

LEGAL SERVICES CORPORATION
OFFICE OF INSPECTOR GENERAL

REVIEW OF CASE STATISTICAL REPORTS

Grantee: Gulf Coast Legal Foundation
Recipient No. 744060

AU99-015

JULY 1999

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND.....	2
OBJECTIVES, SCOPE AND METHODOLOGY	3
RESULTS OF AUDIT	4
Case Service Reporting	4
Case Service Reporting Requirements.....	4
LSC Uses of Grant Activity Report	4
Use of Automated Case Management System to Prepare Annual Grant Activity Report	5
Examination of Reported Cases	5
Old Cases No Longer Serviced	5
Other Closed Case Counting Problems	6
Open Case Counting Problems.....	6
Other Case Management Issues.....	7
Inconsistent Open and Closing Dates.....	7
Incorrect Funding Codes	7
Undocumented Closing Dates.....	7
Unsigned Citizen Attestation Forms.....	8
CONCLUSIONS	8
RECOMMENDATIONS	8
SUMMARY OF GRANTEE COMMENTS ON DRAFT REPORT	9
OFFICE OF INSPECTOR GENERAL COMMENTS	10
APPENDIX I - LISTING OF FINDINGS AND ASSOCIATED RECOMMENDATIONS ..	12
APPENDIX II - GULF COAST LEGAL FOUNDATION COMMENTS ON DRAFT REPORT	II-1

EXECUTIVE SUMMARY

The 1997 Grant Activity Report submitted by Gulf Coast Legal Foundation overstated the number of cases closed during the year by approximately 23 percent. The grantee reported 9,042 closed cases but only an estimated 7,027 cases qualified to be reported as closed cases during 1997. The grantee also overstated the number of cases open at year-end.

Closed cases were overstated primarily because 677 cases that dated back several years were reported as closed in 1997 even though all legal services were provided prior to 1997 and no time was spent on the cases during the year. Based on a review of sample cases, an estimated 1,338 additional cases should not have been reported. Some of these cases were not supported by case documentation, some cases were duplicates, some did not qualify to be reported as cases because no legal services were provided, and some cases involved the provision of legal services to ineligible clients.

A total of 4,653 cases were reported as open. Some of these cases were closed in case files but not in the automated case management system on which the Grant Activity Report was based. Other cases involved legal services provided to ineligible clients, and some reported cases were not supported by case files.

Other issues not directly related to case reporting accuracy were also disclosed during this review. Review of a sample of case files indicated that the case management system included inconsistent case opening and closing dates, incorrect funding codes, and undocumented case closing dates. Some files lacked signed citizen attestation forms.

Recommendations to correct the above problems are on page 8.

BACKGROUND

The Gulf Coast Legal Foundation (grantee) of Houston, Texas, is a nonprofit Texas corporation organized to provide legal services to indigent individuals who meet established eligibility guidelines. The grantee is headquartered in Houston and has branch offices in Houston, Angleton, Bellville, Bryan and Galveston. Its staff includes approximately 37 attorneys, 4 paralegals, and 24 other staff who provide computer, accounting, and administrative support services. In 1997, the grantee received funding totaling about \$5.1 million. About 90 percent, or \$4.6 million came from LSC. The grantee attempts to meet its Private Attorney Involvement requirement primarily through the Aid for Victims of Domestic Abuse and Houston Volunteer Lawyers Program.

The grantee is required to prepare and submit 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 funded with LSC funds, including the number of open and closed cases, types of cases, and the reasons for closing cases. For 1997, the grantee reported to LSC that it closed 9,042 cases and had 4,653 cases open at year-end.

The grantee keeps track of client cases primarily through an automated case management system "Clients for Windows" (installed in August 1997) which operated only at its headquarters office. The Private Attorney Involvement cases are also recorded in the case management system, which is the source of the information used in the Grant Activity Report.

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 1997 Grant Activity Report.

