



# SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2025 – MARCH 31, 2026



OFFICE OF INSPECTOR GENERAL  
**LSC** | America's Partner  
for Equal Justice  
LEGAL SERVICES CORPORATION

[WWW.OIG.LSC.GOV](http://WWW.OIG.LSC.GOV)

TO THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION  
AND TO THE UNITED STATES CONGRESS

## A Message from the Inspector General

I am pleased to submit this report on the activities and accomplishments of the Legal Services Corporation (LSC) Office of Inspector General (OIG) for the period October 1, 2025, through March 31, 2026.

During this reporting period, consistent with the goals and objectives in our [Strategic Plan](#),<sup>1</sup> we maintained a robust portfolio of oversight work for LSC and its 129 grantees. We effectively (1) assessed compliance with requirements and made recommendations for corrective action; (2) reduced the risks of fraud, waste, and abuse; and (3) anticipated and timely communicated key risks facing the civil legal assistance community along with practical mitigation measures.

Over the last six months, we conducted impactful audits, investigations, and other proactive engagements in line with the Inspector General Act, as amended. Highlights include:

- This period we closed 22 audit recommendations that spurred improvements in grantees' policies, procedures, and other internal controls in key areas such as general ledger and financial controls, contracting, allocation of costs to LSC grantees, and internal reporting and budgeting. Additionally, we closed one recommendation from the OIG's audit of LSC's Administration and Oversight of Disaster Grants.
- We fulfilled our responsibility to oversee a nationwide program of grantees' annual financial statement audits, as required by federal appropriations law. Notably, we reviewed 21 audit reports of LSC grant recipients issued by Independent Public Accountants (IPAs), assessing compliance with reporting standards and referring 12 significant findings to LSC management for corrective action. Relatedly, this period we held a presentation titled, *Elevating the Quality and Compliance of LSC Grantee Financial Statement Audits*, to underscore the importance of audit accuracy and completeness.
- We continued our comprehensive audit quality control program, completing ten Quality Control Reviews (QCR) of the firms that conduct financial statement audits of LSC grantees. QCRs are intended to help IPAs conduct rigorous and efficient grantee

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<sup>1</sup> This period, we issued our [Annual Progress Report for 2025](#), articulating how we advanced our strategic goals and objectives, which are organized in four key areas: Work, People, Process and Communication.

audits. We also hosted an online presentation, *Elevating the Quality and Compliance of LSC Grantee Financial Statement Audits*, that provided helpful recommendations for grantee IPAs and financial staff to improve audit quality and rigor. The presentation drew over 230 attendees.

- OIG investigative work promoted integrity and ethical use of U.S. taxpayer dollars. This included two recovery actions totaling \$164,237, as well as \$137,341 in previously unsupported LSC funded expenditures brought into compliance and two referrals to LSC totaling \$39,384. We opened 20 investigative cases, closed 29 cases, and issued 40 investigative reports involving issues such as theft and misuse of funds, impermissible attorneys' fees, time and attendance fraud, and travel fraud.
- Through agile oversight reporting and fraud advisories, we kept LSC and grantees informed about risks to their programs or client base. For example, we issued a comprehensive report and conducted a webinar on investigative trends facing LSC grantees—highlighting six key focus areas for managers of LSC funds to consider in evaluating their internal controls. We also issued one advisory describing donation scams and other types of accidental payment scams.
- In response to the escalation of ransomware, email scams, and other cyberattacks facing LSC grantees, we continued to update our dedicated OIG [website](#) with links to [cybersecurity resources for grantees](#).

We appreciate management's sustained attention to our recommendations, referrals, and insights. Going forward, we will continue working productively with LSC's Board of Directors, Congress, LSC leadership and staff, and grantees to promote program integrity, transparency, and accountability. Through our oversight efforts, we seek to help maximize and safeguard the funds invested in civil legal assistance for low-income Americans.

Sincerely,



**Thomas E. Yatsco**

Inspector General

April 2026

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# Office of the Inspector General Overview

As required by the Inspector General Act,<sup>2</sup> the LSC OIG is fully committed to advancing two principal oversight missions: (1) to promote economy and efficiency in the activities and operations of LSC and its grantees; and (2) to prevent and detect fraud, waste, and abuse.

