

1 LEGAL SERVICES CORPORATION
2 BOARD OF DIRECTORS

3 JOINT MEETING OF THE
4 AUDIT COMMITTEE AND THE
5 OPERATIONS AND REGULATIONS COMMITTEE

6 OPEN SESSION

7 Saturday, April 17, 2010
8 9:19.m.

9 Sheraton Tucson Hotel & Suites
10 5151 East Grant Road
11 Tucson, Arizona 85712

12 AUDIT COMMITTEE MEMBERS PRESENT:

13 Victor B. Maddox, Chairman
14 Jonann C. Chiles (by telephone)
15 Thomas R. Meites (by telephone)
16 John G. Levi, ex officio

17 OPS & REGS COMMITTEE MEMBERS PRESENT:

18 Thomas R. Meites, Chairman (by telephone)
19 Jonann C. Chiles (by telephone)
20 Robert J. Grey, Jr.
21 Laurie I. Mikva
22 Charles N.W. Keckler
John G. Levi, ex officio

OTHER BOARD MEMBERS PRESENT:

Sharon L. Browne
Thomas A. Fuentes
Robert J. Grey, Jr.
Martha L. Minow
Charles N.W. Keckler
Hon. Sarah M. Singleton

1 STAFF AND PUBLIC PRESENT:

2
3 Victor M. Fortuno, Interim President and General
4 Counsel

5 Kathleen Connors, Executive Assistant to the President
6 Patricia Batie, Acting Corporate Secretary and FOIA
7 Officer, Office of Legal Affairs

8 David L. Richardson, Treasurer and Comptroller, Office
9 of Financial and Administrative Services

10 Mattie Cohan, Senior Assistant General Counsel, Office
11 of Legal Affairs

12 Karen J. Sarjeant, Vice President for Programs and
13 Compliance

14 Charles Greenfield, Program Counsel III, Office of
15 Program Performance

16 Charles Jeffress, Chief Administrative Officer
17 Jeffrey E. Schanz, Inspector General

18 Joel Gallay, Special Counsel to the Inspector General,
19 Office of the Inspector General

20 Laurie Tarantowicz, Assistant Inspector General and
21 Legal Counsel, Office of the Inspector General

22 Thomas Coogan, Assistant Inspector General for
23 Inspections, Office of the Inspector General

24 Ronald "Dutch" Merryman, Assistant Inspector General
25 for Audit, Office of the Inspector General

26 John Constance, Director, Government Relations and
27 Public Affairs Office

28 Stephen Barr, Media Relations Director, Government
29 Relations and Public Affairs Office

30 Alice Dickerson, Director, Office of Human Resources

31 Julie Reiskin, LSC Board Nominee

32 Gloria Valencia-Weber, LSC Board Nominee

33 Don Saunders, National Legal Aid and Defenders
34 Association (NLADA)

35 Robert Stein, Standing Committee on Legal Aid &
36 Indigent Defendants (SCLAID), American Bar
37 Association

38 Linda Perle, Center for Law & Social Policy (CLASP)

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P R O C E E D I N G S

(9:19 a.m.)

CHAIRMAN MADDOX: This is the joint meeting of the audit committee and the operations and regulations committee. I'm Victor Maddox, and I am the new chair of the audit committee.

And I believe we have Tom Meites, chairman of the operations and regs committee, on the phone. Is that correct?

MR. MEITES: That's correct.

CHAIRMAN MADDOX: Okay. Last week Tom asked me to chair the committee since he is not here in person, and I'm happy to do so.

The first item on the agenda is the approval of the agenda, which appears in our book, and I believe has been made public. Is there any motion to approve the agenda?

M O T I O N

MR. FUENTES: Move it.

PROFESSOR KECKLER: Second.

CHAIRMAN MADDOX: So moved and seconded, and the agenda is approved.

1 Item No. 2 is to consider and act on the
2 revisions to the LSC Accounting Guide for LSC
3 Recipients. And I believe we'll have a presentation
4 for that by Chuck Greenfield. Is that correct?

5 MR. GREENFIELD: That's correct.

6 CHAIRMAN MADDOX: Great. Welcome,
7 Mr. Greenfield.

8 PROFESSOR KECKLER: I've got a question. I
9 think it was something in the last committee that the
10 chairman opened up with a description of who the new
11 members of the -- voting members of the committee, or
12 in this case committees, are.

13 CHAIRMAN MADDOX: Yes.

14 PROFESSOR KECKLER: I think that might be wise
15 to do.

16 CHAIRMAN MADDOX: Thank you for that. The
17 voting members of the operations and regulations
18 committee, as I understand it, are Chairman Meites,
19 Ms. Jonann Chiles, Mr. Robert Grey, Mr. Charles
20 Keckler, and Ms. Laurie Mikva. Is there anyone else
21 who's a voting member?

22 (No response.)

1 CHAIRMAN MADDOX: Okay. Very well. And the
2 members of the audit committee are myself as chair,
3 Ms. Chiles, and Mr. Meites, both of whom -- Jonann, are
4 you on the phone?

5 MS. CHILES: I am, yes. Thank you.

6 CHAIRMAN MADDOX: So everyone's here. And I'm
7 advised that Chairman Levi is, by law, an ex officio
8 member of both committees, and we're happy to have him.
9 Thank you.

10 MR. LEVI: So thrilled.

11 (Laughter.)

12 CHAIRMAN MADDOX: Okay. Mr. Greenfield?

13 MR. GREENFIELD: Thank you. Good morning,
14 members of the committee and chair. I'm Chuck
15 Greenfield. I'm a program counsel in the Office of
16 Program Performance for LSC. I'm happy to be here this
17 morning to report the efforts over the past year of a
18 special group, multi-unit group within LSC, that has
19 worked on revising the accounting guide.

20 And it's the fiscal advisory group that was
21 convened by former President Helaine Barnett following
22 a couple of things. And one particular one that was

1 important was the December 2007 GAO report entitled,
2 "Improved Internal Controls Needed for Grant Management
3 and Oversight," and recommendations and suggestions
4 made by others, including members of a special LSC
5 grantee executive director conference sponsored by LSC
6 in June of 2008. Suggestions were made about
7 additional assistance in the financial oversight area
8 and financial resource area that LSC could offer
9 grantees.

10 And so the fiscal advisory group was convened
11 a little over a year ago, for a couple of purposes.
12 One was to provide tools, support, and training to
13 facilitate fiscal oversight of grantees. And second is
14 to help identify and further identify best practices in
15 program fiscal management.

