LEGAL SERVICES CORPORATION
OFFICE OF INSPECTOR GENERAL

REVIEW OF CASE STATISTICAL REPORTS

Grantee: **New Orleans Legal Assistance Corporation**
Recipient No. 619030

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EXECUTIVE SUMMARY

The 1998 Grant Activity Report submitted by New Orleans Legal Assistance Corporation (grantee) overstated the number of cases closed during the year by 7 percent. The grantee reported 6,058 closed cases, but only an estimated 5,630 cases qualified to be reported as closed during 1998. The grantee also overstated cases open at year-end in its 1998 report. The grantee had an estimated 3,046 cases open at year-end, but reported 3,937 cases.

There were three causes for the overstatement of closed cases. Our review of a sample of 85 closed cases revealed that: three cases were reported as closed in 1998 even though legal activity had ceased prior to 1998; two cases did not involve the provision of legal services; and one case file could not be located by the grantee.

Open cases at year-end were overstated for four reasons. Due to a computer malfunction, 485 cases were reported open even though they had been closed during the year. Our review of a sample of 85 open cases revealed that: 8 cases should have been closed because legal activity had ceased; 1 case should have been rejected; and 1 case was a duplicate.

Another issue, not directly related to case counting, was disclosed during our review. In a sample of 85 open cases, 9 cases that were opened in 1997 or earlier years lacked documentation showing that the grantee provided oversight of the attorneys handling the cases under the Private Attorney Involvement program.

Recommendations to correct the above problems are on page 8.

BACKGROUND

New Orleans Legal Assistance Corporation is a nonprofit entity organized to provide legal services to indigent individuals who meet established eligibility guidelines. Its priorities include housing, family, health, income maintenance and consumer issues. The grantee is headquartered in New Orleans, La. and has two branch offices, one in Marrero and the other in Chalmette. It is staffed with 22 attorneys, 5 paralegals, and 14 other staff who assist with cases and provide computer, accounting, and administrative support services. The grantee received funding totaling $2,307,571 in 1998, of which about 88.8 percent or $2,048,753 came from LSC. To satisfy its Private Attorney Involvement requirement, New Orleans Legal Assistance Corporation relies on a judicare program and a subgrant to the New Orleans Pro Bono Project.

The grantee prepares and submits an annual Grant Activity Report to LSC on key aspects of its workload. The report includes statistics for basic field services and Private Attorney Involvement programs financed with LSC funds, including the number of open and closed cases, types of cases, and the reasons for closing cases. For calendar year 1998, New Orleans Legal Assistance Corporation reported 6,058 closed cases and 3,937 open cases to LSC. The grantee kept track of client cases with the WNYLC TIME System, an automated management information system.

The grantee's annual closed case statistics are its primary workload indicators and performance measures. In contrast, the reported open cases are not a significant measure of a grantee's volume of work or productivity. Open cases are simply the cases that have not been closed as of the last day of the reporting period. These open cases will eventually be closed and reported in the Grant Activity Report. In fact, most will be reported as closed in the following year. Even though the number of open cases has limited utility as a productivity indicator, it is important that open cases be accurately reported. If the open case count is inaccurate, future reporting of closed cases, in all probability, also will be inaccurate. In addition, inaccurate reporting of open cases may indicate deficiencies in the underlying case management system used to produce the data for the Grant Activity Report. These deficiencies could result in the less effective management of legal services delivery.

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of this review was to determine whether the grantee provided LSC with accurate case statistical data in its 1998 Grant Activity Report.

The Office of Inspector General performed this review from October 4-13, 1999, at the grantee's main office and at both of its branch offices. The OIG examined the grant proposal submitted to LSC by New Orleans Legal Assistance Corporation for 1998 and the grantee's 1998 Grant Activity Report. During the on-site visit, the OIG interviewed and collected information from the grantee's executive director, managing attorneys, staff attorneys, paralegals, intake staff, information system specialist, and other support staff.

The OIG also obtained and reviewed the data in the grantee's automated case management system to determine if the case statistical data reported to LSC in the Grant Activity Report was consistent with information in client case files and in compliance with applicable LSC reporting requirements.