To achieve our oversight missions, we perform audits, evaluations, and reviews, and conduct criminal, administrative, and regulatory compliance investigations. In conducting our oversight work, we adhere to five core values (shown below). Our independent and objective fact-finding activities enable us to develop recommendations for LSC and its grantees, as well as for Congress, for actions that will correct problems, better safeguard the integrity of funds, identify risks, and in the end increase the economy, efficiency, and effectiveness of LSC and its grantees' programs. When we substantiate allegations of fraud, we also work with the appropriate authorities to hold perpetrators accountable.

The OIG is headed by an Inspector General (IG), who reports to and is under the general supervision of the LSC Board of Directors. The IG has broad authority to manage the organization, including setting OIG priorities, directing OIG activities, and hiring OIG personnel and contractors.

To ensure objectivity, the IG Act grants the LSC IG independent authority to determine what audits, investigations, and other reviews are performed, to gain access to all necessary documents and information, and to report OIG findings and recommendations to LSC management, the Board of Directors, and directly to Congress.

The IG reports serious problems to the LSC Board of Directors and must also work with the appropriate law enforcement authorities when, through audit, investigation, or otherwise, the IG finds that there are reasonable grounds to believe a crime has occurred. The IG is required by law to keep Congress fully and currently informed of its activities through semiannual reports and other means.



<sup>2</sup> Inspector General Act of 1978, as amended, 5 USC §§401-424.

# Audits

## Audit Highlights

October 1, 2025 to March 31, 2026

### Grantee Financial Statement Reviews & IPA Oversight

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 **21**  
Financial Statements Reviewed

 **10**  
Quality Control Reviews of Grantee IPAs

 **12**  
A-50 Findings Referred to LSC Management

### Grantee & IPA Outreach

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 **1**  
Presentations, Advisories, or Other Issued Oversight Products

### OIG Audit Reports

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 **22**  
Recommendations Closed

During this period, as part of our oversight of LSC, we closed one recommendation from the OIG's Audit of LSC's Administration and Oversight of Disaster Grants. On January 13, 2026, LSC held the first webinar of a two-part training series for grantees on disaster grant management, as advised by the OIG's recommendation. The second webinar of the series occurred on April 14, 2026. All recommendations outlined in the report are now closed. Additionally, we closed 22 recommendations from OIG audits of LSC grantees; these primarily related to financial management issues.

The OIG has responsibility under federal appropriations law for [overseeing the audits](#) performed annually at each grantee by Independent Public Accountants (IPAs). During the reporting period, we reviewed 21 IPA reports, with fiscal year ending dates ranging from December 31, 2024, through September 30, 2025. We issued ten [Quality Control Review \(QCR\) reports](#) this period with the goal of improving the overall quality of annual IPA audits as well as their compliance with applicable standards and OIG guidance. During this reporting period, the OIG gave one audit presentation focused on strengthening financial oversight across the LSC grantee community.

# Statistical Overview



## OIG-Conducted Audits

3

Open at beginning of the reporting period

1

Opened during the reporting period

0

Audit reports issued or closed during the reporting period

4

Open at end of the reporting period



## Recommendations to LSC Grantees

23

Open at beginning of the reporting period

0

Issued during the reporting period

22

Closed during the reporting period

1

Open at end of the reporting period



## Recommendations to LSC Management

8

Open at beginning of the reporting period

0

Issued during the reporting period

1

Closed during the reporting period

7

Open at end of the reporting period

# Oversight of Grantee Financial Audits

## Independent Audits of Grantees

LSC's annual appropriations acts require each person or entity receiving financial assistance from LSC to be audited annually by an IPA. Each grantee contracts directly with an IPA to conduct the required audit in accordance with generally accepted government auditing standards and the [LSC OIG Audit Guide](#). The OIG provides guidance to the IPAs and grantees, as well as general oversight of the IPA audit process.

## Desk Reviews of Grantees' Annual Audit Reports: IPA Audit Findings

The OIG conducts desk reviews of IPA reports issued to grantees to identify potential problems or concerns that warrant follow-up by LSC management or by the OIG via audit, investigation, or other review. The audit reports and the findings reflect the work of the IPAs, not the OIG.