The Office of Inspector General (OIG) performed this review from June 15 through June 26, 1998, at the grantee's main office and subrecipient offices in Houston and a branch office in Galveston. The OIG obtained and examined the grantee's 1996 and 1997 grant proposals to LSC, its 1997 grant activity report and 1997 Program Integrity certification. During the on-site visit, the OIG interviewed and collected information from the grantee's executive director, director of litigation, 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 randomly selected 85 client cases for detailed review. Eleven additional client cases which appeared to be duplicates to those cases in the sample were also reviewed.

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 105-119, incorporated by reference Public Law 104-134, §509(g).

RESULTS OF AUDIT

Case Service Reporting

The grantee's 1997 Grant Activity Report overstated the number of cases closed during the year and the number remaining open at year-end. The overstatement of closed cases occurred primarily because cases were reported as closed in 1997 even though all legal service had been completed in prior years and no staff time was spent on them during the year. Additional overstatements occurred because cases were not documented, because they were duplicates of other cases, because no legal services were provided, and because the legal services were provided to ineligible clients.

Open cases were overstated because cases that were no longer being serviced were reported as open, some cases involved ineligible clients, and some cases were not documented. Several other recordkeeping problems that did not affect the accuracy of reported closed and open cases were also found.

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 asset 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.

Use of Automated Case Management System to Prepare Annual Grant Activity Report

"Clients for Windows" is a data processing system that allows the grantee to store, retrieve, and analyze information about client cases and the organization's delivery of legal services. It was installed by the grantee in August 1997 to produce annual case statistical reports to LSC. The grantee used the case records as the basis for its Grant Activity Report.

In response to the annual reporting requirement, the grantee submitted the following information to LSC:

Type of Legal Problem	Closed	Open
Consumer/Finance	783	380
Education	14	5
Employment	195	75
Family	4,613	2,002
Juvenile	2	0
Health	166	82
Housing	1,061	468
Income Maintenance	1,814	1,488
Individual Rights	86	57
Miscellaneous	308	96
TOTALS	<u>9,042</u>	<u>4,653</u>

Examination of Reported Cases

The grantee reported 9,042 closed cases instead of 7,027 in its 1997 Grant Activity Report. Open case statistics were also overstated, but we did not estimate the total over statement of open cases.

Old Cases No Longer Serviced

The grantee incorrectly reported an estimated 677 old cases as closed in 1997 that should have been closed and reported in prior years. No staff time was spent on these cases during 1997. The majority of these cases were closed as "client withdrew" (272 cases) and as limited service cases (258 cases). Limited services cases are categorized as "counsel and advice, brief services" and "referred after legal assessment." They usually require little professional staff time, all work is usually completed shortly after the cases are opened, and most are closed

relatively close to the date they are opened. The remaining 147 cases were closed as "insufficient merit, change in eligibility status," or "other."

Considering the type of cases involved, and that no work was performed on them during the year, we concluded that the 677 cases should not have been reported as closed during 1997. Our review consisted of cases reported as closed during 1997 that were opened prior to November 1996. Examples illustrating the problem included a case opened in 1991 and closed as "brief services and advice" in 1997. Another case was opened in 1992 and closed as "advice and counsel" in 1997. No work was performed in either of the cases in 1997. A third case was opened in September 1986 and remained open until December 1997 when it was closed because the case file could not be located and the case management system did not include the name of an attorney assigned to the case.

Other Closed Case Counting Problems

The aged limited service cases were the largest single cause of overstated closed cases. However, other overstatements occurred totaling an estimated 1,338 cases. A review of 57 sample closed cases indicated that 9 cases (16 percent) should not have been reported. (Extrapolating this sample error rate to an adjusted universe of closed cases resulted in an estimate of 1,338 cases that should not have been reported. To preclude the double counting of errors, we subtracted the 677 old limited services case errors from the reported 9,042 closed cases to arrive at an adjusted universe of 8,365 closed cases.) The error rate was applied to this adjusted universe of closed cases. Four categories of errors were found.

