

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

ANNUAL PERFORMANCE REVIEW COMMITTEE  
OPEN SESSION

Saturday, November 17, 2001

9:22 a.m.

Marriott at Metro Center  
12th and H Street, N.W.  
Washington, D.C. 20002

COMMITTEE MEMBERS PRESENT:

LaVeeda M. Battle, Chair (via telephone)  
Douglas S. Eakeley (*ex-officio*)  
Edna Fairbanks-Williams  
Nancy H. Rogers (via telephone)

BOARD MEMBERS PRESENT:

Hulett H. Askew  
John T. Broderick  
Maria Luisa Mercado  
Thomas F. Smegal, Jr.  
Ernestine P. Watlington

STAFF AND PUBLIC PRESENT:

John N. Erlenborn, President  
Leonard T. Koczur, Acting Inspector General

C O N T E N T S

PAGE

Conduct an Interview of the Acting Inspector  
General of the Corporation

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## 1 P R O C E E D I N G S

2 CHAIR BATTLE: Well, good morning to all. This is  
3 kind of a unique meeting where -- hold just a moment, I've  
4 got somebody at the door. Okay, I'm back. I was just saying  
5 that this is a unique meeting in that Nancy and I are away  
6 and we've got one member of the committee who is present in  
7 person, but we are all present of course in spirit for this  
8 meeting.

9 I am delighted that we are here to do the  
10 performance review of the Acting Inspector General, and the  
11 meeting is now convened. This is November 17th and this is  
12 the meeting of the Performance Review Committee for the  
13 Acting Inspector General Len Koczur, who I am assuming is at  
14 the table in the room.

15 MR. KOCZUR: Yes, I am.

16 CHAIR BATTLE: Good. Each of the members of this  
17 committee and the board should have recieved some preliminary  
18 information from this committee to get started for the  
19 interview that we are going to do today.

20 You should have received the listing of the  
21 critical elements and the rating forms. You also should have

1 received the job description for the Inspector General and a  
2 couple of memos that have been circulated to get people  
3 started to looking at this whole process of doing a  
4 performance review.

5           We have established a timeline for this which would  
6 allow us to achieve a final report to be presented to the  
7 board at the January meeting, and I did in one of the letters  
8 that I sent out request that each of the members provide us  
9 with input. I've talked with at least the two members of the  
10 committee.

11           Everyone obviously, Len, thinks you're doing a  
12 wonderful job, because there hasn't been a groundswell of a  
13 whole lot of information that I've gotten from any of the  
14 board members about this process. But we are here now to do  
15 the interviews.

16           You should have also received a copy of the report  
17 by Len Koczur to us in response to the request for  
18 information in order to do this performance evaluation, so  
19 you should also have a copy of his report, which I am hoping  
20 you have had a chance to review in connection with the  
21 performance review today.

1           We established, I guess a couple of years ago, a  
2 protocol for doing the whole performance review process, and  
3 the purpose for conducting the performance review is to  
4 really give regular feedback in order to avoid surprises and  
5 to eliminate confusion about what the expectations are and to  
6 recognize and reward the strengths in the top people we have  
7 on our executive staff.

8           It also is designed to identify and aid in  
9 correcting weakness and provide for optimum performance.  
10 That is in general.

11           Now, what we will do today is conduct the  
12 interview, and following this, what I would like to have is  
13 some feedback from each of the board members. You should  
14 have the performance review form which gives you an  
15 opportunity to rate each of the critical elements.

16           And we will during our interview today talk about  
17 each of those critical elements and have some dialogue around  
18 the issues and points that are made in the report and any  
19 observations that any of the members of the board or the  
20 committee have about those critical elements or any other  
21 subject areas that they have got concerns about.

1           And after getting that input, what I hope to do is  
2 to draft an evaluation report that we can circulate to  
3 members of the board first, and then that draft will also be  
4 circulated to the Acting Inspector General for his comments.

5

6           And after I have had an opportunity to receive the  
7 comments back from the Acting Inspector General and have the  
8 input from all of the members of the board, we will do a  
9 final report which we hope to present, as I have already  
10 indicated, at the meeting in January.

