

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

OPERATIONS AND REGULATIONS COMMITTEE

OPEN SESSION

Tuesday, March 20, 2007

1:04 p.m.

The Legal Services Corporation
3333 K Street, N.W.
Third Floor
Washington, D.C.

COMMITTEE MEMBERS PRESENT:

Thomas R. Meites, Chairman
Lillian R. BeVier
Jonann C. Chiles (by telephone)
David Hall (by telephone)
Michael D. McKay (by telephone)
Bernice Phillips
Frank Strickland, ex officio

STAFF AND PUBLIC PRESENT:

Helaine Barnett, LSC President
Karena Dees, Office of the Inspector General
Patricia Batie, Manager of Board Operations
Victor M. Fortuno, Vice President for Legal
Affairs, General Counsel & Corporate Secretary
Mattie Cohan, Senior Assistant General Counsel
Demille James, Legal Assistant
Ronald Merryman, LSC OIG
Laurie Tarantowicz, Assistant Inspector General and
Legal Counsel
Danilo Cardona, Director, Office of Compliance
and Enforcement
William P. Sulik, Office of Compliance and Enforcement
Linda Perle, Center for Law and Social Policy
Stephen Lawrence, Senior Auditor, General Accounting
Office
Matthew Zaun, Auditor, General Accounting Office
Barbara Moldauer, Communications Director
Treefa Aziz, LSC, Government Affairs
David de la Tour, Office of Compliance and Enforcement
Lora M. Rath, Office of Compliance and Enforcement
Lynn Bulan, Senior Assistant General Counsel
Patti Soh, Office of Legal Affairs
Charles Jeffress, LSC, Chief Administrative Officer
Alice Dickerson, Director, Office of Human Resources
David L. Richardson, Treasurer & Comptroller

C O N T E N T S

	PAGE
Approval of Agenda	4
Approval of the Minutes of the Committee's January 19, 2007 Meeting	4
Consider and Act on Recommendation to the Board for the Adoption of Employee Handbook	5
Status report on Office of Inspector General's audits and Management's response on LSC's Office of Compliance and Enforcement, Office of Program Performance and Office of Information Management	
Management Report	87
OIG's Report	124
Status report on locality pay	129
Other public comment	130
Consider and act on adjournment of meeting	130
MOTIONS: pg 4, pg 77, pg 81, pg 130	

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

2 CHAIR MEITES: I will call to order the March
3 20, 2007 meeting of the Operations and Regulations
4 Committee.

5 M O T I O N

6 CHAIR MEITES: The first order of business is
7 to ask for approval of the agenda. Do I have a motion
8 to that effect?

9 MS. BEVIER: So moved.

10 CHAIR MEITES: A second?

11 MS. PHILLIPS: Second.

12 CHAIR MEITES: It is approved.

13 MS. BEVIER: Excuse me, Mr. Chairman, our --
14 do we have Mike McKay and --

15 CHAIR MEITES: We do. We have Mike, David,
16 and Jonann on the phone.

17 MS. BEVIER: Hello.

18 MR. MCKAY: Hello.

19 MR. HALL: Good afternoon.

20 M O T I O N

21 CHAIR MEITES: Item two is approval of the
22 minutes of our January 19, 2007 meeting. Do I hear a

1 motion to that effect?

2 MS. BEVIER: So moved.

3 CHAIR MEITES: Is there a second?

4 MS. PHILLIPS: Second.

5 CHAIR MEITES: And it is approved. All
6 right, the first item on the agenda, substantive item,
7 is consider and act on whether to recommend any or all
8 of the following to the board for their consideration.

9 And what follows are four proposed resolutions
10 proposed by Bernice.

11 Because, as I understand these resolutions,
12 they deal with rights and responsibilities of board
13 members, I would ask Vic to come forward and help us
14 with legal issues surrounding the substance of these
15 resolutions.

16 The Legal Services Corporation is a not-for-
17 profit corporation organized under the laws of the
18 District of Columbia. And as such, I believe that the
19 rights and responsibilities of us, as board members,
20 is, at least initially, determined by that law.

21 We are, however, a federally chartered
22 corporation -- are we, Vic?

1 MR. FORTUNO: Yes. The corporation is --

2 CHAIR MEITES: Which is a slight -- not the
3 usual not-for-profit. Each of these resolutions was
4 prepared by Bernice. And, Bernice, if you would like
5 to make some opening remarks, that is fine.

6 MS. PHILLIPS: Before we -- I just would like
7 to thank the committee for allowing me to speak. And
8 bear with me, because my voice is leaving. But before
9 we start, I have some questions that I have to ask Vic,
10 and I really hate to put you on the spot, but I want --
11 I have to know what role are you playing here today.

12 I want to know if you -- if management has
13 given you instructions on how to respond to them today.

14 MR. FORTUNO: No, I have had meetings and
15 discussions, but I don't know that -- we have not gone
16 over question and answer. We have discussed the
17 various resolutions, but there haven't been specific
18 instructions, no.

19 MS. PHILLIPS: Okay. The reason I'm asking
20 that, because I want to know if you could be objective,
21 if you could give an objective response, or are you
22 being an advocate for management?

1 MR. FORTUNO: No, I hope to be objective, and
2 respond to the questions, whatever questions asked,
3 respond to the questions to the best of my ability.
4 And I don't think that I am here, necessarily, to
5 advocate management's position, but to answer the
6 question, whatever the questions may be, to the best of
7 my ability, in an objective and forthright manner.

8 MS. PHILLIPS: Well, if no one has any
9 objections, I would -- if no one is -- has any problem
10 with allowing the inspector general's general counsel
11 to come up and join Vic in these sessions, I would
12 really appreciate that.

13 CHAIR MEITES: Well, let me point out,
14 Bernice, that Vic is the attorney for the board, as
15 well as a general counsel to the Agency. And as such,
16 we look to him for legal advice.

17 The -- an attorney who is on the staff -- and
18 the inspector general is not our attorney -- and
19 although we value his experience and insight, I don't
20 think that I am, in particular, and at least initially,
21 that interested in what another attorney, who doesn't
22 represent me, has to say about my legal

1 responsibilities.

2 If you think it will help you, however, to
3 have Laurie at the table --

4 MS. PHILLIPS: I do.

5 CHAIR MEITES: -- I am more than happy to ask
6 her to come forward.

7 MS. PHILLIPS: I do, I do.

8 (Pause.)

9 MS. PHILLIPS: Thank you, Laurie. I just
10 want to get a different perspective, you know, and so
11 that's why I asked you to join us.

12 MS. TARANTOWICZ: Thank you. My name is
13 Laurie Tarantowicz, for the record, counsel to the OIG.
14 I am happy to do that, although I will say, along with
15 what Mr. Meites said, that I am not the counsel for the
16 board on -- but I am happy to provide whatever
17 information you ask of me.

18 MS. PHILLIPS: Well, I really appreciate it.
19 Thank you.

20 CHAIR MEITES: All right, the -- there are
21 four resolutions that Bernice has proposed, and I -- we
22 will take them in order. And what I -- the way I am

1 going to proceed is I would like, first, the resolution
2 to be read into the record. And then, I am going to
3 ask Vic to give us his view on how the proposed
4 resolution squares with his understanding of what the
5 board's rights and responsibilities are.

