

**Client Trust Fund Inspection Report**  
**Grantee: East Arkansas Legal Services**  
**Recipient No. 604041 - Helena Branch Office**  
**Report No. OIG 00-010a**

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FINAL REPORT

August 9, 2000

VIA E-mail  
Mr. Carl Holden  
Acting Executive Director  
East Arkansas Legal Services  
500 E. Broadway  
West Memphis, Arkansas 72303

Recipient No. 604041

Dear Mr. Holden:

The on-site inspection of the Helena branch office was conducted on June 2, 2000. The inspection determined that the office was in general compliance with the LSC Accounting Guide. The inspection identified the following areas where internal controls should be improved:

1. The branch office client trust fund custodian had not been receiving proper oversight by the office manager. Monthly client trust fund reports were not being reviewed by the office manager as required by grantee policy. It is strongly recommended the office manager review grantee policy to ensure appropriate oversight.
2. The branch needs to improve segregation of duties as outlined in the Accounting Guide pages 86-87. The responsibilities of the custodian should not include all of the following: receiving cash or checks, issuing receipts, preparing the bank deposit slips, and depositing money. This is the same situation that allowed the former custodian to embezzle approximately \$2000.00 of client trust funds during the period 1995 through 1997. We strongly recommend the office have another staff person share the duties involved with the receipt and deposit of client trust funds, instead of the custodian performing all of the duties. These changes would help to ensure an adequate separation of duties as outlined in the LSC Accounting Guide.
3. The branch office had been accepting cash from clients without keeping the funds adequately secured. This practice is against the grantee's policy. The branch office should be reminded by the main office of client trust fund policies. At the conclusion of this inspection, the branch office was instructed by the main office not to accept cash in the future.
4. The branch office had not been documenting the reason for disbursements as required by the Accounting Guide and grantee

policy. At the conclusion of this inspection, the branch office was instructed by the main office to begin using a Requisition for Trust Account Check form which is to be prepared by an attorney and approved by an approving official.

5. The Helena branch office did not have an updated bank signature card. The grantee needs to request that the board approve a new signature card for this branch office.

Please provide a copy of this report to each member of the board of directors of East Arkansas Legal Services.

Sincerely,

(Signed)

E.R. Quatrevaux  
Inspector General