11           So, with that as a background, what I thought we  
12 might do is first hear from Len about his report and the  
13 insights he wants to share with us in this evaluation  
14 process.

15           MR. KOCZUR: Thank you. I would quickly run  
16 through some of what I think were the highlights for the last  
17 year in the IG's Office. We completed three program  
18 integrity reviews at LASH, which is Legal Aid Society of  
19 Hawaii, Pine Tree and Lane County.

20           We also reviewed about 235 IPA reports. These are  
21 the reports that the independent public accountants do on our

1 grantees. We review these reports, and the ones that have  
2 significant findings, we pass those findings on to Compliance  
3 and Enforcement for follow-up.

4           We also completed 14 audit service reviews, which  
5 are reviews where we look at the work that the independent  
6 public accountants do. We assess the quality of their work  
7 to determine if they are doing at least an adequate job of  
8 reviewing our grantees, with a particular emphasis on  
9 compliance aspects; how the IPAs are looking at the grantees'  
10 compliance with the prohibitions and restrictions.

11           We did a case statistical audit on Pasay County.  
12 This audit grew out of a complaint about some alleged  
13 improprieties there. Basically, we found there were some  
14 problems, but it was more of an administrative problem and  
15 not a deliberate attempt by the program director to misreport  
16 the case statistical data.

17           We moved forward with the mapping project in  
18 Georgia, which I think is very important. At the beginning of  
19 the year, we were mired in litigation with the programs,  
20 basically the issue being the two programs had some problems  
21 with giving us their clients' addresses, and we had asked for

1 a period of time, back for ten years.

2 We looked at this again and I talked with my staff,  
3 and we were able to reach a compromise, I think that allows  
4 us to move on with the project. And we don't have -- we  
5 decided we didn't need those addresses, and so we were able  
6 to work out this compromise with the two programs. We  
7 settled the litigation and the project is moving forward now.

8 MS. FAIRBANKS-WILLIAMS: Question.

9 MR. KOCZUR: Yes.

10 MS. FAIRBANKS-WILLIAMS: You didn't need the  
11 addresses but you did have the town name?

12 MR. KOCZUR: Yes. Well, we did not have any of the  
13 address information. We had a contractor work with the two  
14 programs to convert the data so it can be converted to maps,  
15 but we have no information on individual addresses.

16 MS. FAIRBANKS-WILLIAMS: But the person that worked  
17 with it had the town name so that you know that there was so  
18 much done in this county and so much done in that county?

19 MR. KOCZUR: That's correct. And that's part of  
20 the purpose of the project. It's important that the  
21 contractor that did this work technically was a contractor



1 for the program, so we avoided the attorney-client privilege  
2 issue and we paid for the contractor, but the two programs  
3 were directly involved.

4           So we had no problem with that. They had no  
5 problem. They agreed that this was an acceptable way of  
6 getting around the major issue in the litigation.

7           The other, I guess controversial issue, at least  
8 internally in the Corporation, we had was our evaluation  
9 group had started some work in doing an evaluation of  
10 competition. One of the things I concluded very early in my  
11 tenure was that this job had gone off course.

12           And I wasn't directly involved in it originally  
13 because it was part of the evaluation group and I was head of  
14 audit so there was just two groups. It was my thought that  
15 we were looking at how well the Corporation implemented its  
16 program to get competition for the grantees -- for the  
17 grants. That wasn't the case somehow.

18           We took a look at the overall competition in the  
19 legal services area. In fact, it was even broader than that.

20           The tradition of services, attorneys services in general,  
21 and it was just a very broad look at legal services.

1           And the problem I had was the conclusions of the  
2 report -- and there were three draft reports -- was that the  
3 basic problem with providing legal services to the poor was  
4 the legal monopoly, whatever that was. It was undefined.

5           And I worked with the evaluation person doing this  
6 for several months, and it was very clear to me that this  
7 project could not be salvaged, and we stopped it at that  
8 point. It just was not going to produce anything that was  
9 helpful to the Corporation, wasn't going to produce anything  
10 that was helpful to the clients.

11           The research was not very well done and, in my  
12 view, from what I saw, the person who did the work was  
13 biased. He had concluded that the legal services monopoly  
14 was the problem and he went to prove that. He didn't do  
15 that, but there was just no way that we could issue anything  
16 that would be worthwhile to anyone, and I terminated it.

