

## Report on Survey of LSC Grantees

February 1998

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### I. Background to Survey

In early January 1998 all Legal Services Corporation grantees for 1997 and those 1996 grantees replaced by others in 1997 were sent a letter and questionnaire, asking them to reply by late January. The letter listed major types of contacts with OIG, and the questionnaire asked grantees to evaluate only those services or contacts they had experienced during calendar years 1996 and 1997. The survey was addressed to executive directors of grantees and asked them to identify themselves and their organizations at the end of the survey form.

Of these questionnaires sent to 283 grantees, 187 were filled out and returned, a response rate of 66 percent. Surveys were returned by grantees in every state and insular area with the exception of four states, each handled by one grantee serving relatively small poverty populations. Most respondents were executive directors; some were managers of particular grantee functions. All except one respondent provided identification of self and organization.

### II. Survey Findings

Appended to this paper is a copy of the questionnaire used, now showing specific information about the responses to each question. In contrast, the description and discussion below focus on patterns.

**Assessment re Audits:** Grantee respondents who had examined LSC-OIG's *Audit Guide for Recipients and Auditors*, including its "Compliance Supplement," were asked to assess the adequacy of information in these publications. Of the 172 respondents to this question, 98 percent rated it "adequate."

Asked whether the respondent or staff had interaction (telephone, written, and/or in-person) with LSC-OIG concerning audits during 1996 and 1997, 122 said "no." Sixty (33 percent of the 182 answering this question) said "yes." Those answering "yes" were asked to respond to more pointed questions evaluating interactions with LSC-OIG auditing staff. These evaluations were quite positive, with over 90 percent of respondents to each question finding OIG auditing staff accountable, courteous, fair, and clear in communications.

**Assessment re Investigations:** Grantee respondents were asked whether they and their staff members were aware, before this survey, that LSC-OIG has a Hotline for reporting grantee losses and allegations of fraud, waste, and abuse. Of the 184 answering this question, 89 percent answered "yes."

Asked if they or their staff members had interaction ( via telephone, writing, or in- person) with LSC-OIG concerning investigations in 1996 or 1997, 184 grantees answered. Eighty-six percent of these said "no." The twenty-five persons answering "yes" were asked to respond to more pointed questions about these interactions. Over 90 percent of these judgments are views of OIG investigative staff as accountable, courteous, fair, and clear in communications.

**Assessment re Information Technology:** Here the numbers of those responding to a question drop off sharply.

Those who had examined LSC-OIG's 1996 report *Increasing Legal Services Delivery Capacity Through Information Technology* were asked to what extent the report had expanded their knowledge of potential uses of information technology for legal services. Possible answers ranged from a rating of 5 ("very much") to 1 ("not at all"). Answering this question were 122 respondents. The mean response was 2.8, slightly short of the midpoint (3) which would indicate a neutral rating.

Only sixty-nine responded to the question addressed to those who have visited LSC-OIG's Home Page. Of these 69, 94 percent said "yes," it met their needs for information about LSC-OIG.

**Overall Rating of Contacts and Services Provided by LSC-OIG:** Here, too, are fewer persons answering the question than those answering questions about audit and investigative matters. Asked to rate, on a scale ranging from 5 ("excellent") to 1 ("very poor"), contacts and services provided by LSC-OIG, 150 responded. The mean answer was 3.7, somewhat less than 4 which would indicate "good."

**Questions, Comments, Suggestions About LSC-OIG Policies, Practices, and/or the Survey:** In questions 8 and 9 on the survey, respondents were asked to present their questions and concerns. The result is a rich harvest of compliments, criticisms, puzzlement, and requests for clarification. The major focus of questions and concerns was audit policies and practices. There were also a lot of comments--mostly positive, some negative--about contacts with LSC-OIG staff. Some were interested in the facts and implications of the relationship between OIG and LSC management. Of the more general comments, quite a few state or imply little real experience with, or knowledge of, LSC-OIG efforts. Comments about investigations, OIG's Home Page, the information technology report, and the survey are sparse in number but do include compliments, a few complaints, and some recommendations for change.

### III. Interpretation of Survey Results

It is good that so many have examined OIG's audit information to grantees and found it adequate to their purposes. At the same time, the many

comments and questions pertaining to audit work suggest that LSC-OIG could improve its information sharing.