During this reporting period, the OIG reviewed 21 IPA audit reports of grantees with fiscal year ending dates from December 31, 2024, through September 30, 2025. The OIG reviewed the findings, and 12 significant ones were referred to LSC management during the period for evaluation and follow-up.

## Follow-up Process

LSC's annual appropriation acts require that LSC follow up on significant findings identified by the IPAs, which are reported to LSC's management by the OIG. IPA audit reports are submitted to the OIG within 120 days of the close of each grantee's fiscal year, unless the deadline is extended. OIG reviews each report and refers appropriate findings and recommendations to LSC management for follow-up. LSC management is responsible for ensuring that grantees submit appropriate corrective action plans for all material findings, recommendations, and questioned costs identified by the IPAs and referred by the OIG to LSC management.

After corrective action has been taken by a grantee, LSC management notifies the OIG and requests closure of the finding(s). The OIG reviews LSC management’s request and decides independently whether it will agree to close the finding(s). The following table presents information on the findings outlined in this section.

**Summary of Significant Findings Reported in Grantee Financial Statement Audits with Fiscal Years Ending December 31, 2024, through September 30, 2025**

<u>Category</u>	<u>Number of Findings</u>
Financial Transactions and Reporting.....	3
Missing Documentation.....	3
Policies and Procedures/Other .....	6
Timekeeping.....	0
Segregation of Duties .....	0
TOTAL.....	12

 **Quality Control Reviews**

Under our Quality Control Review (QCR) program, IPA firms performing grantee audits are subject to review to determine whether their work is being conducted in accordance with applicable standards and OIG guidance. The reviews are conducted by a certified public accounting (CPA) firm under contract with the OIG. The contractor also identifies issues that may require further attention or additional audit work by the IPA under review.

During this reporting period, we conducted ten QCRs of LSC grantees’ audited financial statements. Four audits met standards with no exceptions. Six audits met standards with one or more exceptions, one of which required the IPA to perform additional work and provide supporting documentation. The OIG reviewed the additional work and determined that the exceptions were resolved, and the QCR was closed. For the other five audits, the OIG issued recommendations to the IPA to implement in future grantee audits.

 **Advisories**

## **Elevating the Quality and Compliance of LSC Grantee Financial Statement Audits**

In January 2026, the OIG hosted an online presentation focusing on strengthening financial oversight across the LSC grantee community. There were more than 230 attendees, which included grantees' executive directors, board members, financial staff, and IPAs.

The presentation covered:

- **Key findings** from QCRs of grantee financial statement audits for fiscal years 2023 and 2024.<sup>3</sup>
- **Actionable strategies** to improve audit accuracy and completeness.
- **Important updates and reminders** regarding grant fund transfers, timely financial statement submissions,<sup>4</sup> management letter requirements, and required OIG notifications.

The presentation is available to view on the OIG's YouTube page and linked here: [Elevating the Quality of LSC Grantee Financial Statement Audits](#), for ongoing reference.

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<sup>3</sup> This portion of the presentation was based on the August 2025 OIG Audit Advisory - [Ensuring Independent Public Accounting Firms Conduct Rigorous Annual Audits of LSC Grantees – Recommendations Based on Fiscal Years 2023 and 2024 Quality Control Reviews](#).

<sup>4</sup> This portion of the presentation was based on the August 2025 OIG Audit Advisory - [Emphasizing the Responsibility to Submit Audited Financial Statements on Time as an LSC Grantee](#).

# Investigations

## Investigative Highlights

October 1, 2025 to March 31, 2026

### OIG Investigations

 **40**  
Investigative Reports Issued

 **89**  
Hotlines

 **\$301,578**  
Recoveries/Funds Brought into Compliance

 **20**  
Cases Opened

 **29**  
Cases Closed

 **\$39,384**  
Referrals (pending)

### OIG Proactive Work


 **4**  
Opened Fraud Prevention Reviews

 **2**  
Fraud Advisories and Other Oversight Products

 **4**  
Closed Fraud Prevention Reviews

### OIG Other Preventive Efforts

 **LSC OIG Cybersecurity Webpage**  
*continuously updated*

 **11**  
Fraud Awareness Briefings and Presentations

The OIG opened 20 cases during the period. These included 13 investigative cases, three questioned cost cases, and four proactive [Fraud Prevention Reviews \(FPRs\)](#). The investigative cases included allegations of theft, time and attendance fraud, travel fraud, nepotism, misuse of government funds, impermissible attorneys' fees, and other potential violations of LSC statutory and regulatory requirements. The OIG closed 29 cases during the reporting period. These included 25 investigative cases, and four FPRs.