17           CHAIR BATTLE: Was this a project that was being  
18 done by staff or was it being done on contract?

19           MR. KOCZUR: It was done by staff. The former IG  
20 had established an evaluation staff. It was three people and  
21 it was one of the people who were on that staff that was

1 doing the review -- or the evaluation. It was not a review.

2 It was an evaluation.

3 MS. MERCADO: Was that person a -- did they have  
4 legal services experience? Were they an attorney?

5 MR. KOCZUR: No. There were many problems with  
6 that. The person was an economis who had worked for a  
7 lobbying organization for most of his career. He was a  
8 brilliant man, I would not disput that, but his view of  
9 things was as if he was with the lobbying organization.

10 He decided this was the problem and he moved foward  
11 with that, as opposed to we have to be ojective. That's the  
12 primary thing in our office; we have to be objective, and  
13 this clearly wasn't.

14 And just by working with him, there was just no way  
15 short of terminating the project and starting over, and I  
16 didn't think this individual could start the project over and  
17 do anything reasonable, so the project was terminated.

18 In the fraud prevention and detection area, the  
19 investigations -- last year, we didn't have any real -- any  
20 significant investigations in our office. There was one  
21 continuing investigation that dealt with LSNY where they had

1 had some checks that were stolen. But we weren't doing any  
2 work on that. Basically, the FBI was handling that, and that  
3 was the only really significant issue that we were dealing  
4 with.

5 We operated the fraud hotline through the year. We  
6 have -- I'm not sure exactly how many calls since we've been  
7 tracking them in April. In that period of time we had 40-  
8 some and I suspect we had a like number the first part of a  
9 year, maybe a little fewer.

10 We do client trust fund inspections, and we did  
11 eight of them, as planned, for the year. With these, we go  
12 out to the grantees, and it's really a triple purpose.  
13 Client trust funds, since there is cash there, is something  
14 that is vulnerable to someone stealing the money, small  
15 amounts. We have had reports in the past of that happening.

16  
17 So, by going out -- and the general purpose is to  
18 look at the client trust fund and see if it's operating  
19 according to regulations, and also to look for ways they can  
20 improve to make controls over the fund better by splitting  
21 duties among staff so one person doesn't take the cash and

1 deposit it and write checks and that kind of thing.

2           The other purpose is it kind of lets people know  
3 that there is the IG, and if they have problems they can  
4 report to us, and that kind of thing. So it's kind of waving  
5 the flag is the way the former IG used to describe it, and I  
6 think it's a good description because it lets people know  
7 there is a separate, independent office that they feel if  
8 they have to report something they can do that.

9           The corporate financial audit was done last year  
10 again, and no problems, as I think everyone knows. Dave has  
11 a real good operation there. We have the current year's  
12 fiscal year audit is underway now. We have a new auditor.  
13 We competed it. The old auditor had done the audit for three  
14 years, so we have a new one.

15           In the area of the statutory responsibilities,  
16 through our oversight and monitoring the independent audit  
17 reports -- the independent auditors reports, basically we had  
18 well over 90 percent of them were received on time, which is  
19 a very good percentage. And my staff follows up when we get  
20 indication that somebody is going to be late and kind of just  
21 prod them along.

1           We only had one major problem where there was one  
2 program where we went, I think like almost three months. We  
3 had to recommend suspension of funding for the program  
4 because they didn't produce a report, but that was the only  
5 major issue we had.

6           Generally, the reportings were done on time. The  
7 semiannual was done on time. The quarterly reports to the  
8 board were done on time and accurately reflected our work.

9           The last item was communications, and I have worked  
10 very hard on trying to improve the communications. I had had  
11 regular meetings with both the current president and the  
12 former president just to talk about things and let him know  
13 things we're doing that might not surface, let him know the  
14 progress of some of our work, and any head-up on some  
15 problems that we see that may be coming up where we're in the  
16 process of doing an audit and we've found some indications of  
17 problems and which would indicate, say, a negative type  
18 report, I like to let the president know beforehand.