6 In my view, if the resolution is merely a
7 restatement of existing law, it is in one category. If
8 it is not a statement of existing law, it is a
9 different kettle of fish. So, if that's all right with
10 you, we will start --

11 MS. PHILLIPS: I'm sorry, say that again? I
12 didn't --

13 CHAIR MEITES: That I am going to ask Vic to
14 read the resolution into the record. I am going to ask
15 him to put the resolution into perspective. Is it a
16 statement of existing law, or is it not?

17 If it's a statement of existing law, that's
18 one thing. If it is other than existing law, to me,
19 that's a different issue. So, that's where I am going
20 to start. Vic, go ahead.

21 MR. FORTUNO: I understand that item 3A
22 reads, "A resolution that confirms the right of board

1 members to access corporation records, in connection
2 with members' discharge of their fiduciary
3 responsibilities, and that clarifies that management
4 has no legal authority to withhold records from board
5 members."

6 That is the wording of the item on the
7 agenda, although I have been handed a resolution I have
8 not had an opportunity to read, but I think seems to be
9 on the same subject.

10 In any event, the item on the agenda, I
11 think, is a correct statement of law. I think that
12 directors of corporations, be they private or public,
13 or for profit or non-profit, have certain
14 responsibilities. And to discharge those
15 responsibilities, they need to be given access to the
16 records -- books and records of the entity that reflect
17 on the business and operations of the entity.

18 And so, as a general proposition, board
19 members are entitled to inspect the books and records
20 of the entity on whose board they serve.

21 CHAIR MEITES: All right. So that you would
22 put this, then, in the first of the two categories that

1 I identified, a statement of existing law?

2 MR. FORTUNO: Yes.

3 CHAIR MEITES: Okay.

4 MS. BEVIER: I have a question, Vic.

5 MR. FORTUNO: Yes?

6 MS. BEVIER: Does the ability of board
7 members to have access, and the legal right to have
8 access, include the circumstances under which access is
9 provided?

10 For example, can access be limited to access
11 at the offices, or does it include, you know, the right
12 to have them sent to you, regardless of what they
13 contain?

14 MR. FORTUNO: I think that, as a matter of
15 convenience, board members may ask that copies be
16 provided. I think that, as a general matter, when a
17 board member asks for something, the board member would
18 get it.

19 From a strictly legal perspective, the cases
20 and the statutes that get into this that I have seen
21 speak of right of inspection. So the directors have a
22 right to inspect.

1 Ordinarily, the cases that talk about that
2 talk about the place and the time, the circumstances
3 under which the inspection can occur.

4 They talk about it would ordinarily be at the
5 offices of the organization itself during normal
6 business hours, that the director can have an agent --
7 if the director needs an agent, be it someone with
8 financial expertise, auditing expertise, legal
9 expertise -- accompany them and participate in the
10 process.

11 The director can take notes, can make copies.

12 But the cases that I have seen from around the country
13 tend to talk about inspection at the offices of the
14 entity itself.

15 I think that -- I know I have seen a couple
16 that talk about making the records available at the
17 offices of the lawyer representing the -- whether it's
18 a board member or a stock holder. That's in an area
19 that doesn't really pertain to what we're talking about
20 here.

21 I can imagine a circumstance where if a board
22 member were ill, hospitalized, unable to come to the

1 offices of the corporation, and was still serving on
2 the board and able to discharge those responsibilities,
3 I can imagine -- although I have not seen any cases on
4 this -- a circumstance where the only way that the
5 board member could discharge that responsibility by
6 reviewing those documents is to have them provided to
7 him or her at -- whether it's the hospital, or wherever
8 else they may be.

9 But the cases -- the theme is that it's
10 access provided for inspection, generally at the
11 offices, during normal working hours.

12 CHAIR MEITES: Okay. Bernice?

13 MS. PHILLIPS: I have a question. So, the
14 law doesn't prohibit, let's see, for us sending copies
15 of records requested, do it?

16 MR. FORTUNO: No. There is, generally
17 speaking -- I guess it might depend on specific
18 documents -- but generally speaking, no. The law does
19 not preclude the entity, the -- in this case, LSC, but
20 speaking generally, the corporation -- from providing
21 copies.

22 I mean, it is able to do that. Not

1 necessarily required to do that, but is able, free, to
2 do that.

3 CHAIR MEITES: Let me ask Bernice a question.
4 Bernice, do you want to propose each resolution
5 separately? It might be easier.

6 MS. PHILLIPS: Yes.

7 CHAIR MEITES: If you want to move the
8 adoption of resolution -- you have given us a draft
9 resolution, but since we haven't seen -- I propose we
10 just -- it's easier for us if you just move 3A, and
11 then we will know what it is we are -- do you want to
12 so move on 3A?

13 MS. PHILLIPS: So are you going to vote to go
14 forward?

15 CHAIR MEITES: Well, if you make a motion,
16 then we can discuss the motion. We have had -- and,
17 Laurie, by the way, is there anything you would like to
18 add now -- this is a good time to do it -- as a
19 background matter?

20 MS. TARANTOWICZ: I'm afraid I am not as
21 knowledgeable as Vic on the matter of whether the
22 inspection needs to take place on site or elsewhere.

1 CHAIR MEITES: Okay.

2 MS. TARANTOWICZ: I mean, I agree with what
3 he said with regard to board member access to corporate
4 documents. It is necessary, in order to carry out your
5 duties and responsibilities as board members.

6 M O T I O N

7 CHAIR MEITES: Okay. What I would suggest,
8 Bernice, is if you're so minded, that you move the
9 adoption of the first resolution.

10 MS. PHILLIPS: Okay.

11 CHAIR MEITES: Do you so move?

12 MS. PHILLIPS: I do.

13 CHAIR MEITES: Okay, I will second it, so
14 that we can have discussion on the motion.

15 Let me ask -- there are three absentees -- if
16 they want to speak now, because I have been on the
17 phone, and there is a tendency to forget them. So, go
18 ahead. If anybody on the phone wants to address
19 resolution 3A, which has been moved and seconded?

20 (No response.)

21 CHAIR MEITES: All right. Then I will ask

22 Lillian --

1 MS. BEVIER: Well, I guess I really am a
2 little bit at sea. I would like to hear others'
3 comments about this resolution. If it is required by
4 law, I assume that a resolution is, in some sense,
5 redundant.

6 I have always had a kind of reluctance to put
7 in resolutions or in any sort of form, other than law,
8 what the legal obligation is. And to adopt -- this is
9 like adopting a legal -- a resolution that says we have
10 the rights that we have. And I just -- in a way, I
11 don't see the point of it.

12 But I am happy to be informed about that. I
13 just -- I don't understand that this has been something
14 that has been an issue.

15 CHAIR MEITES: Bernice?

16 MS. PHILLIPS: Well, it has been. For me, it
17 has been an issue. I requested some documents for the
18 handbook, the employee's handbook, personnel manual.
19 And I got some of the information, and some of the
20 information I did not get.

21 To my understanding, the management says it
22 was sensitive information. So -- but we have -- I have

1 been receiving sensitive information since I have been
2 on the board. And I believe I know how to treat
3 sensitive information. And when I cannot access
4 information to prepare for a meeting, some information,
5 and then some information I don't get, it handicaps me.
6 So, that's why I came up with this resolution.