While it is positive that 89 percent of respondents know about the investigative Hotline (800-678-8868), LSC-OIG needs to do more to get the word out to all others that the Hotline is the fastest way for grantees and all others to initiate contact with OIG investigators about alleged and actual fraud, waste, and abuse.

As for questions about the accountability, courtesy, fairness, and clarity of the LSC-OIG auditing and investigative personnel, respondents were, by and large, quite appreciative. Nevertheless, a few of the comments pinpoint areas where greater attention is needed.

LSC-OIG is quite proud of the resources and relevant information shown on its website. Nevertheless, the low response to this question (only sixty-nine persons responding) suggests a need for OIG to communicate to the field exactly what is there and why it is to grantees' advantage to make frequent visits to the site.

Although 150 respondents did provide an overall rating for OIG contacts and services, frequent comments about little contact or services imply that the work of LSC-OIG seems distant indeed. Since it is OIG's mission to promote effectiveness and efficiency and decrease fraud and abuse in operations both at the field and headquarters levels, OIG will want to shorten some of that distance in order to improve understanding between its personnel and those in the field.

#### **IV. Where, Then, Do We Go from Here?**

LSC-OIG Inspector General Edouard Quatrevaux announced two goals for the survey in his January letter to grantee executive directors: "(1) learn what in our contacts with your organization works well and what does not, and then (2) improve our efforts wherever appropriate."

The report above communicates what we have learned about what works well and what does not. Our second goal is to improve our efforts where appropriate. Already a few of the comments and suggestions have borne fruit. The website now shows the size of all files available for downloading. If away from the office for the day, staff have been asked to create voicemail messages about how to reach someone else for assistance. An auditor is preparing for the field a list of "best practices" for documenting compliance.

More of the questions and comments will bear fruit in the near future. Over the next few months many of the [questions raised by respondents will be answered](#) on the LSC-OIG [website](#) at <http://oig.lsc.gov/>. Some practices will change.

We hope you will keep watch and let us know how we are doing.

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LEGAL SERVICES CORPORATION  
OFFICE OF INSPECTOR GENERAL

**SURVEY OF LSC GRANTEES  
JANUARY 1998**

**Survey Instructions:** This survey should take only a few minutes to answer. All questions relate to calendar years 1996 and 1997 only. For questions 1 through 7 circle the answer that best fits. For questions 8 and 9 write in (legibly, please) your response. **Return the completed survey form by January 26 in the enclosed reply envelope.**

1. [Answer the following question only if you have examined LSC-OIG's *Audit Guide for Recipients and Auditors*, including its "Compliance Supplement."] How would you rate the adequacy of the information in the *Audit Guide*?

**Adequate: 168/172 = 98% Inadequate: 4/172 = 2%**

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2. Were you and your staff aware, prior to this survey, that LSC-OIG has a Hotline (800-678-8868) for reporting grantee losses and allegations of fraud, waste, and abuse?

**Yes: 163/184 = 89% No: 21/184 = 11%**

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3. [Answer the following question only if you have visited this OIG's Home Page at <http://oig.lsc.gov/>.] Does our Home Page meet your needs for information about LSC-OIG?

**Yes: 65/69 = 94% No: 4/69 = 6%**

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4. [Answer the following question only if you have examined LSC-OIG's report *Increasing Legal Services Delivery Capacity Through Information Technology*.] To what extent did the report expand your knowledge of potential uses of information technology for legal services?  
(Very Much) 54 3 21 (Not at all)

**122 respondents; mean score = 2.8**

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5. [The questions below deal with your assessments of LSC-OIG auditing staff, not the auditors you hire to examine your agency's financial statement.] Have you or your agency staff had interaction (telephone, written, and/or in-person) with LSC-OIG concerning **audits** during calendar years 1996 and/or 1997?

**Yes: 60/182 = 33% No: 122/182 = 67%**

If you said "yes," please answer the following about those interactions with LSC-OIG auditors:

5a. *Accountability*: On balance, did OIG auditors do what they said they would do and at the time they said they would do it?

**Yes: 48/53 = 91% No: 5/53 = 9%**

5b. *Courtesy*: Were OIG auditors generally courteous?

**Yes: 58/58 = 100% No: 0**

5c. *Fairness*: Were OIG auditors' efforts and decisions generally fair?