16 And the members of the fiscal advisory
17 committee were drawn from three different portions of
18 the Corporation: the Office of Compliance and
19 Enforcement, including its director; the Office of
20 Program Performance; and the executive team. And
21 joining us within LSC for this group were eight grantee
22 CFOs, chief financial officers.

1 And they were selected in large part based
2 upon those programs that had received no negative
3 findings when the GAO went to them, as well as some
4 others. And so we selected the group where GAO found
5 no problems in their testing, used those CFOs, and then
6 we added a few others. So that group constituted and
7 constitutes the fiscal advisory committee.

8 Then we split into three subcommittees after
9 identifying certain things that needed to be done. And
10 one had to do with what we're here today for, which is
11 revisions to the accounting guide. Another one had to
12 do with help developing and identifying best practices
13 and fiscal oversight and grantee accounting approaches.
14 And the third was to encourage fiscal oversight,
15 training, and what role LSC could play in training for
16 grantees in fiscal oversight.

17 And so one of the things that we did as a
18 subcommittee for the accounting guide, as also larger
19 as the fiscal advisory committee, is we reviewed a
20 number of things. The accounting guide was last
21 revised 13 years ago, in 1997.

22 And so one of the things we looked at was what

1 additional accounting standards had developed and
2 emerged with additional that's occurred since that day
3 that this was last revised; what new best practices,
4 industry best practices, was the nonprofit industry;
5 and what recommendations had been made in the past from
6 GAO and others; and internally, what we had seen with
7 programs and our reviews of programs.

8 And so in reviewing the AICPA, which is
9 American Institute of CPAs, and accounting standards
10 found in the Financial Accounting Standards Board,
11 FASB, and literature on nonprofit -- the Senate had a
12 hearing. Senator Grassley, then chair of the Finance
13 Committee, had hearings on best oversight practices for
14 nonprofits in 2005, and things have come out of that.
15 There's been an expert panel created to make
16 recommendations.

17 And we looked at Sarbanes-Oxley, Sarbanes-
18 Oxley implemented in 2002, five years after this
19 accounting guide was last updated. And a lot of stuff
20 came out -- a lot of provisions, rather, came out SOX.
21 And we know that Sarbanes-Oxley is limited in its
22 application to nonprofits to a couple of areas.

1 But the practices found made applicable to
2 public companies, made mandatory to public companies,
3 have been seeping through as best practices for
4 nonprofit financial oversight and management, and have
5 been coming through as part of IRS's new 990 form
6 reporting that has to be done by nonprofits as well.
7 So certain inquiries done of nonprofits have to be
8 signed off by nonprofit boards and their chairs as to
9 certain practices of fiscal review practices, et
10 cetera.

11 So after Sarbanes-Oxley, obviously enacted
12 following Enron and Global Crossing and WorldCom and
13 Tyco and other scandals, those scandals all involved
14 some aspect of accounting malpractice, malfeasance.
15 The suggestions that came out of -- the provisions
16 applicable to for-profit public companies that came out
17 of Sarbanes-Oxley and the development, as I've just
18 stated and as it comes into the nonprofit world, were
19 also considered as we moved ahead.

20 So what are the revisions, and how do I make
21 this 103-page document exciting this morning? And so
22 that's my challenge. But what we did in the general

1 concept is we went through -- and there are eight,
2 found in the memo to the board; I think it starts on
3 page 9 or 8 of the board packet -- there are generally
4 eight different categories. And obviously, in the time
5 for this joint committee, there's not enough time to go
6 through every different provision that we have done.

7 But we looked at eight different areas, and as
8 outlined in the memo, one of them had to do with
9 electronic banking transactions. In thirteen years, a
10 lot of things have happened. A lot of transactions are
11 occurring by electronic measures. Both accounts
12 receivable and payable are made electronically. What
13 additional internal controls should programs have as a
14 result of the electronic expansion, electronic banking
15 expansion?

16 And really, the current accounting guide has
17 very little. There's an ADP mentioned, but that's
18 about it. And so we have revised both of the
19 fundamental criteria, which is the second chapter of
20 the accounting guide, to put in a fairly substantial
21 section on electronic banking and the kind of internal
22 controls a program should look to implement so that --

1 and regular review of electronic transactions to ensure
2 fiscal viability and oversight of a program.

3 And so that was the major part. It's also
4 found in appendix 7, which becomes -- through a series
5 of questions, is a best practice checklist in many
6 different areas. And we put a separate electronic
7 banking section there.

8 And the second category for the revisions or
9 financial oversight concepts from Sarbanes-Oxley -- I
10 talked about that. And included in that is the idea
11 of -- well, the current accounting guide states that
12 there should be a finance committee of a board, for
13 example. It says nothing about an audit committee.
14 The requirement for an audit committee for public
15 corporations came out of Sarbanes-Oxley, but not for
16 nonprofits.

17 And so what do we do with that issue? This
18 board has actually considered -- committee of board
19 considered that issue last January as well. But when
20 we looked at the issue, we made it a requirement that
21 the responsibilities and duties of an audit committee,
22 including hiring and replacing a public auditor,

1 contacting the auditor directly, oversight of internal
2 controls, receiving complaints internally, et cetera --
3 that those responsibilities have to be carried out by a
4 board of directors from a grantee, that we consider it
5 a best practice for a grantee to have a separate audit
6 committee from their finance committee.

7 But we don't require the separate audit
8 committee. So it's a best practice for an audit
9 committee, with a requirement that the roles of an
10 audit committee that are set forth in detail in the
11 revisions to the accounting guide are carried out by
12 the board.

13 It's important to note that when the GAO
14 issued its report about this board, LSC's board, on
15 this issue of LSC having a separate audit committee
16 or not, obviously we know that the LSC board decided
17 to establish a separate audit committee. The
18 recommendations from the GAO said, do the
19 responsibilities of an audit committee. If you want
20 to, you can set up an audit committee, but you're not
21 required to. So it's consistent with the GAO's
22 approach to this board as well.

1 The third category was a -- there's a fairly
2 major codification the Financial Accounting Standards
3 Board did just July of last year on all their financial
4 accounting standards. And that FASB codification
5 resulted in significant changes to those specific
6 references in the guide from the current guide.

7 And four is key practices for fraud
8 prevention. We've added a fraud prevention section,
9 3-600, chapter 3. And there was nothing in the
10 current -- there is nothing in the current accounting
11 guide that talks specifically about fraud prevention,
12 practice, suggestions, and techniques. There are, of
13 course, a whole series in the fundamental criteria that
14 deal with how do you limit risk in certain areas for a
15 program. But this really addresses the fraud
16 prevention.