7 CHAIR MEITES: Charles, are you here?

8 MR. JEFFRESS: Yes.

9 CHAIR MEITES: Charles, I think you were on
10 the other end of this discussion with Bernice. So if
11 you could, provide a little more background. Because I
12 know more of the story than others, because Bernice and
13 I were involved in the communications.

14 So, Charles, why don't you give some
15 background of Bernice's remarks?

16 MR. JEFFRESS: Yes. Bernice sent a memo with
17 a list of questions and comments and a request for
18 information on the employee handbook. We divided that
19 into 59 different items in her list. Many of those
20 were points and comments on the handbook, some were
21 requests for information.

22 Of the requests for information, we assembled

1 all the information to respond, and offered to make it
2 all available to Bernice. The initial set of
3 information sent to Bernice did not have three
4 different types of information in it.

5 One was a voluminous set of comments from all
6 employees on various drafts of the personnel handbook.

7 So it was a couple of thousand pages, and we simply
8 suggested that that was probably not a useful thing to
9 send. We later sent that, at Bernice's request,
10 because she was -- wanted everything.

11 The second set of information that was not
12 submitted to Bernice in advance, but we offered to let
13 her examine it at the offices when she came -- because
14 we proposed a meeting which she originally accepted,
15 here in Washington -- the second set of information was
16 salary information, the individual salaries of people
17 in the corporation.

18 And that information -- still here, it's
19 available to any board member, any board member can
20 look at it, it has not previously been e-mailed or sent
21 out to any board members, but it is available. I
22 offered it again this morning, to show her and let her

1 look at those three pages, if she wished to.

2 The third set of information she requested,
3 which was not sent, were agreements with two employees
4 who were terminated. They are confidential settlement
5 agreements, and we have not sent them outside the
6 corporation, either. And again, we made the same offer
7 for her to review them on site.

8 CHAIR MEITES: Before -- hold on one second.

9 Charles, you were here when Vic gave us a little
10 overview of law. And as far as you know, it's true,
11 isn't it, that the staff is aware that, in fact, board
12 members do have the right to review, under reasonable
13 conditions, the books and records of the corporation?

14 MR. JEFFRESS: Yes. It was absolutely our
15 assumption that any director has a right to see this
16 information.

17 CHAIR MEITES: The problem here -- and I am
18 just -- is that there were two categories of
19 information, salary info and two severance agreements,
20 do I have that --

21 MR. JEFFRESS: Yes, mm-hmm.

22 CHAIR MEITES: -- that Bernice wanted to look

1 at, as part of her review of the personnel handbook
2 material, and that the staff, because of the
3 confidentiality of the information, salary and
4 severance -- confidential settlement agreement,
5 suggested that they would be made available here for
6 Bernice. And that was -- because of Bernice's
7 situation, that just didn't work out for her. I think
8 that that's where we had this friction. Bernice?

9 MS. PHILLIPS: You know, first of all, I am
10 in school full-time, working full-time, single mom, and
11 I make no excuses for that. So, when I ask to see
12 documents, it's not to be nosy, it's to prepare me for
13 a meeting that was set in March, the first part of
14 March.

15 Now, I asked for these documents January the
16 25th, 26th, somewhere around there, and I didn't
17 receive them until a week before, okay? But then I
18 received all the other information. So, like I said
19 before, I cannot be prepared. I cannot be expected to
20 come in here, review documents, and sit -- digest it,
21 sit down, talk to management effectively, and come to
22 some type of understanding. I just can't do that. I

1 don't know who can. So --

2 CHAIR MEITES: Let me make a suggestion,
3 because we -- I know that this was a considerable
4 concern to Bernice, and we tried to work it out. I
5 mediated unsuccessfully, and I think we're very aware
6 of the problems you raise.

7 But I am also sensitive -- because I do
8 employment discrimination law -- that salary
9 information and severance agreements, you -- are kept
10 under the tightest limited access. And so, it was
11 something we couldn't solve.

12 But I think that on both sides, there is a
13 recognition that, yes, directors need access to the
14 materials to do their jobs, and the staff, I am
15 confident, understands, and because of our discussion
16 today, will have it reinforced, the need for directors'
17 access.

18 Let me make a suggestion, Bernice. And
19 rather than go through each of your four items now --
20 which we can do, and I am perfectly happy to do it, we
21 have the time to do it -- that we ask Vic to prepare
22 for our next board meeting, the board meeting at the

1 end of the month, a statement of the law regarding each
2 of these points, which we don't have to agree with, and
3 that he present that to the board, or our committee,
4 for our consideration at our April meeting.

5 That will give you and us time to digest what
6 Vic tells us the law is. Because my sense is if there
7 is a resolution that is merely stating existing law,
8 what's more important than adopting a resolution is
9 that the board be aware, and the staff be aware, of
10 what our legal rights and responsibilities are.

11 So, what I would suggest to you -- and you
12 can say no; they're your resolutions -- what I suggest
13 to you is that we defer this until our April meeting.
14 In the meantime, we ask Vic to take your four
15 resolutions -- and if Laurie wants input on them,
16 that's fine too, you know, we can all read the same law
17 books -- and that he present for our committee meeting
18 in April, a summary of the law on each of these points.

19 And then, we -- then the committee will
20 consider them in some detail then. Does that make
21 sense, or --

22 MS. PHILLIPS: So you want to postpone the

1 four resolutions.

2 CHAIR MEITES: Right, until our April
3 meeting.

4 MS. PHILLIPS: Until April.

5 CHAIR MEITES: And, in the meantime, have Vic
6 prepare something for us --

7 MS. PHILLIPS: And in the meantime -- okay.

8 CHAIR MEITES: Does that make sense to you?

9 MS. PHILLIPS: That's fine.

10 CHAIR MEITES: Let me -- if that makes sense
11 to the committee, can I just -- people on the phone,
12 does that make sense to you?

13 MR. MCKAY: It does.

14 MS. CHILES: Yes.

15 CHAIR MEITES: Lillian?

16 MS. BEVIER: Yes.

17 CHAIR MEITES: All right. Let's do that. So
18 we will just continue this item, 3A, until the next
19 meeting. Thank you.

20 All right, next is consider and act on
21 recommendations to the board for adoption of the
22 employee handbook. Charles, is that yours?

1 MR. JEFFRESS: I need to get some materials,
2 I will be right back.

3 CHAIR MEITES: Let's take a one-minute break,
4 while Charles gets organized.

5 (A brief recess was taken.)

6 CHAIR MEITES: You two want to introduce
7 yourselves?

8 MR. JEFFRESS: Thank you, Mr. Chairman.
9 Charles Jeffress, the chief administrative officer for
10 Legal Services Corporation. And I have asked Alice
11 Dickerson, the director of our human resources office,
12 to join us.

13 CHAIR MEITES: Thank you. At our last
14 meeting, we began consideration of the revised employee
15 personnel handbook. I actually had reviewed a draft
16 before the meeting, and given my comments.