**Yes: 50/53 = 94% No: 3/53 = 6%**

5d. *Clarity*: In general, were OIG auditors' communications to you expressed clearly?

**Yes: 55/60 = 92% No: 5/60 = 8%**

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6. Have you or your agency staff had interaction (telephone, written, and/or in-person) with LSC-OIG concerning **investigations** during calendar years 1996 or 1997?

**Yes: 25/184 = 14% No: 159/184 = 86%**

If you said "yes," please answer the following about those interactions with OIG investigators:

6a. *Accountability*: On balance, did OIG investigators do what they said they would do and at the time they said they would do it?

**Yes: 22/23 = 96% No: 1/23 = 4%**

6b. *Courtesy*: Were OIG investigators generally courteous?

**Yes: 25/25 = 100% No: 0**

6c. *Fairness*: Were OIG investigators' efforts and decisions generally fair?

**Yes: 22/23 = 96% No: 1/23 = 4%**

6d. *Clarity*: In general, were OIG investigators' communications to you expressed clearly?

**Yes: 22/24 = 92% No: 2/24 = 8%**

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7. Overall, how would you rate the contacts and services provided by LSC-OIG on the following scale (where 5=excellent and 1=very poor)?  
(Excellent)54 321 (Very Poor)

**150 respondents; mean score = 3.7**

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8. What one question would you most like LSC-OIG to answer about its policies or practices?

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9. If you have comments or suggestions relating to any matters above, or about the survey itself, please write them here.

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Please print clearly:

Your name

The name of your agency

LSC Recipient Number for your agency (if at hand)

Thank you for responding to this survey. We will be reporting to you on what we learn.

## Responses by OIG Staff to Questions & Comments from LSC Grantees

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March 23, 1998

### I.

#### OIG Answers to Grantees' Questions and Comments About Broad Matters

*Question: How can grantees have input at a policy level in OIG's interpretations of laws?*

*Answer:* Aside from the [IG Act](#) and other laws directly affecting OIG operations, the interpretation of laws (the [LSC Act](#) and appropriations acts) is primarily the function of the LSC Board of Directors and management. OIG's interpretation of laws generally is based on the guidance provided by the LSC Board and/or management. Thus, if the OIG is conducting an on-site audit of a grantee and is required to apply a law or regulation to the activities of the grantee, the OIG is guided by the plain language of the law or regulation as well as by any other guidance provided by LSC, for example, Program Letters or, when necessary, interpretations provided by LSC management at the request of the OIG on a case-by-case basis.

Grantee recommendations on interpretations, therefore, generally should be made to the LSC Board and/or management, during the public comment period on regulations or as issues arise. A grantee also may incorporate in its response to an audit report its views on the proper application of the law or regulation to the grantee in the instance noted in the finding or recommendation.



*Comments: Staff members are helpful, but the response time may be long. It can take several days to return a call. Eliminate voicemail: have live people answer the phone.*

*Answer:* In addition to [OIG staff](#) members' telephone numbers, their e-mail addresses are available through this same website and provide an alternative route to contact OIG staff. OIG staff members have been reminded of the importance of getting back to callers quickly. To deal with the possibility that "several days" included absences for travel, vacation, illness, etc., OIG staff members have been requested to change the outgoing voicemail message to indicate their absences, expected date of return, and an alternate number for assistance.

We use voicemail, as opposed to "live people," for the same reason most do: we cannot afford to spend at least \$25,000 per year for someone to answer the phone.



*Questions: Does OIG monitor LSC's interaction with field programs? Does OIG review LSC's actions re grantee consolidation, timing of funding? How would OIG characterize its relationship with LSC and the LSC Board of Directors?*

*Answer:* The OIG is an independent office within LSC established for the purpose of assisting LSC's leadership in preventing and detecting fraud and abuse, and in promoting the efficiency and effectiveness of the federal legal services program. The LSC President and Inspector General report to the LSC Board of Directors, and the OIG also has statutory responsibilities for reporting to the Congress and Attorney General.

The OIG uses audits, inspections, investigations, program assessments, and other activities to accomplish its mission. Most OIG work is planned far in advance and is based on our risk assessment of the LSC environment, which appears in and undergirds our [strategic plan](#). Other work is undertaken based on requests from LSC management, the LSC Board, and Congress. Lastly, some work is undertaken in reaction to allegations, information, or complaints from LSC staff, grantee management or staff, or private citizens.