The OIG selected a random sample of 85 closed cases and a second random sample of 85 open cases for detailed review. The sample cases were selected from the grantee's case management system. Actual overstatements of cases identified by the OIG were eliminated from the universe before making our projections to preclude double counting of errors. The observed error rate for closed cases was about 7 percent (6 errors in 85 cases). Using the binomial distribution, the 90 percent confidence interval was calculated, obtaining a lower and upper estimate of about 4 percent and 12 percent for the true mean number of errors. For open cases, the observed error rate was 12 percent with a lower and upper range of 7 percent to 17 percent.

We performed this audit in accordance with *Government Auditing Standards* (1994 revision) established by the Comptroller General of the United States and under authority of the Inspector General Act of 1978, as amended and Public Law 105-277, incorporating by reference Public Law 104-134, §509(g).

RESULTS OF AUDIT

Case Service Reporting

The grantee's 1998 Grant Activity Report overstated the number of cases closed during the year and the number remaining open at year-end. Closed cases were overstated because some cases were reported as closed in 1998 although legal activity had ceased in prior years. The grantee did not provide legal services for some of the cases reported to LSC and some case files were missing. Open cases were overstated because a computer malfunction resulted in reporting some closed cases as open at year-end. Additionally, some cases reported as open at the end of 1998 should have been closed. Also, some open cases should have been rejected and some were reported more than once.

Case Service Reporting Requirements

LSC requires recipients to submit an annual Grant Activity Report summarizing the previous year's legal services activity wholly or partially supported with LSC funds. The information in the report includes total number of cases worked on, types of legal issues, number of open and closed cases, and the reasons cases were closed. The report also includes information on Private Attorney Involvement cases. The Case Service Reporting Handbook and Grant Activity Report instructions provide reporting criteria for cases. Reported cases must be for eligible clients and within the recipient's priorities. Eligibility is based on income and citizenship determinations and must be documented.

LSC Uses of Grant Activity Report

LSC uses grantee case statistical information to support the Corporation's annual budget request and as a performance measure in the performance plan submitted in response to the Government Performance and Results Act. The compilation of program-wide data on open and closed cases is an integral part of the management oversight process and also allows LSC management to keep its Board of Directors and the Congress informed of significant program activities and performance. In response to the annual reporting requirement, the grantee submitted the following information to LSC:

Type of Legal Problem	Closed	Open
Consumer/Finance	762	870
Education	43	21
Employment	99	35
Family	2,381	1,959
Juvenile	15	8
Health	54	6
Housing	1,094	382
Income Maintenance	1,049	410
Individual Rights	147	44
Miscellaneous	414	202
TOTALS	**6,058**	**3,937**

Examination of Reported Cases

The grantee should have reported an estimated 5,630 closed cases and an estimated 3,046 open cases in its 1998 Grant Activity Report. Our review of the sample of 85 closed cases revealed 6 case counting errors. Based on these errors, an estimated 428 cases were incorrectly reported as closed in 1998.

Cases reported open at the end of 1998 were overstated by the erroneous inclusion of 485 cases due to a computer malfunction. Our review of the sample of 85 opened cases revealed an additional 10 case counting errors, resulting in an estimated overstatement of 406 cases. Therefore, the open cases were overstated by an estimated 891 cases.

CLOSED CASES

Untimely Closure of Cases

Cases were reported as closed in 1998 even though legal activity on the cases had ceased before 1998. We reviewed 85 closed cases and determined that 3 should have been closed prior to 1998. The responsible case handlers confirmed that the 3 cases should have been closed in 1997 or earlier years.

Legal Assistance Not Provided

The Grant Activity Report included cases for which no legal assistance was provided. Review of the documentation in the 85 closed case files sampled found that 2 cases did not involve the provision of legal services. The attorneys or paralegals responsible for these 2 cases confirmed that legal services were not provided.

Missing Case File

Of the sample of 85 closed cases we selected for review, 1 case file could not be located by the grantee.