17 Bernice also reviewed the draft, I'm sure
18 other members of our committee did, and it was apparent
19 to all of us that there were a number of points that
20 Bernice had noted. And so, we deferred action on the
21 personnel handbook in order to give the staff a chance
22 to respond to Bernice's comments.

1 Since then, she presented a detailed and very
2 helpful set of questions about the personnel handbook.

3 And Charles provided a detailed response. Let me just
4 make one -- two preliminary comments.

5 The first is that our committee's charge at
6 this point is simply to recommend to the board adoption
7 of the handbook. And as we understand it, the
8 question, then, is does the handbook accurately
9 characterize and describe the personnel policies of the
10 corporation, and does it present them in a way that is
11 understandable to the employees?

12 Now, there are a number of issues regarding
13 our personnel policies, which maybe we should study.
14 But we are only, at this point, undertaking the limited
15 task. However, at the end of this discussion, I am
16 going to ask our committee whether we think we should
17 look at the underlying personnel policies. After all,
18 we are the operations committee, as well as the
19 regulations committee.

20 And it might be helpful, for example, if we
21 took the major personnel policies that Bernice has
22 asked questions about, and asked the staff to prepare a

1 comparison, say, of our policies to federal agencies.
2 So we have a base line to see if our policies are in
3 line with federal agencies, whether we think they
4 should be in line, and whether there should be changes.
5 That, to my mind, is a separate question from whether
6 a personnel handbook adequately describes our existing
7 policies.

8 So, I propose to limit our discussion today -
9 - and, of course, this is my proposal; the committee
10 can do what it wants -- to the text of the personnel
11 manual, as we have it, rather than whether the policies
12 described in the text are good policies or bad
13 policies.

14 Now, between the last meeting and this
15 meeting, there have been changes in the personnel
16 handbook. And you have, in your booklet, a redlined or
17 bluelined -- red and bluelined -- version with the
18 changes. And I will tell you, from my review, a number
19 of the changes proposed -- or questions raised by
20 Bernice have been addressed. A number have not.

21 And what I have asked Charles to do is to --
22 I asked him to take Bernice's memo and try to organize

1 it into categories. There is something like 50
2 different inquiries, but when I looked at it there were
3 8 or 10 different subject matters.

4 And what I would like -- and since this is
5 Bernice's memo, I will ask for her views -- but I would
6 like to suggest that Charles goes through each of the
7 headings and describe to us why, in his view, the text
8 of the personnel manual on that heading accurately
9 describes our policies, and gives enough information to
10 our employees so they understand it.

11 This -- I do not, however, propose to have
12 much discussion, if any, on whether the underlying
13 policy is a good policy or a bad policy. That, I
14 think, should be the subject, if we decide to go that
15 route, of another discussion, where we look at the
16 policies.

17 Because I, for one, don't know enough about,
18 say, vacation time or second job limitations in our
19 agency, versus what the rest of the federal government
20 does, to have a meaningful discussion, because I don't
21 have a base line of comparison. I know what second job
22 limitations are in private industry, because that's

1 what I do for a living. But since none of the other
2 committee members are employment lawyers, I doubt
3 whether they know much about it.

4 MS. PHILLIPS: So, Tom, before we go on and
5 say to -- say this handbook is okay, would it be --
6 because I have some responses here on some stuff that
7 was not answered, or management missed my point.

8 So, before we have no discussion, or very
9 little discussion about this handbook, I think we
10 should go through it and -- or at least address some of
11 my concerns.

12 CHAIR MEITES: Well, I am more than happy to
13 do that. But keep in mind, at least in my view, that
14 we're looking at the wording, rather than the policy
15 underneath the wording.

16 But you go ahead and -- I would just as soon
17 do that, Charles, than have you go through it, because
18 Bernice has raised very specific issues, and I would
19 just as soon have her direct the conversation. So, go
20 ahead, Bernice.

21 MS. PHILLIPS: Okay. Well, I have follow-up
22 questions for -- okay -- for five. On page three of

1 section two.

2 CHAIR MEITES: Okay, hang on a second. You
3 are talking about page five of the -- in the materials?

4 MS. PHILLIPS: Right.

5 CHAIR MEITES: Okay, got it. Go ahead.

6 MS. PHILLIPS: I think my point was missed
7 for -- on page three of section two. My question
8 addressed staff interaction between LSC employees and
9 the IG and his staff, and I wanted to ensure that no
10 employees were questioned about their contact. And I
11 don't think the response had answered my comment.

12 CHAIR MEITES: Well, before you -- Charles,
13 that does properly state the policy of the Agency, does
14 it not?

15 MR. JEFFRESS: I don't think it does.

16 CHAIR MEITES: Okay. Then you tell us what
17 you understand it, and we will talk about the wording.

18 MS. BEVIER: We are talking about 5, 2.3b, or
19 2.4?

20 MS. PHILLIPS: On page --

21 MS. BEVIER: Page five?

22 MS. PHILLIPS: Right.

1 MS. BEVIER: Section 2, 2.4? Is that what
2 we're talking about?

3 CHAIR MEITES: I think, "In cooperation with
4 the" --

5 MS. PHILLIPS: On page three, section two.

6 CHAIR MEITES: Page three? Now --

7 MS. PHILLIPS: "Cooperation" --

8 CHAIR MEITES: That's actually on page five
9 of the book. That's section 2.4, I think.

10 MS. BEVIER: Okay. That is -- the heading
11 is, "Cooperation?" I thought that was right, but I
12 just wanted to check.

13 MS. PHILLIPS: Okay. And like I said, I
14 think the point was missed, because I was trying to
15 make sure that the employees were not questioned when
16 it came to the contact with the IG or his staff. And I
17 don't think the response answered.

18 CHAIR MEITES: Okay, Charles?

19 MR. JEFFRESS: The specific point in the
20 response that may not have answered your question was
21 that we asked to keep a record of every document
22 submitted to the inspector general. Our employees who

1 give documents to the inspector general, pursuant to
2 audits or investigations, are asked to keep a record of
3 that.

4 And this is necessitated, as you all will
5 recall, two years ago, when there was quite a bit of
6 information exchanged back and forth, records were not
7 kept, and there were allegations that either
8 information wasn't provided or information wasn't
9 returned.

10 To avoid that situation, a year ago we
11 required that we keep a list of all documents that are
12 provided to the inspector general, pursuant to an
13 investigation, unless, of course, the IG says it's
14 confidential and he can't tell anybody, which is a
15 different situation all together. So, when an employee
16 provides information to the inspector general, we want
17 it on our log, so we have a record of what was
18 provided.

19 So, when you say no employees asked about the
20 conversation with the inspector general, no one is
21 censored, no one is asked afterwards, you know, "What
22 did you tell him," but we do ask for every document

1 given to him, that we have a record of what was given.

2

3 So that's why I cannot say, absolutely, that
4 no employee will ever be asked about conversations with
5 the inspector general, because we do ask employees to
6 keep -- to provide to our log, if you will, that is
7 kept by the general counsel's office -- the list of
8 documents that are provided to the IG.

9 MS. PHILLIPS: So, asking for documents and
10 asking question is two different things. Are you going
11 to ask the employer (sic) for documents, or ask them
12 what was said? Because you just said that you don't
13 ask them what is said, but you ask them for documents.