- Four case files could not be located and therefore there was no support for the reported cases.
- Two cases were duplicates of previously reported cases.
- Two contacts with clients were reported as cases even though no legal services were provided. In these cases, individuals made appointments to discuss legal problems with grantee attorneys. A case was opened when the appointments were made. The individuals did not keep the appointments and the cases were closed and reported even though no legal services were provided.
- In one case an individual whose income exceed the amount allowed by LSC regulations was provided legal services.

Open Case Counting Problems

Our review of a sample of 28 open cases indicated that 8 cases (29 percent) should not have been reported in the Grant Activity Report. Five of the 28 sample open cases should have been closed. Legal work on the cases ceased prior to 1997 and the responsible attorneys closed the case files. However, the cases remained open in the automated case management system and were included in the Grant Activity Report. In two other cases legal assistance was provided to ineligible clients who were not citizens or legal resident aliens. The case file for one client could not be located and the case should not have been included in the Grant Activity Report.

OTHER CASE MANAGEMENT ISSUES

Several additional types of case management system problems surfaced during our review. In a sample of 80 files reviewed, a total of 47 errors were found. Some files contained multiple errors. The errors occurred in both the automated case management system and the paper files supporting the system data.

Inconsistent Open and Closing Dates

The open and closed dates in the automated system for 32 cases differed from the dates documented in the case files. In some cases the dates varied only by a day or two but in other cases the difference in dates ranged from 10 days to several months.

Incorrect Funding Codes

The funding codes for 11 cases were incorrect in the case management system. The cases were recorded as being funded by non-LSC sources even though they were funded by LSC. The cases were reported in the Grant Activity Report despite the error.

Undocumented Closing Dates

The files for two reported closed cases did not include documentation for the closing dates. In both cases legal services were no longer being provided but the documents closing the cases were not in the file.

Unsigned Citizen Attestation Forms

Two case files, one open and one closed, did not contain signed citizen attestation forms.

CONCLUSIONS

The grantee needs to improve the accuracy of the case statistics reported in the Grant Activity Report. Its 1997 report overstated closed cases and open cases. The reporting problems were caused by a lack of management attention to preparation of the report and inadequate controls over case openings and closures. The problems can be solved by producing and reviewing case management system reports to ensure system data is accurate and adding controls over case processing. LSC recently issued Program Letter 99-2 which requires grantees to perform a self- assessment of the accuracy of their 1998 Grant Activity reports.

RECOMMENDATIONS

The OIG recommends that grantee management:

1. Implement procedures requiring that limited service closed cases be reported in the year service was provided.
2. Review cases opened prior to 1999 to determine if legal services are being provided and close those that are no longer being serviced. (Note: Cases that were completed prior to 1999 should not be included in the 1999 Grant Activity Report.)
3. Implement procedures to establish controls over case files to prevent them being lost.
4. Implement procedures for producing case management system reports and circulate them to managing attorneys and case handlers to verify the accuracy of data in the system.
5. Implement procedures to periodically produce a "near duplicate" report from the case management system and eliminate all duplicate cases in the system.

6. Review the 1998 Grant Activity Report, with emphasis on older cases, and resubmit the report to LSC if significant errors, (i.e. more than 5 percent) are found. This recommendation may be satisfied through the self-assessment required by Program Letter 99-2.
7. Implement procedures requiring the Executive Director, or a designee, to review case service information for accuracy and completeness prior to submission of the Grant Activity Report to LSC.

SUMMARY OF GRANTEE COMMENTS ON DRAFT REPORT

The grantee's comments addressed most of the report findings. Some findings were not addressed because the grantee was not provided the case files that were in error. The grantee stated that a more comprehensive response would be provided after the OIG provided details on individual case files. Specific comments follow.