During this reporting period, OIG investigative activity resulted in two recovery actions totaling \$164,237, two referrals to LSC management totaling \$39,384, and three investigations which brought previously unsupported LSC funds totaling \$137,341 into compliance. In addition, the OIG issued a report on OIG Investigative Trends and one fraud advisory.

## Recovery Actions

In 2024, the OIG surveyed all LSC grantees about any employee student loan assistance plans they administer. The OIG's review of grantees' identified employees who may have improperly received loan reimbursements from these plans. The OIG also determined that some

employees were reimbursed without sufficient supporting documentation, contrary to grantee policies and LSC regulatory and financial oversight requirements.

LSC included the OIG's concerns in [Program Letter 25-3, Compliance Advisory](#), to inform grantees of the risks related to grantee student loan assistance plans, including overpayments and payments based on insufficient supporting documentation.

The following recovery actions are a result of the OIG's continued oversight of grantee administered student loan assistance plans that use LSC funds:

### **Questioned Cost Determination – Grantee Student Loan Assistance Plan**

As reported in the [September 2025 Semiannual Report to Congress](#), the OIG found that an LSC grantee potentially made improper payments under their employee student loan assistance plan from 2020 through 2024. The grantee made student loan assistance payments totaling \$222,901, of which \$149,120 was funded by LSC, to fifteen employees who did not provide sufficient supporting documentation. These payments appeared to violate grantee policies and LSC requirements under 45 C.F.R. Part 1630.

As a result, the OIG referred the improper payments totaling \$149,120 to LSC management for consideration of a questioned cost recovery. In December 2025, LSC management reported that they determined \$147,760 of costs charged to the LSC grant were unallowable and that the grantee had reallocated other funds to its LSC grant.

### **Recovery Action – Grantee Student Loan Assistance Plan**

As previously reported in the [March 2025 Semiannual Report to Congress](#), the OIG referred \$15,566 related to a grantee's student loan assistance plan to LSC for a questioned cost determination, as these costs did not appear to be supported by adequate documentation as required by 45 C.F.R. Part 1630.

In February 2026, LSC determined that the \$15,566 in LSC funds were inappropriately paid by the grantee to its employees. After initiating informal negotiations with the grantee, the funds were either repaid by the employee to the grantee or paid to the employee's loan servicer.

Thus, as a result of the OIG investigation, \$16,477<sup>5</sup> in LSC funds were subsequently determined to be spent on permissible/supported expenditures or returned to the grantee.

### **Referral Actions – Grantee Student Loan Assistance Plan**

An OIG investigation found that an LSC grantee may have improperly paid 23 employees a total of \$25,530 under its student loan assistance plan between 2020 and 2022; \$10,310 of which was funded by LSC. These payments lacked supporting documentation from the employees, and the use of LSC funds appeared to violate the grantee’s policies as well as 45 C.F.R. Part 1630. As a result, the OIG referred \$10,310 to LSC for consideration of questioned costs.

#### *Additional Referral – LSC’s Loan Repayment Assistance Program (LRAP)*

OIG found that three employees at the same grantee who participated in the grantee’s student loan assistance plan also participated in LSC’s LRAP. Those three employees received \$29,074 from LSC’s LRAP in 2021. The OIG requested LSC review the \$29,074 in LSC LRAP payments to determine whether the three employees met LRAP requirements.

### **OIG Investigations Bring LSC Funded Expenditures into Compliance**

OIG investigations at three LSC grantees found that they used LSC funds in their student loan assistance programs in a manner not compliant with 45 C.F.R. Part 1630, Subpart B; specifically, they did not collect supporting documentation from employees to establish that the assistance payments were used to actually repay the employee’s student loan. At the time of the OIG’s document requests, the grantees could not provide contemporaneous documentation to support the payments. Remedial actions taken as a result of the OIG investigations determined that a total of \$137,341 of LSC funded costs not supported by adequate contemporaneous documentation required by Part 1630 were subsequently documented and brought into compliance<sup>6</sup> (see additional details related to the three investigations below).