14 And it should be in the employee's handbook to make it
15 clear that, you know, you are not going to ask them for
16 -- or ask them what was said.

17 MR. JEFFRESS: Well, what is very clear in
18 the employee handbook, and has been all along, and
19 continues to be in this one, is that there will be no
20 retaliation against any employee for cooperation with
21 the inspector general, whatsoever. That is just
22 absolutely fact, it is in our handbook, it has been

1 repeated in memos from the president to the staff.

2 CHAIR MEITES: But I think Bernice -- I agree
3 with you, it's there, and on page six. I think
4 Bernice's point is a little different one, whether --
5 and this is something that I don't really think has
6 much to do with the handbook, because your no reprisal
7 statement is adequate, in my view -- I think Bernice's
8 concern is that an employee will be chilled in
9 providing information to the IG, knowing that a record
10 will be kept. And so, it's not retaliation, it's a
11 chilling effect, which is the other side of
12 retaliation.

13 However, I believe the statement in the
14 handbook is accurate, no officer, et cetera, "shall
15 take or threaten to take any action against an employee
16 as a reprisal for making a complaint, or disclosing
17 information to the attorney general." And, given that
18 I think that our job today is to see if the personnel
19 manual accurately describes the policies of the Agency,
20 I think it is adequate.

21 Bernice's question, however, raises an issue,
22 which I think is something that our committee might

1 want to explore. But it's not whether the handbook is
2 correct in what it says, but whether what the staff is
3 doing, in effect, may be chilling employees' access.

4 I would table that for discussion as to that
5 issue, which is not part of the personnel handbook, but
6 it's an underlying issue, which you have raised.

7 Lillian?

8 MS. BEVIER: I just want to be clear about
9 how you see the issue, because I am perfectly happy to
10 isolate it and talk about it later.

11 But as I understand it, what you're
12 suggesting is the question that the board has got to
13 resolve sort of on the merits is -- I mean, I assume
14 that there is a kind of a trade-off, there is
15 inevitably a trade-off if you keep a record, and so
16 forth -- but whether the requirement to keep a record
17 of the documents that are provided to the IG in the
18 course of an investigation creates benefits, in terms
19 of efficiency and knowledge about what's actually been
20 given, and avoidance of conflict in the future about
21 what information the IG has gotten.

22 That is, those are greater than the potential

1 chilling effect that is not ameliorated, if you will,
2 by the promise of no retaliation. In other words,
3 whether we are willing to trade the one for the other,
4 and if not -- I think that's where the rubber meets the
5 road, that's the conflict, the assertion that it is
6 inevitably chilling, despite the promises, is -- I
7 mean, I find it sort of troubling, although I do
8 understand the sort of psychology behind it. Laurie?
9 Sorry.

10 CHAIR MEITES: Please, go ahead.

11 MS. TARANTOWICZ: I am sorry, I am not
12 discussing what is in or not in the manual, but just to
13 clarify something that I think Charles said, that I
14 just want to make clear to employees who are in the
15 audience, or listening, that I think we all agree that
16 employees can come to the OIG at any time, and bring
17 whatever documents or information they want, without
18 having to report it up the chain.

19 I mean, we have sort of whistle-blower
20 protections in the manual, and I just want to make sure
21 that -- I think what Charles was referring to was when
22 we were asking for official -- making official requests

1 in the course of an audit, that that's an open process,
2 and there would be a list, and whether management
3 retains a list or not, or copies, is up to management.

4 But I just want to make sure that I make
5 clear that in -- at any time, the employees can come to
6 the OIG with documents, without having to report that
7 up.

8 MS. BEVIER: That is helpful to me.

9 MR. JEFFRESS: Yes, and I would affirm that,
10 and that is -- I think the top of page 19 in your board
11 book, the first sentence talks about the employee
12 should inform the IG whenever the employee has
13 information as to the possible existence of an activity
14 in violation of law, rules, regulations, or an activity
15 constituting mismanagement, gross waste of the funds,
16 abuse of authority, a substantial danger to public
17 health and safety.

18 There is an affirmative obligation on the
19 part of the employees to take to the inspector general
20 any kind of information or evidence they have on that -
21 -

22 CHAIR MEITES: Well, Charles, why don't we

1 add a sentence, then, after that first sentence, to the
2 notion that any such provision of information shall be
3 maintained on a strictly confidential basis, or
4 something to that effect?

5 MR. JEFFRESS: Absolutely. I think that's
6 consistent with current policy, that the inspector
7 general can have confidential interviews, and -- with
8 employees, basically --

9 CHAIR MEITES: Well, why don't you -- maybe
10 you and the IG can add a sentence there? Bernice, I'm
11 talking on the top of section two, page six, after the
12 first sentence on the top of page, six, adding another
13 sentence reminding the employee, or telling the
14 employees, that any information so provided shall be
15 maintained on a confidential basis, or -- you can
16 figure out the language. It's what Laurie, really, has
17 said.

18 MR. JEFFRESS: Mm-hmm. Okay.

19 MS. BEVIER: Right.

20 CHAIR MEITES: All right? Let's go on.

21 MS. PHILLIPS: Is the termination policy on
22 page three of section six, the same as the termination

1 policy? If not, what's the difference?

2 CHAIR MEITES: Hold on. Charles, do you see
3 the reference that Bernice is making?

4 MS. PHILLIPS: Item five.

5 MR. JEFFRESS: Yes, and I answered this in
6 the response, Bernice.

7 CHAIR MEITES: Wait.

8 MR. JEFFRESS: Okay.

9 CHAIR MEITES: What section are we talking
10 about?

11 MS. PHILLIPS: Section six.

12 CHAIR MEITES: Section six?

13 MS. PHILLIPS: Mm-hmm.

14 MS. BEVIER: Page 21?

15 MS. PHILLIPS: Yes.

16 MR. JEFFRESS: It's on page 34 of your board
17 book. If you look at the top right-hand corner of the
18 page --

19 CHAIR MEITES: Oh, at the top, okay.

20 MR. JEFFRESS: The top right-hand corner,
21 page 34 of your board book.

22 MS. BEVIER: Oh.

1 CHAIR MEITES: This is termination --

2 MR. JEFFRESS: Termination, voluntary and
3 involuntary --

4 CHAIR MEITES: This is section 6.2G? Is that
5 where you are, Charles?

6 MR. JEFFRESS: Yes.

7 CHAIR MEITES: Okay. And tell us what you
8 understand Bernice's question to be, so we're all on
9 the same page here.

10 MR. JEFFRESS: Well, the question is whether
11 this section was the same as previous. And the
12 response that I have sent to Bernice, which is on page
13 101 of your board book, that we added something to this
14 section.

15 What we added to this section is the sentence
16 that, "Consistent with expectations in professional
17 relationships, however, employees are expected to
18 provide reasonable notice to LSC of their intent to
19 resign or to retire. For professional positions,
20 reasonable notice is considered to be 30 days. For
21 support positions, reasonable notice is considered to
22 be two weeks."

1 And that was the -- those were the two
2 sentences inserted. That doesn't absolutely mandate
3 that, of course, there is no way to enforce that. This
4 insertion only clarifies our expectations.

5 Just above the insertion, the handbook
6 reaffirms, "Employee may resign at any time, and there
7 is no penalty to the employee who provides less notice
8 than what we expect."

