

Client Trust Fund Inspection Report
Grantee: Legal Services for Cape Cod & Islands, Inc.
Recipient No. 122080

September 10, 2002

Raymond A. Yox
Executive Director
Legal Services for Cape Cod and Islands, Inc.
460 West Main Street
Hyannis, MA 02601-3695

Recipient No. 122080

Dear Mr. Yox:

This final report (INP-02-004) provides the results of our inspection of the client trust fund accounts for the Legal Services for Cape Cod and Islands, Inc. 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 between July 24 through July 26, 2002 at the main office and the Plymouth branch office. The inspection determined that Legal Services for Cape Cod and Islands, Inc. does not fully comply with the LSC Accounting Guide. Internal controls should be improved in the following areas.

1. **Improper referencing to general ledger.** The cash/check receipts reference numbers in the main office are not recorded in the reference column of the general ledger. It is difficult to trace receipts from the general ledger to the receipts book. We suggest that the number in the cash receipt book be included in the reference column of the general ledger as the cash or check is posted or recorded.
2. **Segregation of duties.** The main office did not maintain an adequate segregation of duties. The fiscal person prepared client ledger cards and bank deposit slips, deposited the funds, balanced the CTF account bank statements and reconciled the bank statements to the general ledger. These duties should be shared among the fiscal person and other staff employees to ensure an adequate segregation of duties as outlined in the LSC Accounting Guide.
3. **Receipts.** The Plymouth office did not give clients pre-numbered receipts for cash or checks received. We suggest that this office give receipts from a pre-numbered receipt book and provide copies of these receipts to the main office.

The Executive Director's comments on the draft report indicated agreement with the inspection's findings and suggestions with the exception of a delayed deposit for \$250. The grantee stated that the deposit was made on July 2,

2002 and not on July 17, 2002. After considering the grantee's comments, we deleted the finding and suggestion. The comments indicated that the other suggestions had been or would be implemented.

Please provide a copy of this report to each member of the Board of Directors of the Legal Services for Cape Cod and Islands, Inc.

Sincerely,

Leonard J. Koczur
Acting Inspector General