OPEN CASES

Computer Malfunction

Cases reported open at the end of 1998 were overstated by the erroneous inclusion of 485 cases. This error occurred because the grantee's computer counted cases closed on December 31, 1998 as both closed and open on that date. Legal services were no longer being provided to the clients and the cases were correctly reported as closed.

Untimely Closure of Cases

Some reported open cases should have been closed because legal activity had ceased prior to the end of 1998. We reviewed 85 sample open cases and determined that 8 should have been closed. The attorney or paralegal responsible for each case confirmed that the cases should have been closed because legal services had been completed.

Rejected Cases

We reviewed 85 open cases and determined that 1 was not a case and should have been rejected. The client was not eligible for and did not receive legal assistance. The attorney responsible for this case agreed that the case should have been rejected.

Duplicate Cases

We determined that 1 duplicate open case was reported. A client made multiple requests for assistance for the same legal problem. Each request was treated as a separate case and reported to LSC even though the same legal problem was involved.

ADDITIONAL CASE MANAGEMENT ISSUE

Private Attorney Involvement Oversight

The grantee's staff did not always document its oversight of Private Attorney Involvement cases. In the sample of 85 open cases, 9 case files that were opened in 1997 or earlier years lacked documentation of any oversight of the attorneys who were assigned the cases under the grantee's Private Attorney Involvement program. The grantee did not have adequate procedures to sufficiently document the oversight of attorneys handling cases under its Private Attorney Involvement program.

CONCLUSIONS

The grantee needs to improve the accuracy of the case statistics reported in the Grant Activity Report. Its 1998 report overstated both closed and open cases. Grantee management needs to improve supervisory review procedures to ensure cases are properly classified as open or closed. The grantee should also review the data supporting the Grant Activity Report to detect errors and correct them before the report is submitted to LSC. Additionally, the grantee needs to improve its oversight of the Private Attorney Involvement program to adequately document the status of private attorney cases.

RECOMMENDATIONS

The OIG recommends that grantee management:

1. Instruct staff that instances in which legal services were not provided to the client should not be reported to LSC as cases.

2. Implement procedures requiring supervisors to periodically review a sample of closed cases and determine if legal services were provided to the client.

3. Instruct staff that cases should be closed in the year legal activity ceased.

4. Implement procedures to periodically review a sample of closed cases and determine if cases are being closed in a timely manner.

5. Implement procedures to periodically review a sample of open cases and determine if cases are being properly classified as active.

6. Adopt written internal procedures and forms to adequately document the oversight of its Private Attorney Involvement program.

SUMMARY OF GRANTEE COMMENTS AND OIG DECISIONS

Grantee Comments

The grantee agreed to implement the six recommendations in the draft report. The comments stated that Recommendations 1, 2, 3, and 5 had been implemented and that Recommendation 4 had been partially implemented. Recommendation 6 involved the adoption of written internal procedures and forms to adequately document the oversight of its Private Attorney Involvement program. According to the grantee "No LSC regulations or directives require that oversight of private attorneys assigned PAI cases be documented." Grantee management agreed that their oversight of PAI cases could be improved. The OIG discussed the comments with the Executive Director who stated that the grantee plans to adopt Recommendation 6.

OIG Decision

We revised the statement on our sampling methodology on page 3 to clearly indicate the sample size selected and the evaluation of the errors found in the sample cases.

Please provide a corrective action plan for implementation of Recommendations 1 through 6. The corrective action plan should include a description of the action taken to implement the recommendations and the dates corrective action was completed, or will be completed for the recommendations not yet implemented. Please submit the corrective action plan to the OIG within 30 days of the date of this report.

APPENDIX I

LISTING OF FINDINGS AND ASSOCIATED RECOMMENDATIONS

Findings:

1: Closed cases were overstated (page 6)
Recommendations #1 - 4

2. Open cases were overstated (page 6)
Recommendation #5

3. Oversight of Private Attorney Involvement Program (page 7)
Recommendation #6

APPENDIX III

OIG STAFF RESPONSIBLE FOR THE AUDIT AND THE REPORT

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