The OIG does not "monitor" LSC's interaction with field programs, or review grantee consolidation or timing of funds, on a routine, ongoing basis. Instead, the OIG might review some or all of these elements as part of a structured review of a specific subject or function. For example, the [OIG Strategic Plan](#) contains a review of competition in its list of projects for fiscal year 2001. In such a review, the OIG would examine information from, and consider the relevant activities of, LSC staff and would examine documentation related to LSC's interaction with grantees. Such a review would likely include obtaining the views of grantees.



*Question: Why does OIG need so much of LSC's appropriation for LSC administration? Can you provide a clear picture of how OIG spends its time?*

*Answer:* The appropriations for "Management and Administration" and "Office of Inspector General" are contained in separate lines within the appropriation, and, in theory, do not compete. However, one might think that Congress has a specific "bottom-line" figure, and that increases to one component must come at the expense of another. OIG's "needs" can be found in the risk assessments and strategies in our [Strategic Plan](#), our budget request, and the accompanying [Performance Plan](#) for fiscal year 1999. The latter contains a breakdown of our request by mission area, and indicates that in FY99, 50% of our resources are allocated to the compliance area, 30% to fraud-related activities, and 20% to program efficiency and effectiveness. The [Performance Plan](#) provides a clear picture of how the OIG spends its time and also contains our performance measures.

It should be noted that the [FY96 appropriation](#) increased the allocation to the OIG at the same time it added major responsibilities for providing guidance to program auditors, reviewing annual audit reports, referring findings from Independent Public Accountants to LSC management, and tracking the progress of corrective actions.



*Comment: Fights with LSC detract from OIG.*

*Answer: Amen--that's why we avoid them whenever possible. By the way, OIG is part of LSC, as is LSC management.*



*Question: How do LSC programs rate in comparison with others under OIG?*

*Answer: The mission of the LSC-OIG is limited to the programs and operations funded or administered by the Legal Services Corporation so we have no basis for any such comparison. However, the OIG's views of the LSC environment are described in the [OIG Strategic Plan](#) section on risk assessment. It states that the risk of fraud associated with grantees is considered "low." It considers the risk related to noncompliance "high" because of the great interest of the LSC leadership and Congress. The risk associated with program efficiency and effectiveness is rated as "high" due to the absence of recent, comprehensive assessments of various important areas of service delivery.*



*Comment: I seriously question the value of initiatives like your [800 number](#) and cost of marketing the service, also seriously question value of information on technology, printing, and staff costs--what benefits can you measure?*

*Answer: In fiscal year 1996 the OIG received information via 127 [Hotline](#) calls that, in our opinion, is worth more than the \$546 per year it costs for the 800 number and post office box. There are no significant marketing costs.*

As for the technology review, the subject matter--program efficiency and effectiveness--is entirely consistent with [IG Act](#) missions and a high priority considering that some believe that only 20% of the current need for legal services is being met. The principal costs were the time spent by the IG, another staff member, and a consultant. Printing costs were about \$1 per copy. About 2000 copies were distributed, including one to every member of Congress.

Benefits? The Senate's version of the FY98 appropriation contained an increment of \$17 million for information technology initiatives, although the House bill did not. This year's LSC budget request also includes a \$17 million information technology initiative, which, *inter alia*, includes client self-help kiosks and Internet delivery of legal services. The publication of [Increasing](#)

[Legal Services Delivery Capacity Through Information Technology](#) also assisted LSC management's actions on Help lines, and resulted in a prototype assistance and information software application for domestic violence victims that will be tested April-August 1998 in two courthouses and a women's shelter.

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## II.

### LSC-OIG Answers to Grantees' Questions and Comments About Audits

*Questions: Will auditors do monitoring like that in the past? When will OIG begin monitoring for field programs? How much fieldwork does the OIG intend to do? What triggers a special audit/inspection of a program?*

*Answer:* There is no intention or desire to "do monitoring" as in the past. The OIG audit of grantee monitoring conducted in 1994 found the previous system to be inefficient, and LSC's [fiscal year 1996 appropriation](#) established the current system. Monitoring of grantee compliance is accomplished principally through the annual audits of grantees conducted by Independent Public Accountants (IPAs).