17 And the fourth area -- the fifth area, excuse
18 me -- was to make it consistent, since we have a 1997
19 document, with other LSC regulations and provisions.
20 We found several inconsistencies, including current
21 policy in the manual, in the current accounting guide,
22 is to capitalize and depreciate property in excess of a

1 thousand dollars. But our property manual says \$5,000.

2 We have an internal conflict.

3 We had some other conflicts present in our
4 grant conditions about the length of time you must
5 maintain records in certain areas. So we made them
6 consistent with other policies and practices. Included
7 regulations that the ops and regs committee will
8 consider later today, which has to do with finalized
9 action on the attorney's fees provision.

10 And so we have -- there was a specific
11 attorney's fees section in the accounting guide. So we
12 have revised that to reflect the interim final rule
13 that this board passed last January, and can make any
14 modification based on what the board today, later
15 today.

16 So that was to make it consistent with
17 practices and policies, and we have links throughout,
18 including there have been fiscal advisories issued in
19 the last several years by LSC management to programs
20 that highlighted certain areas of fiscal oversight and
21 fiscal practices that we wanted -- we as LSC wanted
22 them to focus on. And those were not cross-referenced

1 anyplace in the accounting guide.

2 So our plan is, by the way, is to have those
3 linked directly, electronically, in many areas, and so
4 that you can click on and it would come up, that policy
5 guidance or something else. For example, one of the
6 things that I found fascinating in this project was to
7 find out where -- following one of the findings of
8 GAO's report in December of '07 is to find out where
9 LSC says you can't spend federal LSC money on the
10 purchase of alcohol.

11 I was then a project director in Hawaii, and I
12 immediately looked -- I thought I was familiar with the
13 regulations. I couldn't find it. I looked in the
14 regulations. There was nothing that said you couldn't
15 spend it on alcohol. But it's in there, but it's
16 really buried. We have 1630, cost principles, and then
17 we talk about A-122, an OMB circular. And then
18 attachment B to A-22 (sic) is cost principles. And so
19 it's pretty buried in there.

20 And so what this does is it brings it out. It
21 not only specifically references it, but we'll be able
22 to have a hotlink direct to appendix B to A-22 --

1 A-122, rather -- which talks about federal cost
2 principles. And it will make it much more alive and
3 more cognizant for grantee programs.

4 The sixth general category of revisions --
5 well, the appendix 7, as I mentioned earlier, which is
6 a list by question format, checklist format of best
7 practices, that's been revised, as I said earlier, to
8 reflect electronic banking, and to reflect a few others
9 as well.

10 And then seven, we updated new references in
11 other areas as new publications were put forth by the
12 government and others. So we updated those references.

13 And the last category had to do with
14 grammatical and other problems we saw in the way things
15 were written in the earlier manual.

16 So in combination, those eight categories are
17 an effort to bring alive and to update what we know is
18 a fairly outdated document. And during this process, I
19 should point out that we involved a number -- as I
20 point out earlier, a number of offices within LSC. The
21 committee was co-chaired -- the committee on the
22 accounting guide was co-chaired by myself and Helga

1 from OCE.

2 And we also involved and solicited and
3 received detailed comments from the Office of the
4 Inspector General, both in November and also -- excuse
5 me -- also received some additional comments this week,
6 which we will -- if they're appropriate comments or
7 helpful comments, we'll incorporate them.

8 And we want the OCE and the rest of the fiscal
9 advisory group to check the additional suggestions.
10 But it looks to me to be entirely appropriate and makes
11 sense. So we've involved as many areas within LSC as
12 we can.

13 And how did we look at -- excuse me -- how did
14 we look at what areas to address in the manual besides
15 what I've mentioned? We looked at the findings that
16 OCE has had over the years when they do fiscal reviews.
17 We looked at any suggestions that OCE -- excuse me,
18 that the Inspector General's Office has had in their
19 reports that they've issued as well.

20 And so OCE was very helpful in compiling a
21 list of those risky financial practices they had seen,
22 questionable financial practices. So we tried to

1 incorporate those, and did, in revising the appendix 7,
2 which is the list of best practices as well.

3 So in this process, when we got the draft
4 together for these suggested revisions, we went out to
5 the grantee community in a session we held at the NLADA
6 annual conference in November last year, and handed out
7 copies and received a number of good suggestions at
8 that meeting. We also had posted on our website a
9 version of these, posted on our website since November
10 of last year. And that was very helpful.

11 We also had a separate session for the
12 Management Information Exchange administrators
13 conference, which half of the attendees are CFO from
14 different grantee organizations. Handed out copies and
15 received additional suggestions then.

16 We published in the Federal Register, noticed
17 the 2nd of February. Received limited comments at that
18 point. We received, as you can see in the memo, three
19 comments from organizations. And I've attempted in the
20 memo to respond to and make slight modifications based
21 upon their suggestions as well.

22 So we tried to share as best we can, both

1 electronically and with hard copy in sessions this
2 process, and include as many people within LSC, both
3 compliance and enforcement and the Inspector General's
4 Office, in this effort to update.

5 One of the things we think as the fiscal
6 advisory committee that is particularly helpful about
7 this process is that we bring an old document, old
8 green document -- which we need to change the color of
9 the old one, which is a government green, and we'll
10 figure out a better color than white -- but we bring it
11 alive.

12 And then we will, as time goes on, assuming
13 the board committee and the board will approve this, we
14 can bring this out to the grantee community, explain
15 their changes, have them make sure that their
16 individual accounting guides or accounting manuals that
17 they have are compliant with the LSC guide so that it
18 brings to their attention the need to modernize their
19 system as well. Some of them have. But they can
20 review based upon these suggestions as well.

21 Questions?

22 CHAIRMAN MADDOX: Thank you very much,

1 Mr. Greenfield. I have just a couple questions,
2 really.

3 It says in your report that the LSC requires
4 recipients and sub-recipients to provide audited
5 financial statements. Is that correct?

6 MR. GREENFIELD: Yes.

7 CHAIRMAN MADDOX: How many sub-recipients does
8 that include? I know there's 136 grantee
9 organizations, I believe. How many sub-recipients --

10 MR. GREENFIELD: I probably have to ask one of
11 my coworkers for that figure. I'm sure it's much less.
12 Anybody know? We have a list. We don't know. I'm
13 going to guess less than 30 or 40. I'm not sure.