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<sup>5</sup> This represents the amount the OIG referred plus the amount one employee repaid the to the grantee due to not completing the required employment period under the plan’s terms.

<sup>6</sup> Obtaining adequate documentation *contemporaneously* is important to ensure a clear basis for costs before they are incurred. Although that did not occur in the examples noted, subsequently obtaining adequate documentation ensures that the costs were appropriately charged to the grant and protects LSC funds.

Grantee 1: The OIG requested supporting documentation related to student loan assistance payments made by the grantee to employees from 2020 through 2024. As a result of the OIG's request, the grantee obtained documentation from employees it had not previously requested to support \$117,979 in payments. Of the \$117,979 in now-documented expenditures, LSC funded \$81,115. The OIG investigation brought \$81,115 of LSC funds into compliance with 45 C.F.R. Part 1630's documentation requirement.

Grantee 2: The OIG requested supporting documentation related to student loan assistance payments made by the grantee to employees from 2020 through 2023. As a result of the OIG's request, the grantee obtained documentation it had not previously requested from employees to support \$133,755 in assistance payments. Of the \$133,755 in now-documented expenditures, LSC funded \$41,814. The OIG investigation brought \$41,814 of LSC funds into compliance with 45 C.F.R. Part 1630's documentation requirement.

Grantee 3: The OIG requested supporting documentation related to student loan assistance payments made by the grantee to employees from 2020 through 2022. As a result of the OIG's request, the grantee obtained documentation it had not previously requested from employees to support \$35,523 in assistance payments. Of the \$35,523 in now-documented expenditures, LSC funded \$14,412. The OIG investigation brought \$14,412 of LSC funds into compliance with 45 C.F.R. Part 1630's documentation requirement.

## **Fraud Prevention Initiatives**

The OIG maintains an active fraud prevention program, engaging in a variety of proactive outreach and educational efforts. We regularly conduct Fraud Awareness Briefings (FABs), and Cybercrimes Awareness Briefings (CABs), and FPRs (see [Fraud Prevention Reviews](#)). This period we also issued one report on investigative trends and one fraud advisory to grantees. The investigative trends report and fraud advisory are posted on our [website](#).

### **Fraud Awareness Briefings**

FABs are presented by experienced OIG investigative staff and cover a variety of topics, such as who commits fraud; what conditions create an environment conducive to fraud; how can fraud be prevented or detected; and what to do if fraud is suspected.

During this reporting period, the OIG provided five FABs; three during FPR visits to three LSC grantees and two at the request of a grantee and a subgrantee. Additionally, the OIG provided a webinar on investigative trends. A recorded FAB is also posted on the OIG [website](#), allowing interested audiences to view the recording at their convenience. We encourage all grantee employees to view the recorded FAB; we believe it is a useful tool to help in preventing and detecting fraud.

Since initiating the FAB program in 2009, we have conducted 196 in-person or remote briefings for grantees and subgrantees in all 50 states, the District of Columbia, and five territories, as well as briefings for the LSC Board of Directors and LSC headquarters personnel, a presentation at a National Legal Aid and Defender Association annual conference, and ten webinars that reached multiple grantees.

### **Cybercrimes Awareness Briefing**

CABs focus on the various types of cyberattacks that have targeted LSC and its grantees since 2018, such as ransomware and business email compromise attacks. The briefing also provides grantees with best practices for preventing and detecting similar cyberattacks and suggestions for responding to cyberattacks.

During this reporting period, we provided five total CABs. The recorded CAB is also posted on the [OIG's Cyber Security Resources webpage](#) for the benefit of others. The OIG continues to update its Cyber Security Resources webpage.

### **Fraud and Cyber Awareness Briefings for Louisiana Legal Aid Organizations**

The Louisiana Bar Foundation (LBF), an LSC subgrantee, requested OIG Fraud and Cyber Awareness Briefings be presented to LBF funded nonprofit organizations in Louisiana that provide civil legal services. On February 26, 2026, the OIG provided a virtual presentation, hosted by LBF's Audit and Training Committee, attended by approximately 75 people.