9 CHAIR MEITES: All right. So, this actually
10 tells the employees what you expect.

11 MR. JEFFRESS: Yes.

12 CHAIR MEITES: Okay. Bernice?

13 MS. PHILLIPS: Okay. Does the current policy
14 provide a time frame?

15 MR. JEFFRESS: A time frame for?

16 MS. PHILLIPS: I'm sorry. That's a different
17 question, I'm sorry.

18 CHAIR MEITES: All right. So, where we're at
19 on this is that the additional language is consistent
20 with expectations. So what you're really -- as I
21 understand it, what you're saying here is this is what
22 people like you in other organizations do, and so we

1 expect you to do the same thing.

2 MR. JEFFRESS: Yes.

3 CHAIR MEITES: Okay. Bernice?

4 MS. PHILLIPS: Okay. At paragraph A --

5 CHAIR MEITES: I'm sorry?

6 MS. PHILLIPS: At paragraph A on page nine,
7 in section five.

8 CHAIR MEITES: In section five?

9 MS. PHILLIPS: Mm-hmm.

10 CHAIR MEITES: Hang on. Page nine.
11 Attendance policy, is that the one we're talking about?

12 MS. PHILLIPS: Reflective poorly is what
13 we're talking about.

14 CHAIR MEITES: I'm sorry?

15 MS. PHILLIPS: Reflective poorly. Poorly.

16 MR. JEFFRESS: Oh, this is secondary
17 employment, is what she is speaking of.

18 MS. PHILLIPS: Right.

19 MR. JEFFRESS: It's on page 30 of your board
20 book, is the secondary employment policy.

21 MS. PHILLIPS: Right.

22 CHAIR MEITES: Page -- section 5.4.

1 MS. PHILLIPS: 5.4, right.

2 CHAIR MEITES: Okay.

3 MS. PHILLIPS: The definition "reflective
4 poorly," should it be added to the handbook to clarify
5 this for the employees, what "reflective poorly" is
6 actually saying, because what I may consider reflective
7 poorly may not be the same thing that you may consider
8 is -- for example, someone having a judgement against
9 them. That may not -- to me, that's not reflective
10 poorly.

11 CHAIR MEITES: Well, let me ask --

12 MS. PHILLIPS: So, should it be clearly
13 stated in the employee's handbook what reflective
14 poorly is, what it is?

15 MS. DICKERSON: You want us to define
16 "reflects poorly?"

17 MS. PHILLIPS: Right.

18 CHAIR MEITES: Charles?

19 MR. JEFFRESS: I was just conferring with
20 Alice. This provision has been in the handbook for at
21 least 10 years, and we have not had any problems with
22 it. I was just checking with Alice whether it was in

1 prior to 1997 or not.

2 MS. DICKERSON: Yes. The "reflects poorly,"
3 I'm not sure whether it has or not. I would have to go
4 back now and look at the manual, because we have been
5 through so many revisions of this.

6 But the policy itself has been in place, as
7 Charles said, for at least 10 years, and in fact,
8 probably more like 15.

9 CHAIR MEITES: And, Alice, have you had
10 employees come to you, or you felt the need to go to
11 employees, where the question has arisen as to whether
12 secondary employment does or does not reflect poorly,
13 or is that --

14 MS. DICKERSON: The question has not come up.

15 CHAIR MEITES: Has never come up?

16 MS. DICKERSON: Has never come up.

17 MS. PHILLIPS: So you don't think that it's
18 necessary to put examples?

19 CHAIR MEITES: Let me give you my experience,
20 because I represent people who sue companies like this,
21 and we love to have examples in the personnel policy,
22 because then we can say, "What happened to us is not

1 like the examples."

2 MS. DICKERSON: Right.

3 CHAIR MEITES: I'm sorry to tell you one of
4 the tricks of our trade.

5 MS. PHILLIPS: Well, thank you. Glad you
6 did.

7 CHAIR MEITES: Have you urge the --

8 MS. PHILLIPS: So it's safe not to put --

9 CHAIR MEITES: I think it's better -- the
10 question is, does this give the employees enough
11 guidance? That's really what we want to know.

12 And I don't know. Any of the wordsmiths on
13 the phone want to try their hand at something better
14 than "reflect poorly?"

15 MR. MCKAY: All I will say is, as an attorney
16 for companies, mostly, I'm taking notes about those
17 tricks of the trade.

18 (Laughter.)

19 CHAIR MEITES: Let me do this, because
20 "reflect poorly," it has not caused any problems, but
21 it may. Maybe between now and our next meeting, you
22 all can see if you can come up with a phrase that is --

1 doesn't use an adverb, or uses a better adverb, to give
2 the employee some -- a little more guidance about what
3 this is.

4 MR. STRICKLAND: Mr. Chairman, are you going
5 against your own advice?

6 CHAIR MEITES: No comment.

7 (Laughter.)

8 MS. PHILLIPS: Because I was just thinking,
9 when they're considering a job, how would they, you
10 know --

11 CHAIR MEITES: How would they know?

12 MS. PHILLIPS: Right, how would they know?

13 MS. DICKERSON: Well, I think there are some
14 positions that would be very clearly -- have a very
15 clear "poor reflect" on the corporation. But there are
16 other positions -- if somebody wants to work as a
17 cashier in a restaurant, or something like that, that's
18 not going to reflect poorly on the corporation, and I
19 don't think anybody would assume that.

20 On the other hand, if they're going to go
21 and, for instance, work in a strip club, then I think
22 that could reflect poorly on us.

1 MS. PHILLIPS: I was just thinking, like,
2 conflict of interest would, you know, stop officers or
3 people from --

4 CHAIR MEITES: For example, someone -- it
5 would not be appropriate, I think we would agree, for
6 one of our employees, as a second job, to work for one
7 of our grantees.

8 MS. DICKERSON: Right.

9 MS. PHILLIPS: Mm-hmm.

10 CHAIR MEITES: That's working both sides of
11 the street. Well, if it's okay with -- if you can
12 think of a better way than "reflect poorly" -- and this
13 is a very common restriction in employment handbooks,
14 so don't be shy about stealing someone else's language,
15 if you find something --

16 MR. JEFFRESS: I think we have already done
17 it, but we can look for others.

18 MS. BEVIER: I just want to make one comment.
19 Sort of the line between -- I think what Bernice is
20 suggesting is that the employees are going to be so at
21 sea, but my sense is that it's a question of judgement
22 on the employee's part. And the problem with examples

1 is you can never think of enough.

2 MS. DICKERSON: Right.

3 MS. BEVIER: Okay? And so, it's got to be
4 general language. That's the problem. And if you have
5 -- even if you have examples, and it says, "These are
6 non-exhaustive, non-exclusive, in addition to other
7 things," the employee is going to have to make a
8 judgement call, whether it's like the examples or not
9 like the examples, or sue the company.

10 MR. JEFFRESS: And I would point out that
11 Bernice mentioned that officers -- conflict of interest
12 of the officers. There is, in addition to this, a
13 provision covering the officers of the corporation.
14 Any officer of the corporation who receives outside
15 compensation has to receive approval from the board.

16 So that is -- this is for rank and file
17 employees, and there is an additional requirement on
18 officers of the corporation.