Old Cases No Longer Serviced. The grantee had the following comments on the report section covering old cases. The draft report indicates that 677 limited services cases should have been closed and reported in prior years. The report states that no staff time was spent on the cases during the year. This conclusion was based on the auditor's notion that the cases require little staff time and work is completed and the cases are closed relatively close to the date they are opened. There is no indication that the cases were reviewed to support the conclusion. A number of factors determine when a case should be closed: such as waiting for filing fees, waiting for a homeless client to return, searching for a witness or defendant, clients awaiting decisions on benefits, etc.

The grantee could not find a CSR procedure requiring cases to be closed as the report indicated. The grantee was familiar with new LSC case closing procedures but questioned their retroactive application.

Other Closed Case Counting Problems. The grantee's comments questioned the OIG's conclusions because they were based on a review of small sample of case files. The grantee stated that it is virtually impossible to reach conclusions about errors unless every case file is examined.

Errors Not Addressed. The grantee did not address the report findings on: four case files that could not be located, two duplicate cases, two contacts that were reported as cases, and one over income case. The grantee said that further information was needed.

Open Case Counting Problems. The grantee reiterated the comments on sampling and assumptions made on closed cases.

Other Case Management Issues. The grantee agreed with the findings on inconsistent open and closing dates and incorrect funding codes and provided explanations on how they occurred. The other findings were not addressed.

Recommendations. The grantee stated that most of the report recommendations had been implemented.

The grantee's comments are included in Appendix II.

OFFICE OF INSPECTOR GENERAL COMMENTS

We reviewed the grantee's comments and concluded that most did not necessitate report changes. However, the grantee's comments on open cases resulted in changes to the report. Specific comments follow.

Old Cases No Longer Serviced. The conclusion that 677 cases should have been closed and reported in prior years was based on a printout of closed cases provided by the grantee. These cases were opened prior to November 1996 and no staff time was charged to them during 1997. The fact that no legal services were provided during the year clearly supports the conclusion that legal services ceased prior to 1997 and the cases should have been closed in prior years.

Although many factors determine when a case should be closed, the examples cited by the grantee generally do not apply to limited services type cases.

The Case Service Report handbook states that "The purpose of the Case Service Report is to obtain quantifiable information on the types of legal work provided by legal services programs." The handbook also clearly indicates that data is collected on an annual basis. On the first page alone it mentions annual reporting four times. Clearly the Case Service Report is intended to collect annual statistics and not cumulative statistics on prior year services.

Good case management dictates that cases be closed when legal services are no longer provided. Otherwise annual statistics are meaningless. We could find no justification for cases remaining open when legal services were no longer being provided. Furthermore, keeping cases open when legal services are no longer provided distorts a program's workload when it finally closes cases that may not have been worked on for several years.

Other Closed Case Counting Problems. Auditing is based on sampling because it is impractical to review every case. Sampling can give a good indication that a problem exists. The 16 percent error rate found for closed cases provides sufficient evidence that the grantee's case counting was inaccurate. We note that grantee management agreed to adopt our recommendations for corrective action.

Errors Not Addressed. All the cases that the grantee did not comment on were discussed with the responsible staff.

Open Case Counting Problems. Our sample of open cases was smaller than the sample of closed cases. It showed an error rate of 29 percent, which indicates a problem in open case reporting. Grantee management apparently agrees because it agreed to adopt our recommendations. In view of the recommendations being accepted, we eliminated the projection of errors in open cases and only reported the sample results. We changed the Executive Summary, and report sections "Examination of Reported Cases (p. 5) and "Open Case Counting Problems"(p.7).

Other Case Management Problems. The findings on undocumented closing dates and unsigned citizen attestation forms were discussed with the responsible staff who agreed with our determinations.

Recommendations. A corrective action plan for implementing the recommendations, including dates for completion of corrective actions, must be submitted to the OIG within 30 days of the date of this report.

LISTING OF FINDINGS AND ASSOCIATED RECOMMENDATIONS

Findings:

1. Closed cases were overstated (page 4)
Recommendations #1-3, 6 and 7
2. Open cases were overstated (page 7)
Recommendations #1-3, 6 and 7
3. Other case management issues (page7)
Recommendations #3–5 and 7