## Fraud Prevention Reviews

During FPRs, the OIG reviews grantees' grant applications, policies, practices, internal controls, special grant conditions, and compliance with certain LSC regulations and requirements. The FPRs aim to identify internal control risks to help grantees prevent fraud, waste, or abuse. FPRs focus on fiscal and regulatory areas that are considered high risk or prone to potential fraud or misuse of funds. These include credit card transactions, bank account reconciliations, employee reimbursements, office supply expenses, outside practice of law, subgrants, and other selected areas. FPRs also identify best practices that other grantees could consider adopting. Four FPRs were closed during this reporting period, and one final report was posted [online](#).

## OIG Report and Webinar – OIG Investigative Trends

This reporting period, the OIG issued a report titled “OIG Investigative Trends: Key Fraud and Compliance Risks Facing LSC Grantees.” In the report, we informed grantees of fraud and compliance trends revealed by OIG investigations between 2022-2025. The report highlights six areas that warrant focused attention to prevent fraud and compliance issues. For each area, the OIG offered relevant case examples as well as best practices to mitigate fraud and compliance risks. The six areas included:

1. Board of Directors Engagement
2. Cyber Security Threats
3. Contracting and Procurement
4. Student Loan Assistance Programs
5. Outside Practice of Law and Outside Employment
6. Allowability of Costs Under the LSC Grant

On March 18, 2026, we presented a webinar on the key takeaways from our report on investigative trends. During this webinar, over 175 participants from various LSC stakeholders, including grantee Executive Directors, Fiscal Officers, and Board Chairs, attended the briefing.

## Fraud Advisory

Fraud Advisory Title	Summary
Donation and Accidental Payment Scams	<ul style="list-style-type: none"><li>• Notified grantees of a recent donation scam attempted at an LSC grantee.</li><li>• Discussed how donation scams and other types of accidental payment scams occur.</li><li>• Provided grantees preventative methods for similar scams, such as verifying donor legitimacy before accepting donations and educating staff about donation and accidental payment scams.</li></ul>

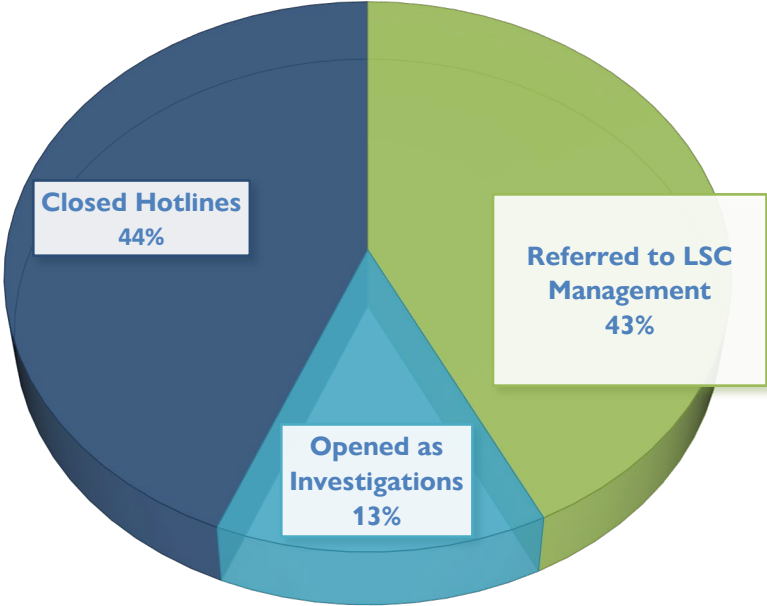
## Hotline

The OIG maintains a Hotline for reporting illegal or improper activities involving LSC or its grantees. Information may be provided online or by telephone, fax, or email. Upon request, a person's identity will be kept confidential unless disclosure is unavoidable. Reports to the Hotline may also be made anonymously. The Hotline is a powerful tool for combating fraud, waste, and abuse.

During this reporting period, the OIG received 89 Hotline contacts. Of these matters, we referred 38 to LSC management for follow-up, opened 12 as investigations, and closed the remaining 39.

