

Client Trust Fund Inspection Report
Grantee: Southern Arizona Legal Aid
Recipient No. 703050
Report No. OIG 00-013

FINAL REPORT

December 13, 2000

Mr. Paul Julien
Executive Director
Southern Arizona Legal Aid
64 East Broadway Boulevard
Tucson, Arizona 85701

Recipient No. 703050

Dear Mr. Julien:

This report (OIG 00-013) provides the results of our inspection of Southern Arizona Legal Aid's client trust fund accounts at the main office and the branch offices in Sacaton and Sells. The inspection focused on compliance with record keeping requirements established in the LSC Accounting Guide For LSC Recipients (Accounting Guide). The on-site inspection was conducted September 19-27, 2000. The inspection determined that Southern Arizona Legal Aid generally complied with the LSC Accounting Guide. However, internal controls should be improved in the following areas:

1. Some trust fund checks issued to clients remained outstanding for more than a year. We suggest that the grantee revise its current policy to require that a letter be sent to the client after a check has been outstanding for over two months. If the client's address is unknown, local telephone directory assistance should be consulted, and an Internet search should be made, e.g. through (www.whowhere.lycos.com).
2. The grantee had not escheated all unclaimed client trust funds to the state of Arizona as required by state law. We suggest that the grantee establish a process to track unclaimed funds and report them to the state in accordance with state escheat regulations.
3. The general ledger was not always posted on a monthly basis as required by the Accounting Guide and grantee policy. At the conclusion of this inspection the grantee agreed to begin posting on a monthly basis.
4. Some bank signature cards were out of date. We suggest they be promptly updated.
5. The Financial Manual did not reflect all current client trust fund procedures and should be updated. After updating the manual, we suggest it be distributed to all branch offices.

6. The Sacaton branch office had a number of old cases that had been closed, but balances remained in their client trust accounts. Attempts should be made to contact the clients with balances in their accounts. If the client cannot be located, the unclaimed funds should be returned to the main office to be escheated in accordance with state law.
7. The Sells branch office accepted money orders and cashiers checks made out to the Clerk of the Court but did not give the clients receipts or maintain client ledger cards. A staff member then takes the money to the Clerk of the Court. We suggest the office issue receipts and prepare client ledger cards as required by the Accounting Guide or have the client take the money directly to the court.

Please provide a copy of this report to each member of the Board of Directors of Southern Arizona Legal Aid.

Sincerely,

(Signed)

Leonard J. Koczur
Acting Inspector General