19           And I think, again, I work with Randi, with de  
20 Milo, to establish a good working relationship. They can  
21 call me and I call them. And I think that we have a fairly

1 smooth working relationship there.

2 That is pretty much what I have to say.

3 MR. EAKELEY: You also make the effort to keep your  
4 board chair apprised of what is happening on a regular basis,  
5 and that is appreciated as well.

6 MR. KOCZUR: Thank you.

7 CHAIR BATTLE: Okay. Are there any questions about  
8 any aspect of the report? I know that some of us have  
9 already jumped in and asked questions as you were going  
10 through the report.

11 MR. EAKELEY: LaVeeda, I just had one comment which  
12 was -- and I'll say this publicly some other time, Len -- but  
13 I, for one, have observed and appreciated the quiet, steady,  
14 dependable hand at the helm here for the last year that the  
15 IG has given it.

16 And I think Len has shown quiet leadership. He has  
17 managed to maintain the independence and integrity of his  
18 office while working as smoothly as he can with the rest of  
19 the Corporation, and I think that the results are pretty  
20 apparent.

21 MR. KOCZUR: Thank you.

1           CHAIR BATTLE: I would just like to add to that  
2 that it's clear that this year there has been leadership in  
3 focusing the Inspector General's Office responsibilities on  
4 those things that are clearly within the statutory  
5 responsibility and plainly in an effort to help forward the  
6 need for Legal Services and its continued viability. And I  
7 think that we all appreciate that focus and that direction  
8 and that leadership.

9           MS. FAIRBANKS-WILLIAMS: A question. Of course I  
10 don't know if you know, Len, or not, but I am probably to  
11 blame for this mapping business because I started it in  
12 Vermont several years ago. Do you have plans for any other  
13 programs that you are going to plan on mapping in the coming  
14 year?

15           MR. KOCZUR: Not in the coming year. What we are  
16 going to do is complete the project in Georgia. And it's  
17 kind of a prototype. We want to see what we get out of it  
18 and decide whether it is something that we want to try  
19 elsewhere, and just we're going to evaluate it once we're  
20 done.

21           And given the time frame, and I don't think we



1 could -- I'm sure that we could not get another one started  
2 in this fiscal year, by next September. And certainly if we  
3 do make a decision to go forward, I'll discuss that at the  
4 board meeting and we would probably present a report on the  
5 results of this project, and at that time we would talk about  
6 what we plan to do in the future.

7 MS. FAIRBANKS-WILLIAMS: When do you think this  
8 project will be finished?

9 MR. KOCZUR: We're looking right now probably at  
10 May or June, in that time frame. When we started getting into  
11 it, as I got into it more, this project is much more  
12 complicated than we originally thought. When the project  
13 started, I think that the impression was that you'd get this  
14 data from the grantees, and they have the data so it's no  
15 problem; you convert it into maps. Well, that's not the way  
16 it really works. It's a lot of stuff that goes on in  
17 between.

18 Just having the addresses -- for one thing, the  
19 addresses, while they are accurate enough to communicate with  
20 the person, to send them a letter if you have to, if there is  
21 a misspelling in the street or something like that, the

1 mapping doesn't work as well. So you have to work all  
2 through a lot of those kind of problems, so it has taken us  
3 longer than we had anticipated.

4 The other thing is we didn't settle with the  
5 programs until about July so it took us a while. We are  
6 behind the original schedule.

7 CHAIR BATTLE: Okay. Any other questions?

8 MR. EAKELEY: I think we just want to let the  
9 record reflect that Bucky Askew has also joined us, LaVeeda  
10 and Nancy.

11 CHAIR BATTLE: All right. Welcome, Bucky.

12 MR. EAKELEY: And Ernestine. Well, we mentioned  
13 you at the beginning.

14 MS. MERCADO: As you were coming in.

15 MS. WATLINGTON: Okay.

16 MR. EAKELEY: Well, Leonard, thank you very much.

17 MR. KOCZUR: You're welcome. And I really do  
18 appreciate this opportunity to work -- you know, I was a  
19 federal bureaucrat for 300-some years, and to get a position  
20 as Acting IG, I really think that's just great. I enjoy the  
21 job. It's been terrific working with the board and with the

1 people in the Corporation, the management and the staff.  
2 This has been a good experience for me and I appreciate it,  
3 and I thank you for appointing me to the position.