# TOTAL HOTLINE CONTACTS

89



Click the button below to contact the hotline:

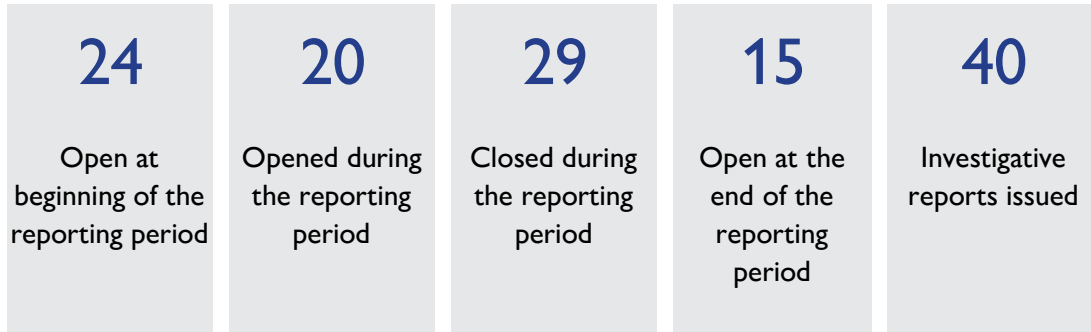
[Report Fraud Waste and Abuse](#)



# Statistical Summary<sup>7</sup>



## Investigative Cases



Prosecutorial Activities	
Persons referred to DOJ for criminal prosecution	0
Persons referred to state or local prosecuting authorities for criminal prosecution	0
Arrests or Criminal Complaints	0
Indictments/Informations	0
Convictions	0

Investigative Activities	
Inspector General subpoenas issued	1

Monetary Results	
<b>Recoveries/Restitutions</b>	<b>\$164,237</b>
<b>Previously Unsupported LSC Funded Expenditures Brought into Compliance</b>	<b>\$137,341</b>
Referrals to LSC Management for Recovery Consideration	\$39,384

<sup>7</sup> Data reflected in the statistical summary were compiled based on direct counts.

## Appendix – Peer Reviews

The following information is provided pursuant to the requirements of section 405(a) of the Inspector General Act of 1978, as amended, 5 U.S.C. §405(a)(8)(A) and (B).

The last peer review of the OIG was conducted by the Federal Housing Finance Agency Office of Inspector General. Its report was issued on September 26, 2023. We received a rating of “pass.” Under Council of the Inspectors General on Integrity and Efficiency guidelines, this is the highest rating possible. We issued a report on our peer review of the Federal Communications Commission OIG’s audit office on October 14, 2025.

# Table I

## Recommendations Made Before This Reporting Period for Which Corrective Action Has Not Been Completed

Report Title	Date Issued	Recommendation Number	Recommendation	Comments
Lone Star Legal Aid	3/4/2025	1	Perform a review of the Incurred Costs Grant budget application and timekeeping records related to the disasters from 2020 and 2021 to identify the actual hours worked and corresponding costs for case time and administrative leave hours for office closures. The review should clearly distinguish between distinct categories of hours, including actual case/matter/supporting activity hours and leave.	The OIG disagreed with the grantee's comments regarding this recommendation and associated questioned costs and referred them to LSC.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	1	Review and inventory its own records and work with grantees to develop a definitive and authoritative record of LSC-funded real property and supporting documents that is complete, accurate and consistently updated.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	2	Compile a comprehensive list of LSC-funded real property for which no property interest agreements can be located and execute property interest agreements if necessary.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	3	Implement the GrantEase real property module and use it as a tool to reconcile grantees' LSC-funded real property and supporting documents with OCE's records on an annual basis as part of the FSRM financial statement review.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.

## Table I (continued)

### Recommendations Made Before This Reporting Period for Which Corrective Action Has Not Been Completed

Report Title	Date Issued	Recommendation Number	Recommendation	Comments
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	6	Require that grantees with inaccurate annual LSC-funded real property accountings work with their auditors to correct errors and certify to LSC that the errors have been corrected in the next fiscal year.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	9	Review existing property interest agreements for all LSC-funded properties to assess whether the agreement conditions (i) identify the applicable requirements of 45 C.F.R. Part 1631 and (ii) include language to ensure that the parties include the cost of LSC-funded capital improvements when determining LSC's interest in proceeds from disposition.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	10	Issue guidance and negotiate with LSC grantees, if necessary, to amend existing property interest agreements, to ensure the agreements include the requirements of 45 C.F.R. Part 1631 and that LSC's interest in real property related to LSC's investment in capital improvements is protected.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.
Performance Audit of the Legal Services Corporation's (LSC) Oversight of its Interest in Grantees' Real Property	11/4/2024	11	Work with grantees without property interest agreements to identify LSC-funded capital improvement costs and assess whether the parties should negotiate agreements to protect LSC's interest in properties that the grantees did not initially acquire with LSC funds.	Corrective action in process. Once satisfactorily completed, the OIG will close recommendation.