The OIG, using staff and/or contract auditors, conducts audits within the LSC environment based on its assessment of the risks present. The OIG's assessment of risk appears in the [OIG Strategic Plan](#). Grantee compliance with restrictions and prohibitions is of great interest to the Congress and to LSC, and the OIG attempts to provide information relating to compliance to responsible officials.

The OIG recently issued [audit reports covering 12 grantees](#), which examined compliance with certain practice restrictions, e.g., class actions, and which sought to determine whether LSC funds had been used to support prohibited activities. Those reports have been placed on this website. The OIG plans additional grantee audits in 1998, which will focus on timekeeping and case management information.

Selection of auditees varies according to the objectives of the audit. Some of the 1996/1997 auditees were selected because they had reported a significant number of cases of the types that became prohibited. For example, we chose one of the grantees because it had handled several thousand alien representation cases. Others were selected randomly within certain categories (e.g., a "new grantee"); and, in some cases, geographical locations were considered. There were other criteria as well. There is no single factor or "trigger" that results in an OIG audit of a grantee.



*Question: Why did OIG audit 1996 activities before regulations were finalized and understood?*

*Answer:* The OIG announced in July 1996 that it would conduct audits of a limited number of grantees to determine their compliance with the new restrictions effective for grantees with fiscal years beginning on or after January 1, 1996. The OIG objective was to provide the LSC leadership and Congress with information related to compliance with the new restrictions. The IG's view was that such information could be valuable during the appropriations hearings usually held in February/March.

Those audits allowed OIG auditors to recommend improvements to grantees and to LSC management, refine guidance to Independent Public Accountants, and gain insights useful in planning future projects.



*Question: Could OIG make a handbook for summary guidance on regulations and requirements?*

*Answer:* The "[Compliance Supplement](#)" to the [Audit Guide](#) contains summary guidance drafted by LSC management on regulations and requirements that are subject to testing during the annual audit of each grantee. LSC management has also issued interpretive guidance in the form of Program Letters and a memorandum on recordkeeping requirements, among others. For additional information on LSC regulations, please visit the LSC Home Page on the World Wide Web at [www.lsc.gov](http://www.lsc.gov).



*Question: Are grantees generally in compliance?*

*Answer:* Our work thus far is insufficient to draw a general conclusion. However, results of IPA audits of grantees, including summaries of compliance issues identified, are available in a report entitled [Results of Audit Reports for Recipients with Fiscal Years Ending December 31, 1996 Through September 30, 1997](#). The "Methodology" section of the report details the process the OIG employs when reviewing IPA reports.

Results of OIG audits of selected grantees are available on the OIG website under the heading "Reports and Publications: [Special Compliance Audit Reports](#)." A summary of those results is in a report titled Summary Report on Audits of Selected Grantees for Compliance with Selected Regulations which will be available on the website.



*Comment: The OIG should be open to the possibility that the field is cooperating with the restrictions.*

*Answer:* We are. Under various statutory authorities and responsibilities, the OIG is tasked with determining whether grantees are complying with laws and regulations, including the practice restrictions. Although we are required by professional standards to exercise a degree of professional skepticism in performing our tasks, we have no preconceptions that grantees fail to comply with the prohibitions and restrictions.



*Comment:* The OIG should publish answers to as many [Audit Guide](#) questions as possible on the website.

*Answer:* We try to post as many general-interest questions as we can. (Most of the questions we receive relate to unique circumstances of individual grantees.) Because approximately 80% of LSC grantees have fiscal years ending on December 31, we tend to get most of the *Audit Guide* questions during March and April, just before the due date for those audits. Therefore, we tend to post more [questions and answers](#) on the website during those months.



*Question:* What are some examples of "procedural or administrative items" that should not be included in the "5-day Letter"?

*Answer:* The regulations marked for inclusion in the 5-day reporting requirement are those related to the practice restrictions and prohibitions created by the [1996 appropriation](#) legislation. For 5-day reporting, the OIG is primarily interested if an IPA finds actual instances of cases or matters that violate those restrictions and prohibitions.

The OIG found during the first year of the 5-day reporting requirements that weaknesses in controls and process issues can be handled much better through the normal audit reporting and follow-up process. The types of findings that do not need to be reported in a 5-day letter include the absence of policies and procedures required under the regulations, lack of signatures on forms, etc. (unless, as a result of the weakness cited, a grantee participated in an actual case or matter that violated the restrictions and prohibitions).