14 CHAIRMAN MADDOX: Oh, I see. Okay. So it's
15 not a dramatically larger number that you're dealing
16 with?

17 MR. GREENFIELD: No. No.

18 CHAIRMAN MADDOX: Okay. You indicated earlier
19 that eight grantees received zero comments, and they
20 were part of your advisory group. Just for --

21 MR. GREENFIELD: I'm sorry. Eight CFOs were
22 involved. There were five of the grantees -- five of

1 the 14 grantees that were visited by GAO, they had no
2 findings at all. And I was from those five that we
3 drew five of the eight, and then the other three were
4 additional folks.

5 CHAIRMAN MADDOX: Is that all part of the
6 record somewhere, which grantees were involved and --

7 MR. GREENFIELD: Yes. I can supplement that
8 if the committee would like.

9 CHAIRMAN MADDOX: I just -- it would be
10 interesting to know which were involved, frankly.

11 MR. GREY: Actually, Mr. Chairman, it might be
12 good just to see the lineup of the entire committee,
13 including this --

14 CHAIRMAN MADDOX: Yes. That would be helpful.

15 MR. GREY: I think that would be interesting.

16 MR. GREENFIELD: I can provide that now, if
17 you'd like, or provide that in writing.

18 CHAIRMAN MADDOX: You can submit it later if
19 that's --

20 MR. GREENFIELD: Yes. Well, I mean, I can
21 tell you the committee involved the CFOs from Legal
22 Action of Wisconsin, Laura Brown; Ann Gorman, the CFO

1 from Legal Services New Jersey; Bettina Kaplan, Legal
2 Services of Cleveland CFO; Mel Miller, Legal Service --
3 I'm sorry, CFO of Bay Area Legal Services -- that's in
4 Florida; Mary Ortegon, and she's the CFO of Texas
5 RioGrande Legal Services; Steve Pelletier -- he's the
6 CFO of Northwest Justice Project in Washington; Paul
7 Sagesse, and he's the CFO of ABLE, which is a legal aid
8 organization in Ohio; Gregg Trautwein, and he's the CFO
9 of Legal Services of Northern -- I think it's
10 Minnesota.

11 And from the LSC side, we had Danilo Cardona,
12 the director of the Office of Compliance and
13 Enforcement; also from Office of Compliance and
14 Enforcement, Joseph Green and Charles Crittenden, and
15 Alberto Lopez-Silverado -- Silvero, rather; Helga Merz-
16 Hafezi, and she was the co-chair with me; we had the
17 deputy director of OPP, Cindy Schneider; Karen
18 Sarjeant, vice president; President Helaine Barnett,
19 who oversaw the process; and there were three other --
20 added later were three other additional individuals
21 from the Office of Compliance and Enforcement. So that
22 was essentially the group.

1 CHAIRMAN MADDOX: And the last question --

2 MS. CHILES: Excuse me. I've got a question
3 along the same lines.

4 CHAIRMAN MADDOX: Jonann?

5 MS. CHILES: It's my understanding that Helga
6 Merz-Hafezi resigned from the committee. Is that
7 correct?

8 MR. GREENFIELD: Not that I know of. The best
9 I could say is that at the end of this past year, we
10 changed composition of committees, work committees, and
11 she's no longer on the fiscal advisory work committee,
12 that's correct. She didn't tell me she resigned, but
13 she's no longer on that committee.

14 She was -- that committee was expanded. Our
15 subcommittee dealing with the accounting guide was then
16 expanded to add an additional three financial
17 individuals from the Office of Compliance and
18 Enforcement. And they helped with the --

19 MS. CHILES: Okay. So --

20 MR. GREENFIELD: Go ahead. I'm sorry.

21 MS. CHILES: Excuse me. So Helga Merz-Hafezi
22 is actually no currently a member of the committee, and

1 she didn't sign off on the final product. Correct?

2 MR. GREENFIELD: I think that's correct. The
3 final product -- in other words, what's presented to
4 you -- has been signed off by the fiscal advisory
5 group, and has been supported by the president -- not
6 president, excuse me -- the director of Office of
7 Compliance and Enforcement and other members, four
8 other members, of the Office of Compliance and
9 Enforcement, yes.

10 MS. CHILES: Okay. I spoke to the director of
11 the Office of Compliance and Enforcement yesterday, and
12 I understand he's not there today. Correct?

13 MR. GREENFIELD: That's correct.

14 MS. CHILES: And I did not get the impression
15 from him that he signed off on this, or that he was
16 given a full and fair opportunity to be a part of this
17 process. And I will tell you that troubles me. It
18 troubles me that I'm hearing two different things, one
19 thing from you and one thing from him.

20 MR. GREENFIELD: The only thing I could say --
21 and I'm joined by Karen Sarjeant here on my left -- the
22 only thing I can say is they've been actively involved

1 in this process on the committee level throughout this
2 entire process, including making comments, including
3 Danilo, the director of OCE, making comments as late as
4 a couple weeks ago. And in no situation have they
5 objected to that process to me.

6 MS. CHILES: I understand that they actually
7 have objected to the process. So as it stands today,
8 who are the actual members of OCE who signed off on
9 what you're asking the board to vote on?

10 CHAIRMAN MADDOX: Ms. Sarjeant?

11 MS. SARJEANT: Yes, if I could. Thank you.
12 Karen Sarjeant, vice president.

13 The process with the fiscal advisory group
14 does not require individual signoff by individual
15 staff. As Chuck has explained, at the end of the year
16 we actually did a review of all of the different
17 workgroups that we had, and the staff were encouraged
18 to sign up again if they wanted to be on a particular
19 workgroup or not. Now, it's my understanding that
20 Helga did not sign up for this group again.

21 In terms of the approval of the Office of
22 Compliance and Enforcement, I actually had a meeting

1 with the director before I left for the board meeting,
2 and he indicated that while a year ago, more than a
3 year ago, when he was originally asked and his staff
4 was originally asked whether there were changes needed
5 in the accounting guide and they said no at that time,
6 once the process started with the advisory group -- and
7 they have been involved in the process with the
8 advisory group -- there has not been any indication
9 that they do not support it.

10 And in fact, he said to me that he is fine
11 with the accounting guide and the changes that have
12 been proposed by the advisory group.

13 MS. CHILES: Okay. I just -- I have been told
14 almost the polar opposite of what you've just told me.
15 And I spoke to Mr. Cardona yesterday. And it troubles
16 me that I'm hearing inconsistent statements about OCE's
17 involvement in this process.

18 But let me get back. My question was: Who
19 were the actual members on the committee that signed
20 off on the document that you've given to the board
21 today?

