



# STATE OF NORTH CAROLINA

**LEGAL AID OF NORTH CAROLINA, INC.  
FARMWORKER LEGAL AID PROGRAM  
FINANCIAL RELATED AUDIT**

**SEPTEMBER 2011**

**OFFICE OF THE STATE AUDITOR**

**BETH A. WOOD, CPA**

**STATE AUDITOR**

**LEGAL AID OF NORTH CAROLINA, INC.**

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Beth A. Wood, CPA  
State Auditor

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## AUDITOR'S TRANSMITTAL

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September 22, 2011

The Honorable Beverly Eaves Perdue, Governor  
The General Assembly of North Carolina  
Board of Directors, Legal Aid of North Carolina, Inc.  
Mr. George R. Hausen, Jr., Executive Director, Legal Aid of North Carolina, Inc.

This report presents the results of our financial related audit at the Legal Aid of North Carolina, Inc., Farmworker Legal Aid program (Farmworker Program). Our work was performed by authority of Article 5A of Chapter 147 of the *North Carolina General Statutes* and was conducted in accordance with the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

This audit was initiated by the North Carolina General Assembly. Session Law 2011-145, Section 15.18 states:

The State Auditor shall conduct a financial audit of the Farmworker Legal Aid program of Legal Aid of North Carolina. The audit shall include assessments of compliance with all State and federal mandates regarding use of funds under the Access to Civil Justice Act and shall assess whether State and federal funds are commingled in the administration and operation of this legal aid program.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters that are considered reportable under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor

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# **OBJECTIVES, SCOPE, METHODOLOGY, AND RESULTS**

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## **INTRODUCTION**

Legal Aid of North Carolina, Inc., (LANC) is a nonprofit corporation that provides free legal services in civil matters to low-income people in order to ensure access to justice and to remove legal barriers to economic opportunity. LANC receives significant funding from Legal Services Corporation (LSC).<sup>1</sup> LANC receives additional funding from the North Carolina General Assembly through the Access to Civil Justice Act<sup>2</sup> as well as funding from various non-profit and private sources.

The Farmworker Legal Aid program (Farmworker Program) is a special, statewide project of LANC. The Farmworker Program provides free legal assistance to migrant workers who are working in North Carolina.

Services provided by the Farmworker Program include:

- Educate and represent farmworkers regarding their employment rights, including wage collection, suitable housing, and workplace safety
- Educate service providers, government, and the public about farmworker rights and needs such as access to social services and job training
- Document wage non-payment, occupational safety violations, and poor migrant camp conditions

State law specifies that funds appropriated through the North Carolina Access to Civil Justice Act can not be used to provide legal assistance to any agricultural employee or migrant farmworker employed in North Carolina with regard to the terms of the worker's employment, including conditions relating to housing.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

As authorized by Article 5A of Chapter 147 of the *North Carolina General Statutes*, we have conducted a financial related audit at the Legal Aid of North Carolina, Inc., Farmworker Legal Aid Program. This audit was initiated at the request of the North Carolina General Assembly.

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<sup>1</sup> LSC is a nonprofit corporation established by the United States Congress to administer the federal government's legal assistance program.

<sup>2</sup> *G.S. 7A-474.1*

## **OBJECTIVES, SCOPE, METHODOLOGY, AND RESULTS (CONTINUED)**

The objectives of a financial related audit may include determining whether (1) the organization has complied with finance-related laws, regulations, and provisions of contracts or grant agreements; (2) assets have been safeguarded; (3) financial resources have been prudently managed; and/or (4) improvements are needed in internal control over any of these fiscal matters or in internal control over the accounting and financial reporting functions. The specific objectives for this engagement included determining compliance with all state and federal mandates regarding use of funds under the North Carolina Access to Civil Justice Act and whether state and federal funds are comingled in the operation of the Farmworker Program.

Management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that relevant objectives are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. Our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

To accomplish our audit objectives, we gained an understanding of internal control over matters described below and evaluated the design of the internal control. We then performed further audit procedures consisting of tests of control effectiveness and/or substantive procedures that may reveal significant deficiencies in internal control. Specifically, we performed procedures such as interviewing personnel, observing operations, reviewing policies, analyzing accounting records, and examining documentation supporting recorded transactions and balances.

We conducted this performance audit in accordance with generally accepted government auditing standards applicable to performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit scope included a review of LANC and Farmworker Program policies, procedures, and activities during the period January 1, 2010, to December 31, 2010.

## **OBJECTIVES, SCOPE, METHODOLOGY, AND RESULTS (CONCLUDED)**

### **RESULTS**

In June of 2011, the North Carolina General Assembly passed legislation requiring the Office of the State Auditor to perform an audit of Legal Aid of North Carolina's Farmworker Legal Aid program (Farmworker Program).<sup>1</sup> The required audit was to include assessments of compliance with all state and federal mandates regarding use of funds under the North Carolina Access to Civil Justice Act and to determine whether state and federal funds are commingled in the administration and operation of the Farmworker Program.

Based on the procedures performed, we conclude that the Farmworker Program did not receive funding from the North Carolina General Assembly through the Access to Civil Justice Act. Therefore, testing for compliance with state and federal mandates related to the use of funds under the Access to Civil Justice Act was not applicable to the Farmworker Program.

We also conclude that Legal Aid of North Carolina, Inc. uses separate accounts to record financial activities of the Farmworker Program and other programs and that state and federal funds are not comingled in the administration and operation of the Farmworker Program.

The results of our audit disclosed no internal control deficiencies or instances of noncompliance or other matters considered reportable under generally accepted government auditing standards.

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<sup>1</sup> Session Law 2011-145, Section 15.18

## ORDERING INFORMATION

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Audit reports issued by the Office of the State Auditor can be obtained from the web site at [www.ncauditor.net](http://www.ncauditor.net). Also, parties may register on the web site to receive automatic email notification whenever reports of interest are issued. Otherwise, copies of audit reports may be obtained by contacting the:

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