*Questions:* How does OIG decide if lapses are minimal and/or made in good faith? What is a "substantial violation"?

*Answer:* Like all auditors, OIG auditors rely on professional judgment to determine the severity of an issue. Among the factors they consider are whether the lapse was caused by a simple error or a systemic problem; what the actual or potential effects of the problem are; and whether audited management has demonstrated, through both words and actions, an understanding of and commitment to maintaining adequate internal controls.

Depending on individual circumstances, other factors could be considered as well; however, cause, effect, and internal controls are almost always relevant.



*Comments: Explain what OIG looks for when reviewing IPA audits. Better define what is a "significant" or "material" finding.*

*Answer:* The classification of any specific finding as "significant" or "material" is a matter for the Independent Public Accountant's professional judgment in accordance with professional auditing standards. If OIG audit management agrees that the IPA's finding or recommendation is "significant," it refers it to LSC management for follow-up. "Significant" or "material" instances of the following types of findings and recommendations by grantee IPAs are referred to LSC management for follow-up: noncompliance with laws and regulations, questioned or unsupported costs, weaknesses, reportable conditions indicating a systemic problem, and uncorrected findings from prior reports.

For example, OIG's [Results of Audit Reports for Recipients with Fiscal Years ending December 31, 1996 Through September 30, 1997](#) reports that among 277 audit reports received, IPAs reported 232 findings. Of those, OIG audit management considered 75 findings significant and referred those to LSC management for follow-up and resolution.



*Questions: What help does OIG get from other federal OIGs regarding policies and practices? Whom does OIG consult in making policies?*

*Answer:* The OIG obtains and considers input from a variety of sources. LSC management has an opportunity to comment on all guidance the OIG promulgates. Other specific sources vary, depending on the nature of the guidance being issued. For example, in preparing the *Audit Guide* in 1996, the OIG consulted with other OIG organizations that promulgate audit guidance (e.g., the Department of Education's OIG). We also consulted with the Office of Management and Budget and the American Institute of Certified Public Accountants, among others. Before issuing the "[Compliance Supplement](#)," the OIG solicited comments from the field and from CLASP, among others. When appropriate, the OIG publishes guidance in the *Federal Register*, with a specified comment period. LSC-OIG also considers comments or suggestions received on its "audit help line" (202-336-8812) and its "audits" e-mail box ([audits@oig.lsc.gov](mailto:audits@oig.lsc.gov)).



*Comment and Question: A report on "best practices" for documenting compliance and showing strong financial management would be helpful. Could OIG distribute information about audit and compliance issues that would be helpful to grantees?*

*Answer:* This is a good idea, but one that will take some time due to the other work planned for the remainder of 1998. We will produce something along the lines suggested as soon as we can.

In the interim, several publications can help. (1) The "[Compliance Supplement for Audits of LSC Recipients](#)," dated 12/97, provides a summary of each regulation and suggested procedures for auditors, which should be useful in understanding what types of documentation auditors are likely to request. (2) The [Accounting Guide for LSC Recipients](#) (8/97) sets forth financial accounting and reporting standards for grantees. (3) Reports issued by the OIG disclose findings that may be common to a number of LSC grantee programs. These reports may be helpful to you in understanding where noncompliance is likely to occur. Two such reports will soon be posted on the website. They are [Results of Audit Reports for Recipients with Fiscal Years Ending December 31, 1996 Through September 30, 1997](#) and Summary Report on Audits of Selected Grantees for Compliance with Selected Regulations. (4) LSC's 12/8/97 memorandum to the field requires specific kinds of recordkeeping, effective 1/30/98.



*Comment:* Describe compliance with timekeeping regulations.

*Answer:* 45 CFR 1635 is the LSC regulation requiring specific LSC recipient professional staff to maintain time records for all activities performed. The requirements of this regulation are detailed in the "[Compliance Supplement](#)," together with suggested procedures for the Independent Public Accountant. In addition, LSC has prepared a publication for LSC recipients, *Legal Services Corporation Timekeeping Guide* (April 1996) that provides timekeeping guidance and examples of successful timekeeping systems currently in use by LSC recipients. Determining compliance with any particular regulation in specific circumstances is a matter for the auditor's professional judgment.