22 MS. SARJEANT: The OCE staff members who

1 participated were -- we added three new fiscal staff to
2 OCE in the past year or so, and they were all on that.
3 Mark Watts, Tom Enright, and Lewis Goldstone were all
4 involved in the process. The other three financial
5 staff who Chuck mentioned, Charles Crittenden, Alberto
6 Lopez-Silvero, and Helga, was also involved at one
7 point. And then Danilo was involved also.

8 MS. CHILES: Okay. But Helga's not currently
9 part of the committee and did not sign on this product.
10 Correct?

11 MS. SARJEANT: No. Helga is not a part of the
12 committee right now. That's correct.

13 MS. CHILES: Okay. You know, I must tell you
14 I'm still confused about how OCE was involved in this.

15 But going back to Mr. Maddox's question about
16 who made up this committee, we were given the names of
17 the individuals from the grantees who were part of the
18 committee. Is there anyone else? I think
19 Mr. Greenfield mentioned that you added a few others to
20 the committee composition.

21 MS. SARJEANT: I just mentioned who we added.
22 The three relatively recent hires in the Office of

1 Compliance and Enforcement, the three fiscal staff,
2 were added to the committee. And I actually don't have
3 with me the entire roster of all of the different
4 workgroups that we have. There may have been some
5 other people, but I don't have their names.

6 MS. CHILES: Okay. Well, let me ask this: Is
7 there anyone from CLAE who participated in this
8 project?

9 MS. SARJEANT: No, there was not.

10 MS. CHILES: So Gary Singesen did not
11 participate in this workgroup?

12 MS. SARJEANT: He gave input into -- we talked
13 to Gary, and Judy Arrigo spoke and gave comment on
14 this.

15 MS. CHILES: So you did get input from someone
16 from CLAE --

17 MS. SARJEANT: No. Actually, Gary Singesen is
18 an individual consultant. He is not on the staff of
19 CLAE.

20 MS. CHILES: He's a faculty member with CLAE.
21 Correct?

22 MS. SARJEANT: He's a consultant.

1 MS. CHILES: Okay. So if he's a consultant,
2 did we pay him any monies under consulting contract?

3 MS. SARJEANT: Not to my knowledge.

4 MS. CHILES: Did we pay any of his expenses to
5 participate in this workgroup?

6 MR. GREENFIELD: No, no.

7 MS. SARJEANT: Not to my knowledge.

8 MS. CHILES: Well, can you all research that
9 and find out if, in fact, there was some sort of a
10 consulting contract and if we paid his expenses?
11 Committee members, here's my problem. I appreciate all
12 the work that has gone into this, and I do think that
13 this is a very important project.

14 And I can't say that I disagree with many of
15 the recommendations that have been put before the board
16 today. But here's my problem.

17 In one of its two first investigations, the
18 GAO specifically found that LSC failed to properly
19 delineate the roles and responsibilities of the LSC
20 offices responsible for grantee oversight. And for
21 those of you who are new to the board, the two main
22 offices that I'm concerned about that are involved in

1 what's before us right now is the Office of Program
2 Performance and the Office of Compliance and
3 Enforcement.

4 And when I was first on the board, I used to
5 get these two offices confused because sometimes
6 they're used interchangeably. Sometimes their duties
7 are blurred. And the GAO actually found that that was
8 a problem in LSC's -- or that contributed to LSC's
9 failure in grantee oversight.

10 So in response to that GAO finding, the LSC
11 board enacted Resolution 2008-008. I don't know if
12 Ms. Batie is in the room or not, but she might have
13 copies of that resolution. That resolution is called,
14 "Resolution Regarding Roles and Responsibilities of LSC
15 Offices Responsible for Grantee Oversight."

16 The enactment of that resolution was cited by
17 the board and the Corporation to the GAO and to the
18 Senate Judiciary Committee as satisfaction of the GAO's
19 recommendations that the roles and responsibilities of
20 these two divisions be stated clearly, and that the
21 division of labor be stated clearly.

22 The importance of this resolution was recently

1 reemphasized by President Fortuno in a memorandum that
2 I think Ms. Batie might have a copy of as well.

3 CHAIRMAN MADDOX: Pardon me, Jonann. Do we
4 have copies of these resolutions available?

5 MS. BATIE: We can get them.

6 CHAIRMAN MADDOX: Are they available now or do
7 we have to go --

8 MS. BATIE: No. We will get them.

9 MR. LEVI: How long?

10 MS. BATIE: It depends on whether there's a
11 computer available.

12 MS. SARJEANT: We have a copy.

13 MS. BATIE: How long is it?

14 MS. SARJEANT: Three pages. The resolution is
15 two. The attached roles and responsibilities is three
16 pages. And I believe this is what Jonann is referring
17 to. This was done by the board in the ad hoc committee
18 in response to the GAO report in -- was 2008?

19 CHAIRMAN MADDOX: December 2007?

20 MS. SARJEANT: April 2008, the board approved
21 this resolution. And I think what you are referring to
22 is the description under the Office of Compliance and

1 Enforcement, where it says that they prepare and LSC
2 issues the LSC accounting guide.

3 MS. CHILES: Correct. And just let me -- may
4 I continue? I'm almost finished.

5 CHAIRMAN MADDOX: You have the floor.

6 MS. CHILES: In that resolution, the board
7 gave, expressly gave, the Office of Compliance and
8 Enforcement responsibility for preparing the accounting
9 manual and for conducting reviews of compliance with
10 the manual and compliance with LSC's fiscal-related
11 regulations.

12 So OCE is the fiscal arm. OPP deals more
13 with program performance, with the quality of the legal
14 services that are being performed. These
15 responsibilities, the fiscal responsibilities that were
16 specifically given to OCE, are not shared with the
17 Office of Program Performance. And you can see that,
18 and I apologize that you don't have this resolution in
19 front of you right now because you can see that by
20 looking at the resolution. I trust that will be put in
21 your hands shortly.

22 The revisions being presented to the board

1 today do not come from OCE, but from a committee headed
2 by OPP. The task of reviewing or revising an
3 accounting manual should not have been delegated to a
4 committee. This responsibility was specifically placed
5 by the board with OCE, and in my view is non-delegable.

6 So unless and until the head of OCE approves
7 these proposed changes, I just don't think that we
8 should move forward on voting on these changes. In
9 fact, I think it would be a violation of the previous
10 board resolution, which again was enacted to satisfy
11 the GAO's findings of deficiencies in our grantee
12 oversight.

13 M O T I O N

14 MS. CHILES: So let me conclude by saying I
15 move we table a vote on this matter until we hear back
16 from OCE.

17 MR. GREENFIELD: Mr. Chair, can I make one
18 comment, please? This is Chuck --

19 MR. MEITES: This is Tom Meites. Can you all
20 hear me?

21 CHAIRMAN MADDOX: Yes.

22 DEAN MINOW: Why don't you let Chuck respond

1 first.

