measures included (i) the percentage increase of extended, non-extended, and pro-bono services to clients, (ii) extent to which all advocates have access to all case management data and extent to which the system is used, (iii) extent to which each staff member has Internet and e-mail access to other staff members throughout the service area, and (iv) the quality of Power Point training developed and the number of training events held.

According to the Executive Director, the AJF evaluators reviewed the project but did not develop a written report. Subsequent to our on-site visit the Executive Director provided a July 2004 memorandum from AJF that summarized the review. The memorandum indicated that the review was conducted in two phases. The first phase was carried out in May 2002 and covered the development of the new intake system, hardware and software modifications and projected outcomes. Neither the memorandum nor our follow-up requests yielded details about this phase. The second phase was carried out in October 2002 and covered client and staff satisfaction. The memorandum included highlights of client and staff survey responses to a questionnaire, which were generally favorable.

The memorandum from AJF, however, did not provide information indicating that the evaluators used the specific measures in the grant to evaluate the project. Consequently, we were unable to conclude whether accurate data supported specific project outcomes. Audited information supporting the project's concrete accomplishments could have helped demonstrate the benefits of this technology initiative grant.

The grantee did prepare and submit to LSC a one-page report that described the success of the project but did not address the specific measures in the grant. Because LSC accepted this report as meeting the grant's evaluation requirements, we are not making specific recommendations to the grantee for this finding.

SUMMARY OF GRANTEE'S RESPONSE

The grantee chose not to provide a written response to the draft audit report. The Executive Director indicated that he did not disagree with the factual accuracy of the report. Regarding the OIG conclusion that the performance period of the grant was one year, the Executive Director believed a case could be made that the period was longer, however, he did not intend to raise objections since the OIG conclusion did not result in questioned costs.