

**Client Trust Fund Inspection Report**  
**Grantee: Wyoming Legal Services, Inc.**  
**Recipient No. 751038**  
**Report No. INP 01-006**

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FINAL REPORT

September 27, 2001

Ms. Janet Millard  
Executive Director  
Wyoming Legal Services, Inc.  
799 S. Highway 789  
P.O. Box 1160  
Lander, Wyoming 82520

Recipient No. 751038

Dear Ms. Millard:

This final report (INP-01-006) provides the results of our inspection of the Wyoming Legal Services, Inc. client trust fund (CTF) accounts at the main office and at the Casper branch office. 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 on July 30 through August 3, 2001. The inspection determined that Wyoming Legal Services Inc. generally complied with the LSC Accounting Guide. However, internal controls should be improved in the following areas:

1. **CTF Use.** On one occasion the Casper branch office improperly used the CTF. The office deposited funds received from the main office for the purchase of a scanner in the client trust fund account. When the scanner was purchased, it was paid for with a check written on the CTF account. Using the CTF for other than client funds violated the grantee's policy and Wyoming State Bar Association regulations. This appeared to be an isolated problem and client funds were not misused. We suggest that branch offices be reminded that the CTF accounts should only be used for client trust transactions.

2. **CTF Oversight.** The main office in Lander did not provide oversight of CTF. The office did not receive and review: CTF bank statements, check reconciliation reports or supporting documentation for receipts and disbursements. We suggest that CTF bank statements be sent directly to the Lander office. Copies of the bank statement could be sent to the branch offices for check reconciliation. Copies of the reconciliation and backup

documentation for transactions should be sent to the main office for monthly review.

3. **Escheat Laws.** The grantee did not escheat almost \$320 in accordance with state law. These funds originated at the Cheyenne branch and the account has been inactive since approximately 1998. The Executive Director informed us that the state declined to accept the funds and that she was seeking clarification of escheat procedures from the Wyoming State Bar. In response to our report, the grantee explained that the money originated from the Legal Services for Southeastern Wyoming and stated that that Wyoming Legal Services had no real authority over it. Wyoming Legal Services is the sole LSC grantee in the state, is responsible for the account and should take corrective action.

4. **Cash Deposit Box.** The main office kept cash deposits in an unlocked file cabinet drawer. We suggest that all cash deposits be kept in a locked cash box or file cabinet.

5. **Fund Disbursement.** The grantee did not document CTF disbursement requests. The main office and the Casper branch office disbursed funds based on the responsible attorney's verbal instruction. We suggest that an authorization form, signed by the requesting attorney, be used to document all disbursements.

6. **General Ledger.** The main office did not have copies of the program's general ledger. The contract accountant maintains the ledger. We suggest that the grantee require the accountant to provide monthly copies of the general ledger and that they be reviewed.

7. **Segregation of Duties.** The Casper office did not maintain an adequate segregation of duties. The CTF custodian performed all receipt and deposit functions including, receiving cash or checks, issuing receipts, preparing the bank deposit slips, depositing the funds received, receiving the original bank statement and preparing the bank reconciliation. These duties should be shared between the custodian of the client trust fund and other staff employees to ensure an adequate segregation of duties as outlined in the LSC Accounting Guide pages 86-87.

8. **Receipts.** The Casper branch office did not consistently give clients pre-numbered receipts for cash received. We suggest that this office provide pre-numbered receipts to every client providing funds.

10. **Outstanding Checks.** Fifteen checks totaling \$875 issued to clients remained outstanding for over two months. No attempt was made to locate the check recipients. LSC recommends that checks outstanding over 60 days be cancelled. The grantee's policy requires that a list of outstanding checks be prepared annually. Waiting for a year to contact the recipients of un-cashed checks is too long. We suggest that the grantee adopt a policy requiring a monthly review of outstanding checks. Letters should be sent to clients who have checks that are not cashed within two months. If the clients do not respond, checks outstanding over 60 days should be promptly cancelled.

11. **Outdated Policy Manual.** The grantee is using an outdated policy manual that should be updated to reflect the current policies.

We made a few minor changes in the report based on the grantee's comments on the draft report.

Please provide a copy of this report to each member of the Board of Directors of Wyoming Legal Services, Inc.

Sincerely,

Leonard J. Koczur  
Acting Inspector General