2 CHAIRMAN MADDOX: Tom, let's have
3 Mr. Greenfield respond first.

4 MR. GREENFIELD: I just wanted to say one
5 thing, which is it's incorrect to say this was a
6 committee of OPP. It was not a committee of OPP. This
7 is a committee of three different divisions within LSC
8 to address fiscal oversight issues, as I pointed out
9 earlier, not only the accounting guide but fiscal
10 oversight training as well as development of best
11 practices.

12 In that -- and it's also incorrect to say that
13 OCE was not involved. They were heavily involved in
14 the process every step of the way. And so OCE, OPP,
15 executive management team, and the larger fiscal
16 advisory group including the eight CFOs, participated
17 heavily in the development of these recommendations.

18 This was an inter-office effort which involved
19 significant individual writing and oversight by OCE.

20 CHAIRMAN MADDOX: Karen?

21 MS. SARJEANT: I just wanted to add to that
22 that this has been a process that has been underway for

1 over a year with the fiscal advisory group, and the
2 board has been kept apprised of the fact that this
3 activity was underway. And this is in fact the first
4 time that we have heard a concern raised about the
5 process that was being used to revise --

6 MS. CHILES: Excuse me. This is the first
7 time I've heard about this particular group or its
8 composition.

9 Excuse me. Please continue.

10 CHAIRMAN MADDOX: Karen?

11 MS. SARJEANT: I just wanted to say that this
12 has been a process that came out of our need to respond
13 to what GAO was saying to us in terms of -- and what
14 the executive directors were saying to us in terms of
15 the need for updated fiscal guidance. You know, we
16 were presenting this for the board to consider.

17 CHAIRMAN MADDOX: I think we understand. Let
18 me go to Martha Minow.

19 DEAN MINOW: Actually, Tom Meites maybe wanted
20 to talk.

21 CHAIRMAN MADDOX: Tom first?

22 DEAN MINOW: Yes.

1 CHAIRMAN MADDOX: Tom, over to you. You have
2 the floor.

3 MR. MEITES: Let me take a step back. I think
4 that the most useful thing that the holdover board
5 members can do is try to put things in historical
6 perspective for you all. And Jonann has brought you up
7 to speed on the previous board's response to a GAO
8 recommendation.

9 We too -- and you will take, I am confident --
10 GAO recommendations not only as good management advice
11 but as a default that we start with rather than
12 disagree with. In this case, just reading the
13 resolution, I think it's clear that it is OCE's job,
14 finally, to decide what the accounting guidelines are
15 going to be.

16 And I would propose that we take all the hard
17 work of this committee as an advisory or assisting
18 committee to OCE, and at the next meeting we have the
19 head of OCE here, and we hear from the OCE head whose
20 job it is to decide on these guidelines, his position
21 on the guidelines.

22 And so I join Jonann in her motion that we

1 table this until the next meeting.

2 CHAIRMAN MADDOX: Chairman Levi?

3 MR. LEVI: But that next meeting should occur
4 sooner than our next scheduled board meeting. This is
5 a work that is near conclusion and has many important
6 recommendations in it, and I don't think we should be
7 sitting on it until July.

8 CHAIRMAN MADDOX: Probably a good point. Let
9 me go to Martha first, I think, unless --

10 DEAN MINOW: Well, I have general substantive
11 comments, but Charles has something on what was just
12 said.

13 PROFESSOR KECKLER: Yes. Charles Keckler.
14 Just a quick question.

15 From some of the comments that you said, the
16 document that we have that we were given a little while
17 ago, that wouldn't necessarily be the final document in
18 the sense that you suggested that you've received in
19 recent days some suggestions, some good suggestions,
20 from the inspector general as well as from the Office
21 of Compliance and Enforcement.

22 So if that's correct, I mean, that's sort of

1 another reason to at least hold off today because I
2 don't have the exact document which would ultimately be
3 generated because you're going to have some new things
4 to add to it.

5 MR. GREENFIELD: I think that's -- if I can
6 respond, that's correct in terms of the inspector
7 general's comments. OCE's comments have already been
8 included.

9 PROFESSOR KECKLER: Okay. Thank you.

10 CHAIRMAN MADDOX: Martha?

11 DEAN MINOW: Well, actually, that was going
12 to be my comment as well. So I'm glad that we're on
13 the same page here because both with regard to
14 incorporating the responses to comments that you
15 received and with regard to the IG's comments, we do
16 not have yet your final document from your working
17 group. I had exactly the same thought. And it seems
18 to me we're not in a position here to rule on anything
19 in particular.

20 I did have one substantive comment, and then
21 just a procedural one. The particular issue of the
22 best practice of having a separate audit committee,

1 which this board has done, has of course raised
2 considerable concern among some of the recipient
3 organizations, which are very small and have very small
4 boards. And I was concerned about embracing language
5 that, without any comment, again reiterates that it is
6 the best practice since we know that this is a really
7 onerous task.

8 Moreover, to simply restate, therefore, where
9 there is not a separate audit committee, that these
10 tasks should be accompanied or fulfilled by the finance
11 committee seems okay but not adequate -- that's on
12 page 7, the top carryover paragraph. "In the event
13 that a governing body does not have a separate audit
14 committee, the audit committee's functions should be
15 performed by a finance committee or another committee
16 of the board."

17 I mean, that's fine. But the guts of the
18 point is that there needs to be expertise on the
19 relevant committee, and that seems to me the central
20 point that has to be emphasized, that whatever
21 committee it is that does perform this function has to
22 have financial expertise. That's what's crucial, and

1 we want to not bury that crucial point in the message
2 to the grantees. So that's my substantive comment.

3 My procedural comment has to do with the
4 references, Chuck, you made to highlighting changes,
5 hot text and so forth, which sounds jazzy and
6 wonderful. But I guess I just had a procedure
7 question.

8 Once this is done, does this lead into
9 training programs? Are there capacity-building
10 activities that LSC itself engages in? This is an
11 enormously complicated task and undertaking.

12 And also, with regard to the possibility of it
13 being online, does that mean that there's a process of
14 continual updating? And if so, how does that pertain
15 to training? Those seem to be procedural questions
16 that may not be rightly raised here, but I would like
17 to see them addressed.

18 CHAIRMAN MADDOX: That's a good suggestion.

19 Do we have other comments from the board
20 members? Mr. Grey?

21 MR. GREY: Just one. To Martha's first point
22 on page 6.1-7, it talks about each governing body has a

1 fiduciary responsibility to program, and must establish
2 financial oversight of its committees. It's considered
3 best practice of governing bodies to have a finance
4 committee and a separate audit committee, as you noted.