19 CHAIR MEITES: All right, we will leave that
20 one, then. If you can come up with something better
21 before our next meeting, that will be fine. Bernice?

22 MS. PHILLIPS: Okay. I am not sure --

1 illegal -- engaging in illegal activities, and I
2 haven't written this down, so --

3 CHAIR MEITES: Charles, can you point us to
4 that provision? Does that ring a bell?

5 MR. JEFFRESS: There is no provision in the
6 manual that says employees can't do illegal things. We
7 didn't feel a need for the manual to tell employees
8 they can't do illegal things.

9 CHAIR MEITES: Yes, we -- I think that that
10 goes without saying, that if you say that again, I
11 think it may create problems.

12 MS. PHILLIPS: Oh. Okay. And paragraph B on
13 page nine of section five.

14 CHAIR MEITES: Paragraph B? This is 5.4b?
15 Go ahead.

16 MS. PHILLIPS: Band three or above.
17 "Employees have to notify their immediate supervisors
18 in writing when a second job is taken, and the VIP or
19 CAO must approve the job." This policy, I think, is
20 heavy-handed.

21 Why are employees in band two and below are
22 not required to give the same notice and permission to

1 have a second job?

2 CHAIR MEITES: Let me --

3 MS. PHILLIPS: My comment --

4 CHAIR MEITES: Actually, I read that
5 differently. I read that employees below band three
6 can have a second job without informing management.

7 MS. PHILLIPS: Oh, I'm sorry.

8 MR. JEFFRESS: Notification, but no approval.
9 Band three and above require approval of management.

10 MS. PHILLIPS: Okay.

11 CHAIR MEITES: So that, in fact, people below
12 band two have less of an obligation than people above
13 band two.

14 MS. PHILLIPS: Band two? Right.

15 CHAIR MEITES: Okay?

16 MS. PHILLIPS: Okay. Okay. Under the
17 current policy, approval of a second employment
18 required, were there any problems? I just wanted to
19 know were there any problems in the past that was
20 brought up about -- and that's why management is
21 requesting that they have approval of a second job?

22 MR. JEFFRESS: There have not, to my

1 knowledge, been secondary jobs where management has
2 disapproved of them. We have, though, consistently
3 said to people coming into LSC as new hires -- and we
4 have in the manual -- a requirement that they terminate
5 previous cases, if they were attorneys, consulting
6 contracts, if they were consultants.

7 So, when they come in, they are not allowed
8 to continue those jobs. There is a provision for some
9 time for closing them out, but they have to stop that.

10 But that only applies to new hires when they came in.

11 This would be consistent with policy, so there is
12 knowledge in the management ranks.

13 Should a professional employee accept another
14 job, the concern was that there is a potential for
15 conflict of interest, just as you have that concern,
16 and you wanted to make sure that secondary jobs did not
17 involve any of that conflict of interest.

18 CHAIR MEITES: Alice, let me ask you, to
19 follow up Bernice's question. Has, in your experience,
20 the secondary job limitation proved to be a problem?

21 MS. DICKERSON: No, it has not. No, we have
22 not experienced any problems.

1 CHAIR MEITES: And what we have done is,
2 following Bernice's suggestion, is Charles has added
3 language to 5.4b, making clear that if there is an
4 issue, there is a clear path to resolve it.

5 MR. JEFFRESS: And also a path to -- one of
6 the helpful things that Bernice pointed out was we had
7 not included any review policy in here --

8 CHAIR MEITES: There is none?

9 MR. JEFFRESS: -- and we did put that in
10 here, after her comments.

11 CHAIR MEITES: Bernice?

12 MS. PHILLIPS: Okay. Section nine -- I mean,
13 page nine, section five, where they're talking about
14 negative -- I just wanted to know how would LSC
15 determine that the employee's performance -- a negative
16 impact we're talking about -- that the performance is
17 the problem, or the second job is the problem? How
18 would you determine that?

19 Because my point is not the second job needs
20 to be addressed. I think the performance of the
21 employee needs to be addressed.

22 MR. JEFFRESS: Right, this is on page 31?

1 CHAIR MEITES: Charles, before you respond,
2 point us to what portion of section 5.4 --

3 MR. JEFFRESS: Right. Page 31 of your board
4 book, the last sentence before 5.5.

5 CHAIR MEITES: Okay, why don't you read that
6 into the record?

7 MR. JEFFRESS: It says, "If any non-LSC-
8 related work negatively impacts the performance of an
9 employee, the employee will be prohibited from engaging
10 in such work."

11 And Bernice's question, as I understand it,
12 is if there is a performance issue, why don't we
13 address the performance issue, instead of addressing
14 the secondary employment issue?

15 MS. PHILLIPS: The secondary -- or how would
16 you know that is the second job? It might be other
17 things. So how would you pinpoint that it's the second
18 job?

19 MR. JEFFRESS: In any performance issue, we
20 ask supervisors to counsel with employees as to what is
21 going on with their performance, and to talk about the
22 performance matters, and how to improve the

1 performance. We would not, as you say, know up front,
2 "Gee, it must be the second job that is causing this."

3

4 It is really up to the supervisor to
5 determine what it is that is keeping the employee from
6 performing well. It may or may not be the second job.

7 But if a determination is made after that consultation
8 between the supervisor and the employee that it is the
9 second job, then this retains the right for the
10 corporation to say, "It does not appear you can do both
11 jobs, and to keep this job you must give up the second
12 one."

13 But that would be supervisor/employee
14 consultation determination as to what the problem is --

15 CHAIR MEITES: Well, do you want to --
16 picking up what Bernice -- why don't we make that
17 sentence clearer, that -- something to the effect, "If,
18 after consultation, it is determined that" -- so that --
19 -

20 MR. JEFFRESS: We can add a clause in here
21 about the --

22 CHAIR MEITES: Just what you said --

1 MR. JEFFRESS: -- consultation between the
2 supervisor and the employee --

3 CHAIR MEITES: -- that it doesn't come out of
4 the blue, that management will consult with the
5 employee and figure out what is causing the problem.

6 MS. PHILLIPS: Mm-hmm.

7 CHAIR MEITES: You will add some language to
8 that effect, Charles?

9 MR. JEFFRESS: Sure.

10 CHAIR MEITES: Good.

11 MS. PHILLIPS: Okay.

12 CHAIR MEITES: Okay, Bernice, next?

13 MS. PHILLIPS: Okay. I'm trying to find my
14 place here. It's on page four, section six.
15 "Statutory Responsibility."

16 CHAIR MEITES: Okay. Charles, can you --

17 MR. JEFFRESS: I'm sorry, what kind of
18 responsibility?

19 MS. PHILLIPS: Statutory responsibilities.

20 MR. JEFFRESS: All right, we're talking about
21 a reduction in force section, I believe, page 35 of
22 your board book.

1 CHAIR MEITES: That is section 6.2?

2 MR. JEFFRESS: 6.3.

3 CHAIR MEITES: Okay. Bernice, what do you
4 have?

5 MS. PHILLIPS: Okay. I did not mean the LSC
6 should only implement a reduction in force in reaction
7 to the statutory change. I meant that when determining
8 whether reduction in force is appropriate, or how to
9 carry out that reduction, LSC should look to what is
10 needed to LSC to carry out the statutory
11 responsibilities, not that is the -- and what is the
12 most appropriate criteria to apply. That's what I
13 meant when -- and I just -- your response, I don't
14 think you caught -- or you missed my point again.