4 MR. EAKELEY: We are running a bit late, through no  
5 fault of your own, but let me contribute to that lateness by  
6 making one other comment. Were it not for the fact that we  
7 have been looking forward to being replaced for some time now,  
8 I would have suggested to the board that we remove the Acting  
9 from the title, but I think the timing is just not right for  
10 that.

11 MR. KOCZUR: Yes, I understand that.

12 MR. EAKELEY: But we are glad to have you with us.

13 MR. KOCZUR: Thank you. I'm glad to be here.

14 MS. FAIRBANKS-WILLIAMS: One other question that I  
15 always ask everybody. Do you think everybody that is under  
16 your jurisdiction is happy in your shop?

17 MR. KOCZUR: No. As a matter of fact, I think  
18 there are several people that aren't happy. When I took over  
19 -- I have a different style than the former IG and I'm more  
20 demanding and I changed some things, and frankly some folks  
21 didn't like that. And that's where I'm at, but those changes

1 were necessary in order to run an efficient operation. Some  
2 people have been terminated, basically because I thought  
3 their performance wasn't what I thought it needed to be.

4 MS. FAIRBANKS-WILLIAMS: Do you have any more  
5 terminations in mind?

6 MR. KOCZUR: Right now, no, I don't. As long as  
7 people perform their jobs, there is no issue with  
8 termination; but if they don't perform, then that becomes an  
9 issue with me.

10 CHAIR BATTLE: To follow up on one final point --  
11 and this may be part of the process, but I did note  
12 throughout the report that there were goals and objectives  
13 that you had for the number of audits that you were to  
14 complete and the number of on-sites.

15 MR. KOCZUR: Yes.

16 CHAIR BATTLE: And probably that would be helpful  
17 at the beginning of this next rating period to do the same  
18 thing. I know we won't still be the board, but just so that  
19 the new board coming in will have an idea of what kinds of  
20 designs you have for the next performance year.

21 MR. KOCZUR: I am a little bit behind. I have not

1 revised the performance plan for the year yet, but I intend  
2 to work on that and have that to the board certainly by the  
3 next board meeting.

4 MR. EAKELEY: Yes, if we could get that in advance  
5 of --

6 MR. KOCZUR: Yes. In advance, yes.

7 MR. EAKELEY: It's our annual meeting so I think it  
8 would be really great if we could have that then.

9 MR. KOCZUR: I'll make sure.

10 MR. EAKELEY: We'll be looking at our strategic  
11 directions document and looking at what we've done since we  
12 adopted it, where we should be going or might recommend the  
13 next board go, how the resources are or have been allocated  
14 in that as well. So that would be good timing for this, Len.  
15

16 MR. KOCZUR: I'll certainly have it to you sometime  
17 in December.

18 MR. EAKELEY: Great. Okay, thank you. We need you  
19 to let us huddle in executive session for a moment, then I  
20 have to go to my room and get my board materials that I left.

21 MR. ASKEW: And check out.

1 MR. EAKELEY: That, too.

2 MR. ASKEW: You can check out by phone, though.

3 MR. EAKELEY: Nancy, were you aware that the --  
4 while Len is leaving, I'll just mention that -- are you aware  
5 that we have a 15 percent increase in the M&A line in our  
6 appropriation this year?

7 MS. ROGERS: Yes, I got an e-mail this morning.

8 MR. EAKELEY: So we need to look at how that is  
9 going to get allocated within the Corporation and as between  
10 OPP and Compliance and Enforcement and the like.

11 MR. SMEGAL: Did we ask for it?

12 MR. EAKELEY: We were thinking we are in the same  
13 place where we were a year ago -- never mind, I'll take up  
14 too much time.

15 LaVeeda, I'm sorry to interrupt your meeting.

16 CHAIR BATTLE: That's okay. That was good news to hear  
17 during this meeting.

18 MR. SMEGAL: Did we ask for it?

19 MR. EAKELEY: Yes, but also that was the larger  
20 appropriation.

21 (Whereupon, at 9:40 a.m., the meeting was adjourned

1 to closed session.)

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