5 It is also considered best practice for a
6 governing body to have at least one member who is a
7 financial expert, or the board to have access to a
8 financial expert, which is back to your point. It does
9 say that specifically.

10 And I'm persuaded that as we are talking about
11 this, that this does require some more focus. And
12 we've got a lot of "or's" in here. You can do this
13 "or" that. You can do this "or" that. And if you
14 combine the path of least resistance in the "or"
15 language, you end up really maybe not having the right
16 fiscal picture for responsibility in these boards.

17 So I'm concerned about that as well. And in
18 addition to that, how do you implement best practice if
19 it continues to say, do this or that, do this or that,
20 in a very -- in a way that we can be assured that the
21 board is discharging its fiduciary responsibility
22 properly.

1 CHAIRMAN MADDOX: John?

2 MR. LEVI: I want to second what Robert and
3 Martha have said, but also to say that at this next
4 meeting when I gather OCE will come in and discuss
5 their view, that I gather the IG did make some
6 suggestions.

7 And I think we should hear from them as well
8 to make sure everybody is on the same page with regard
9 to this guide going forward, and we all agree that it
10 represents the best thinking, and that we're all in
11 this together, not that we're at cross-purposes here.

12 And as to the training issue, I would like
13 to -- I think it would be helpful to this board. Maybe
14 the prior board knew and understood how that was going
15 to take place. But I think for our edification, it
16 would be helpful if we understood how that is going to
17 take place for the grantee community.

18 CHAIRMAN MADDOX: Charles?

19 PROFESSOR KECKLER: Yes. I think that's a
20 good suggestion. And as I take it, what people are
21 interested in, a subsequent meeting, a staff report of
22 recommendation from the Office of Compliance and

1 Enforcement and from the Inspector General regarding
2 their views on this accounting guide.

3 I wanted to have one sort of particular issue
4 that I noted within the accounting guide that I hoped
5 that they would speak to as well as their overall
6 views. And maybe you can also comment on your thoughts
7 on this. This is on page 51 of the accounting guide.
8 And it's right there at the very end; indeed, it's the
9 very last thing.

10 But I think it's of enough importance that I'd
11 like a bit more clarification going forward, which it
12 says, "Have a policy for what to do if you uncover
13 fraud. Maintain a list of things to do, including
14 contacting the LSC's Office of the Inspector General,
15 the police, the new auditor, et cetera."

16 Well, along with Mr. Grey's point about giving
17 options to people, I mean, here this is a very
18 important thing, and I think that my own sort of
19 views -- and I would like to hear the views of staff
20 perhaps on how we can be more directive to grantees on
21 this important point, upon this important level of
22 reporting, and the manner in which that could be done.

1 I think that boards and staff might need a
2 little bit more guidance than, come up with a policy.
3 That's good as far as it goes. But I think I'd like to
4 hear staff or important recommendations on filling out
5 that with some content about what we really want them
6 to do.

7 Because we want -- there's going to be
8 specific things we're going to want them to do and the
9 Corporation is going to want them to do if they do
10 uncover fraud.

11 And so I noticed thought as something that
12 might require some further elaboration. So if we're
13 going to have staff report on recommendations on number
14 of issues, that would be one thing that I hope that
15 they would offer their views on.

16 CHAIRMAN MADDOX: Very good suggestion. Do we
17 need to schedule another meeting in advance of our July
18 meeting, Jon? How do we --

19 MR. LEVI: I think you would -- when the staff
20 is ready to give you a report, it seems, you can then
21 with a seven-day notice. Is that correct?

22 MR. FORTUNO: That's correct. It doesn't have

1 to be scheduled here today. You can do so initially.
2 Scheduling of a meeting is not covered by Sunshine, so
3 it can be done over the phone informally. And once
4 it's decided when that will be, we would announce the
5 meeting at least seven days in advance and have a
6 notice published in the Federal Register.

7 CHAIRMAN MADDOX: Let me just -- Jonann, while
8 you're still here, are there any specific concerns,
9 substantive concerns, about the guidelines that were
10 proposed today that you're aware of or that you can
11 share with us?

12 MS. CHILES: I think that Mr. Grey raised some
13 good comments about the linking of the words watering
14 down the final result. I think that Dean Minow raised
15 some good points about making sure that it is stressed
16 to the grantees that the audit function or functions of
17 an audit committee are performed and are important, and
18 that that be highlighted.

19 My primary concern is that we have a board
20 resolution. The resolution was enacted in response to
21 the GAO criticism of LSC. And I want to see the proper
22 process followed. OCE, they are our experts on fiscal

1 compliance. And until I hear, until I'm satisfied,
2 that our experts on fiscal compliance have weighed in
3 on this process, I'm not going to be comfortable with
4 what we've been given.

5 So other than that, I don't have any
6 particular comments about the contents.

7 CHAIRMAN MADDOX: Okay. Very helpful.

8 I have one other question, Mr. Greenfield, I
9 just remembered. Do we require audited financial
10 statements from our grantees, or simply compilations?

11 MR. GREENFIELD: No. Audited financial
12 statements.

13 CHAIRMAN MADDOX: Very good.

14 I gather, then, that we have -- is there
15 public comment? I'm sorry. Julie?

16 JUDGE SINGLETON: You have to come to a mike.

17 CHAIRMAN MADDOX: Yes, Julie. Go ahead.

18 MS. REISKIN: Yes. I'm anything but an
19 expert, but --

20 CHAIRMAN MADDOX: Could you identify yourself
21 for the record, please?

22 MS. REISKIN: Sorry, yes. My name is Julie

1 Reiskin. I'm a board nominee. And there were just
2 three things I noticed. And again, if this isn't right
3 for this, I apologize.

4 But one is in the personnel section of
5 different things that should be in a personnel file and
6 a personnel manual, I believe best practice these days
7 is also to include both a nondiscrimination policy and
8 a signed statement from every employee that they
9 understand their roles in terms of nondiscrimination.
10 That might also be a good thing if someone is accused
11 of discrimination, that the body has explained their
12 obligations.

13 And then second thing is there was a part
14 where it said how long each record should be kept. And
15 you might want to add something that says, or whatever
16 your state law says, whichever is longer, because some
17 of the things, there might be state laws that require
18 longer.

19 And then the final is around the -- it's
20 relating to the training and the client board members.
21 There are a lot of words in here that most client board
22 members aren't going to understand. And so in the

1 glossary -- and I'd be happy to help go through and
2 tell you what some of those words might be -- you might
3 want to either add a separate glossary or add some
4 words.