## Table II

### Audit Reports and Other Reports Issued During Reporting Period

#### Part A: Audit Reports

Report Title	Date Issued	Questioned Costs	Funds Put to Better Use	Unsupported Costs	Management Decision Made by End of Reporting Period
N/A	N/A	N/A	N/A	N/A	N/A

#### Part B: Other Reports

Report Title	Date Issued	Description
Elevating the Quality and Compliance of LSC Grantee Financial Statement Audits	1/14/2026	This audit advisory presentation focused on the importance of audit accuracy and completeness.

## Table III

### Audit Reports Issued During a Prior Reporting Period for Which a Management Decision was Made During the Reporting Period

Report Title	Date Issued	Questioned Costs	Funds Put to Better Use	Unsupported Costs	Comment
N/A	N/A	N/A	N/A	N/A	N/A

## Table IV

### Audit Reports Issued During Prior Reporting Periods with Unresolved Questioned Costs as of the End of the Reporting Period

Report Title	Date of Issuance	Questioned Costs	Unsupported Costs
DNA - People's Legal Services, Inc.	12/2/2024	TBD <sup>8</sup>	N/A
Lone Star Legal Aid	3/4/2025	\$438,032.00	N/A

<sup>8</sup> The OIG originally referred to LSC management \$2,574 in questioned costs as well as indeterminate questioned costs associated with grantee vehicle expenses. This period, the OIG completed review of LSC management's August 28, 2025 response to the OIG's questioned costs referral (partially addressed in Table III of last period's SAR), disagreed with LSC management's rationale for closing the matter of indeterminate questioned costs and requested reconsideration; as a result, LSC management reopened the matter and is working directly with the grantee to obtain and analyze additional information needed to determine the specific amount of costs to question.

Regarding the other \$2,574 questioned costs referred: LSC management obtained additional documentation from the grantee and determined a total of \$2,201 to be disallowed and determined that the grantee implemented corrective reallocations.

# Table V

## Index to Reporting Requirements of the Inspector General Act

IG Act Reference*	Reporting Requirement	Page
Section 404(a)(2)	Review of and recommendations regarding legislation and regulations.	None
Section 405(a)(1)	Significant problems, abuses, and deficiencies; recommendations for corrective action.	3, 8-11
Section 405(a)(2)	Recommendations made before the reporting period for which corrective action has not been completed.	18-19
Section 405(a)(3)	Significant investigations closed during the period.	8
Section 405(a)(4)	Number of convictions during the period resulting from investigations.	16
Section 405(a)(5)	Information on audit and other reports: questioned costs, unsupported costs, funds to be put to better use, and if management decision made.	20
Section 405(a)(6)	Information on management decisions during period re reports issued during prior period.	21
Section 405(a)(7)	Information per Federal Financial Management Improvement Act §804(b).	None
Section 405(a)(8)-(10)	Information regarding peer reviews.	17
Section 405(a)(11)-(12)	Statistical table showing numbers of investigative reports, persons referred for prosecution, and indictments/information resulting from prior referrals.	16
Section 405(a)(13)	Investigations involving senior employees where allegations of misconduct are substantiated.	None
Section 405(a)(14)	Instances of whistleblower retaliation.	None
Section 405(a)(15)	Attempts by the establishment to interfere with OIG independence.	None
Section 405(a)(16)	Specified matters closed and not disclosed to the public.	None

\*Refers to provisions of the Inspector General Act of 1978, as amended.



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TIME AND ATTENDANCE ABUSE  
THEFT, BRIBERY, AND KICKBACKS  
DIVERSION OF CLIENTS/FEES  
CYBER-CRIMES

### OTHER VIOLATIONS

IMPROPER USE OF LSC FUNDS  
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