



**Inspector General**  
Jeffrey E. Schanz

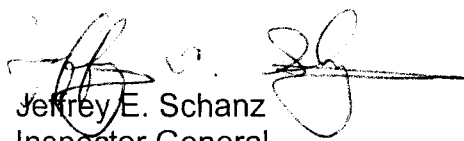
February 24, 2009

Executive Directors of LSC Recipients  
Independent Public Accountants for LSC Programs

The attached Audit Bulletin 2009-01 provides new audit guidance that has been posted to our website at [www.oig.lsc.gov](http://www.oig.lsc.gov). This bulletin requires the Independent Public Accountant for an LSC recipient to explicitly report whether the recipient's internal control systems provide reasonable assurance that the recipient is managing funds, regardless of source, in compliance with Federal laws and regulations.

This bulletin is effective for audits of LSC recipients for periods ending June 30, 2009 and for all subsequent audits.

Sincerely,

  
Jeffrey E. Schanz  
Inspector General

cc: Legal Services Corporation  
Helaine Barnett, President

Issued: February 24, 2009

**Legal Services Corporation, Office of Inspector General  
Audit Bulletin No. 2009-01**

**INTRODUCTION:** The Legal Services Corporation (LSC) Office of Inspector General (OIG) is issuing this audit bulletin to notify Independent Public Accountants conducting annual audits of LSC grant recipients of additional required reporting.

**AUTHORITIES:** Inspector General Act of 1978, as amended, 5 USC App. 3, § 4(a)(1); Pub. L. 104-134, 110 Stat. 1321, § 509 (1996).

**EFFECTIVE DATE:** This bulletin is effective for audits of LSC recipients for periods ending June 30, 2009 or after, except as otherwise authorized by LSC OIG.

**CURRENT REPORTING REQUIREMENTS:** Section 509(a) of LSC's 1996 appropriations act<sup>1</sup> requires LSC recipients to undergo annual audits conducted in accordance with generally accepted government auditing standards and guidance established by the OIG. The audit must report whether—

- (1) the financial statements of the recipient present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
- (2) the recipient has internal control systems to provide reasonable assurance that it is managing funds, regardless of source, in compliance with Federal laws and regulations; and
- (3) the recipient has complied with Federal laws and regulations applicable to funds received, regardless of source.

To implement this requirement the LSC Office of Inspector General issued the Audit Guide for Recipients and Auditors (Audit Guide) and required Independent Public Accountants (IPAs) to conduct audits in accordance with Government Auditing Standards and Office of Management and Budget (OMB) Circular A-133. The audit required by OMB Circular A-133 is performed in accordance with the general, fieldwork, and reporting standards applicable to financial audits contained in Chapters 3, 4, and 5 of *Government Auditing Standards*.

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<sup>1</sup> This requirement has been incorporated by reference in all subsequent LSC appropriations acts.

**ADDITIONAL REPORTING REQUIREMENT:** The LSC OIG has concluded that reporting requirements beyond those found in OMB Circular A-133 would assist LSC in carrying out its oversight responsibilities. The LSC OIG further believes that such reporting requirements are consistent with section 509(a)(2) of the 1996 Appropriations Act. Accordingly, it is issuing this bulletin to update and clarify its guidance.

As noted above, section 509(a)(2) requires the IPA to “report whether the recipient has internal control systems to provide reasonable assurance, that it is managing funds, regardless of source, in compliance with Federal laws and regulations.” Accordingly, IPA reports will need to include a statement as to whether the recipient has internal control systems to provide reasonable assurance that it is managing funds, regardless of source, in compliance with Federal laws and regulations. If the IPA concludes that the recipient has the requisite internal control systems to provide such reasonable assurance, the IPA must affirmatively state this. On the other hand, if the IPA concludes that the recipient does not have internal control systems to provide this assurance, the IPA must report the deficiencies and recommendations in the same format for reporting findings in relevant A-133 guidance.