5 And you might want to include a requirement
6 that there be some sort of training for client board
7 members that is more basic than what the attorneys are
8 going to need in terms of understanding the financial
9 role rather than just kind of saying, oh, well, the
10 clients don't need to worry about that, so that they
11 are participating in a meaningful way, but so that they
12 have the background, and that you require the grantees
13 to do that so that their client board members are equal
14 participants.

15 So those are --

16 JUDGE SINGLETON: I just want to comment. I
17 think that many of the attorneys may need that remedial
18 accounting education also.

19 (Laughter.)

20 CHAIRMAN MADDOX: Very good. Thank you.

21 MS. REISKIN: Thank you.

22 CHAIRMAN MADDOX: Yes. I guess come up to the

1 microphone and have a seat next to Karen.

2 MR. STEIN: Quick, I want to thank you. I'm
3 Bob Stein from ABA SCLAID. In Section 2.2-2.6, which
4 mentions the newly revised rule with respect to
5 attorney's fees, the deleted portion spells out what
6 the old rule used to be. And it would be helpful, I
7 think, if there be a little bit more explanation of
8 what attorney's fees are permitted. And that's all.

9 CHAIRMAN MADDOX: Thank you.

10 MR. LEVI: I think Tom may be trying -- is Tom
11 trying to get in?

12 CHAIRMAN MADDOX: Tom? Are you -- Tom? Over
13 to you. Tom Meites?

14 MR. MEITES: Yes, I'm here.

15 MR. LEVI: Did you have a comment?

16 MR. MEITES: No, I did not.

17 CHAIRMAN MADDOX: Very well. Are there any
18 other public comments?

19 MS. PERLE: This is Linda Perle from Center
20 for Law and Social Policy.

21 Just a follow-up on what Mr. Stein said. I
22 think that there also needs to be reference to the

1 provision of 1642 with regard to accounting for
2 attorney's fees. That was moved to the other rule, to
3 1609. That needs to be referenced in that provision as
4 well just to make it clear, first of all, that there's
5 no longer a restriction on claiming attorney's fees,
6 but also, once you get the fees in, what you have to do
7 with regard to accounting for them.

8 CHAIRMAN MADDIX: Just as a matter of
9 procedure, can I ask Karen or the staff, when we
10 receive public comments like this in connection with
11 proposed changes or guidelines and the like, will you
12 all take those under advertisement and consider them
13 for inclusion? I mean, it's conceivable that some
14 public comment may or may not be appropriate for
15 inclusion, I guess. How do you proceed once you
16 receive those comments?

17 MS. SARJEANT: Absolutely. Any public comment
18 will go back to the group. And we heard the direction
19 from this committee that you want the revisions to be
20 reviewed by the Office of Compliance and Enforcement.
21 And then there will be a discussion with this committee
22 again.

1 So everything that has taken place here today
2 will go back to the fiscal advisory group, and then
3 back through LSC Office of Compliance and Enforcement
4 and management.

5 CHAIRMAN MADDOX: So we'll see a revised
6 report or recommendation, and there'll be some sort of
7 resolution of each particular comment we've received,
8 whether it's been incorporated or not?

9 MS. SARJEANT: That's right. That's right.

10 CHAIRMAN MADDOX: I gather, then, that we've
11 decided to table the resolution to the board of
12 directors regarding --

13 MR. LEVI: Well, there's a motion to table.

14 PROFESSOR KECKLER: Well, yes. We have to --
15 I think there's been a motion that's been put on there
16 and seconded.

17 CHAIRMAN MADDOX: Right. So is there a motion
18 to -- do I hear a motion?

19 MR. LEVI: You have the motion.

20 DEAN MINOW: You had the motion and you had a
21 second.

22 PROFESSOR KECKLER: Could we have her restate

1 the motion?

2 CHAIRMAN MADDOX: And the motion is -- Tom,
3 could you restate your motion? Jonann? I'm sorry.

4 M O T I O N

5 MS. CHILES: I move that we table item No. 2
6 on the agenda, the agenda for the joint meeting of the
7 audit and ops and regs committee, until the Office of
8 Compliance and Enforcement is able to review the
9 proposed audit -- or, excuse me, accounting manual
10 changes and comment on those.

11 MR. LEVI: No.

12 MS. CHILES: And until the comments which were
13 made today in today's meeting by the board and by the
14 public have been considered by OCE and have been
15 commented upon.

16 CHAIRMAN MADDOX: Can we clarify the motion?
17 Martha, do you have a --

18 DEAN MINOW: Well, I'm not a member of the
19 committee, but I think that the request is that the
20 proposal to recommend board approval of the revised
21 guide be postponed until the joint committee, which is
22 established as an inter-departmental committee, has the

1 chance to review and take in comments from each of the
2 relevant groups, which is the IG, as well as OCE, as
3 well as the public comments made here today, as well as
4 questions raised by the board -- so there were a
5 variety of sources that need to be incorporated; I
6 think that was my understanding -- and that then it
7 would go to OCE, which would have the chance to decide
8 whether or not to recommend it. Because it is within
9 their purview, subject to the board resolution, whether
10 or not to recommend the changes.

11 So there were two steps. One was to have the
12 existing joint committee incorporate all of the
13 comments; and the second, then, is to have the review
14 by OCE whether or not they want to recommend it to the
15 board. That's my understanding.

16 MS. CHILES: I accept that very lovely and
17 articulate restatement of the motion.

18 (Laughter.)

19 CHAIRMAN MADDOX: And is that articulated
20 motion seconded?

21 MR. MEITES: Second.

22 CHAIRMAN MADDOX: All in favor?

1 (A chorus of ayes.)

2 CHAIRMAN MADDOX: So agreed.

3 Is there any new business to come before the
4 joint committee?

5 (No response.)

6 CHAIRMAN MADDOX: Chairman Meites, do you --
7 in your capacity as chairman of the ops and regs
8 committee, do you have any other matters?

9 MR. MEITES: I do not.

10 CHAIRMAN MADDOX: Is there a motion to adjourn
11 the meeting?

12 M O T I O N

13 MR. GREY: Move.

14 CHAIRMAN MADDOX: Second?

15 MS. MIKVA: Second.

16 CHAIRMAN MADDOX: All in favor?

17 (A chorus of ayes.)

18 CHAIRMAN MADDOX: The meeting stands
19 adjourned.

20 (Whereupon, at 10:20 a.m., the joint committee
21 meeting was adjourned.)

22 * * * * *