*Question:* Should grantees expect the [Audit Guide](#) to keep changing year by year?

*Answer:* The OIG will change audit guidance as necessary. Laws and regulations may be modified. The auditing profession is continuously updating its standards. The Office of Management and Budget revises its literature pertaining to audits. Experience, too, may suggest improvements in audit guidance. When such occur, it becomes incumbent upon the OIG to change its guidance.



*Question:* Should there be complete harmony between the time management sheet where the attorney or paralegal keeps track of time spent on case and non-case activities and the payroll time sheet?

*Answer:* While there are a number of possible dimensions to this question, the critical issue is that the amount of time recorded by the legal services professional for all legal services activities on any specific day must be **at least** equal to the hours for which that individual is compensated for that day. LSC's timekeeping regulation, at 1635.3(b)(1), says that time records must ". . .comprise all of the efforts of the attorneys and paralegals for which compensation is paid."



*Comment: Combine audit and accounting guides.*

*Answer:* Publication and any revisions to the [Audit Guide](#) remain the responsibility of the OIG. The [Audit Guide](#) is intended to provide a uniform approach for audits of LSC recipients and describe recipients' responsibilities with respect to the audit. This is partly accomplished through the adoption of current auditing standards, promulgated by authoritative standard-setting bodies.

The [Accounting Guide](#) is the responsibility of LSC management. The [Accounting Guide](#) sets forth financial accounting and reporting standards for recipients of LSC funds and describes the accounting policies, records, and internal control procedures to be maintained by recipients to ensure the integrity of accounting, reporting and financial systems.

These guides have different purposes, and we see no benefit in combining them.



*Question: Is there a Hotline telephone number for questions about accounting, allowed expenses, etc?*

*Answer:* LSC management advises that there is no Hotline phone number for questions related to accounting. However, for guidance on accounting issues, grantees and their auditors may phone Mr. Charles Crittenden at 202-336-8873 or e-mail him at [crittenc@smtp.lsc.gov](mailto:crittenc@smtp.lsc.gov) or at [acctguid@smtp.lsc.gov](mailto:acctguid@smtp.lsc.gov).

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### III.

## LSC-OIG Answers to Questions and Comments About Investigations

*Question: How do investigations differ from audits?*

*Answer:* This is a very good question and there is no one, easy answer. The work of OIG investigators and auditors can appear extremely similar. Both work in support of the mission of the OIG and seek facts through review of

documents and interviews. There are, however, many differences. Auditors and investigators, for example, have different professional training and do their work under different applicable standards. The biggest overall difference, however, is that the work of auditors is usually proactive--planned in advance, with the goal of developing recommendations which can improve programs and processes. Investigations are usually reactive--undertaken in response to a report or other evidence of crime, with the goal of presenting evidence upon which prosecutions can be brought when appropriate.

LSC-OIG investigators also provide assistance, as requested, to other law enforcement agencies doing the primary criminal investigations at LSC grantees and help grantees identify the breakdown in internal controls which permitted the loss. LSC-OIG auditors and investigators cooperate as necessary, sharing expertise and experience, with the goal of achieving the most beneficial result from the work of the OIG.



*Comment: A summary of claims and complaints could help programs prevent loss and abuse.*

*Answer: We agree that a summary of losses suffered and corrective actions taken to prevent recurrence will be helpful. For this reason, we will be providing comprehensive statistics and more specific details in the upcoming issue of the "OIG UPDATE," last published in June of 1995. This newsletter should be distributed in the near future.*

The most frequent loss reported is theft of computer and other electronic equipment due to a burglary. We also receive, with some regularity, notifications of loss of program and client trust funds due to embezzlement or fraud.

The majority of complaints we receive concern the denial of services or quality of grantee services, both of which are normally referred to LSC's Office of Program Operations.



#### IV.

### **OIG Answers to Grantees' Questions and Comments About the [OIG Website](#)**

*Comment: It would be helpful to know the size of a file before downloading it.*

*Answer: We agree and have made this information available for files that can be downloaded.*



*Comment: It would be good if the [website](#) had regular updates of interesting ideas and regular reports on using technology effectively.*

*Answer: The [website](#) does have a "What's New" section headlining changes to the site over the last few months. In the near future we will be creating a new section addressing effective use of technology.*