15 MR. JEFFRESS: Okay. What I had said was
16 when we are considering a reduction in force, we do
17 look at the essential functions of the corporation,
18 what is essential to conduct our business, and although
19 there has not been one since I have been here, make a
20 determination, "Here are the essential functions that
21 we are going to continue, given the funding that is
22 available."

1 My concern about using the words "statutory
2 requirements" is that I don't think you will find in
3 the statute a reference to the office of information
4 technology. I don't think you will find in the statute
5 a reference to the office of human resources. So, in
6 looking at statutory responsibilities, I don't think
7 that's quite broad enough in making a determination
8 about what would be appropriate, what is essential to
9 continue business.

10 I think there will be things, in addition to
11 statutory responsibilities --

12 CHAIR MEITES: I think, Charles, the phrase
13 you use in the last sentence of the first paragraph of
14 6.3 is "LSC's business needs." And I don't think that
15 is a very appropriate phrase, either, because our --
16 I'm not sure what business we're in. But I don't think
17 our business needs is what we are about. Something
18 like "mission," and "resources," and so on, I think
19 that would be a better statement of what determines the
20 primary consideration.

21 So, I would suggest following Bernice's
22 suggestion, that instead of "business needs," you all

1 come up with a better description of what
2 considerations guide management. I agree with you,
3 it's not just statutory, but it's more than business
4 needs.

5 So, if that's okay, Bernice --

6 MS. PHILLIPS: That's fine.

7 CHAIR MEITES: We will ask them to do a
8 better job on that phrase.

9 MS. BEVIER: No examples, please.

10 (Laughter.)

11 MS. PHILLIPS: Okay, reduction in -- did I
12 read that? Okay.

13 Add to -- I will -- I wanted to add to
14 paragraph H on page two of section nine.

15 MR. JEFFRESS: This is the vacation leave
16 issue?

17 MS. PHILLIPS: Yes.

18 MR. JEFFRESS: Page 49 of your board book
19 there are -- actually, it starts on page 48 and goes to
20 page 49.

21 MS. PHILLIPS: I just don't believe that it
22 is a personal choice when it comes to employees giving

1 work assignments while on leave, or when they are given
2 assignments that they cannot complete within a certain
3 time frame, without working while on leave.

4 If an employee works while on leave, the
5 person should not be charged for that time worked.

6 CHAIR MEITES: Charles, if you could, point
7 us to the sentence in the section that Bernice is
8 referring to?

9 MR. JEFFRESS: There is not a section. She
10 is asking that something be added.

11 MS. PHILLIPS: Right.

12 CHAIR MEITES: Okay. What -- help me out
13 here? Where do we talk about working when on leave? I
14 don't -- that's what I am --

15 MS. PHILLIPS: That was --

16 MR. JEFFRESS: It's against the policy of the
17 corporation. We don't -- folks who are on leave are
18 supposed to be on leave. If they work, they're
19 supposed to be credited for time worked. So I am
20 unclear about the --

21 MS. PHILLIPS: Well, when -- I remember
22 receiving a memo that someone was on vacation, and then

1 I remember receiving other memos that they, you know,
2 they were working while they were on vacation. I can't
3 remember exactly, but they were supposed to be on
4 vacation, and they were sending us -- do you know what
5 I am talking about?

6 MR. JEFFRESS: Oh, yes. I know.

7 MS. PHILLIPS: Okay.

8 MR. JEFFRESS: Because I received some of
9 those same memos from people who I knew were signed up
10 for vacation.

11 CHAIR MEITES: Okay. Fill us in, Charles.
12 You and Bernice know what you're talking about.

13 (Laughter.)

14 MR. JEFFRESS: It may happen other times of
15 the year, but it's particularly noticeable in December.
16 People have signed up to take off for two weeks, and
17 at the end of December there are things left undone
18 when they leave. It is not required of them to work
19 while they were on vacation.

20 However, these folks, because they know their
21 obligation and responsibility, from home will do some
22 e-mail or will send something, or will do something to

1 complete work that did not get finished during the
2 time --

3 CHAIR MEITES: Well, I agree, there are eager
4 beavers in every organization. However, I don't think
5 it would be amiss to add a sentence to the effect that
6 when you're on vacation, you're on vacation.

7 MS. PHILLIPS: And you won't be charged, or
8 you know --

9 MR. JEFFRESS: And folks shouldn't be.

10 MS. PHILLIPS: Right.

11 MR. JEFFRESS: If folks have been charged,
12 then I am all for relooking at that, because --

13 CHAIR MEITES: If you could add a sentence to
14 this, just stating the policy you have just stated,
15 that when -- to the effect, "When you're on vacation,
16 you are not expected to do work for the corporation,"
17 or -- you can state it so that if someone wants to do
18 work, they can.

19 But, if I am on the beach, it would be nice -
20 - and I get a call from the home office, I won't get --
21 if I am on the beach, I won't get a call from the home
22 office. But if I choose to take my computer on the

1 beach, that is my choice. So if you're going to add a
2 sentence to that effect --

3 MS. BEVIER: To that effect?

4 MR. JEFFRESS: About being on the beach?

5 (Laughter.)

6 CHAIR MEITES: I think that's what Bernice is
7 getting at.

8 MS. BEVIER: Excuse me, could I ask a
9 question of Alice? Is this something that has been a
10 problem or an issue for employees?

11 MS. DICKERSON: I think that it became an
12 issue this year, largely because we had a situation
13 where we had a lot of people who had to use just an
14 extraordinary amount of leave in --

15 MS. BEVIER: In a short period of time?

16 MS. DICKERSON: Initially, it was over a two-
17 year period, but people got down to the end of that
18 period, and a lot of them hadn't used it.

19 And I think it also goes to people taking
20 ownership of their own work, and feeling that
21 responsibility, to get it done whether they're here or
22 not. The corporation has not told anyone that they

1 can't -- for instance, if they're on vacation, and this
2 situation arises, that they can't, then, say, "All
3 right" to the time keeper, to the respective time
4 keeper, "All right, I worked six hours out of that day,
5 so only charge two hours to my vacation." And so I
6 think it comes down to more of a communication problem
7 with people not understanding to do that.

8 Now, again, this year was unusual, because
9 they were up against that crunch. And I think, in some
10 cases, people felt like they were going to lose it
11 anyway, so they just went ahead and charged vacation,
12 even when they were working.

13 MS. BEVIER: Right. So this was kind of a
14 one-time deal because of the policy change, in the
15 first place, right, that you can't take -- you can only
16 accumulate so much leave, and combined with the
17 additional work that was imposed and that people had to
18 do on account of the kind of year 2006 was?

19 MS. DICKERSON: Yes.

20 MS. BEVIER: So it's -- that and, we hope,
21 that those are a unique combination of circumstances,
22 right?

1 MS. DICKERSON: Right. And we are a small
2 organization. We are very lean on our staffing. And
3 so, again, as I said, people who take ownership of
4 their work feel that responsibility to get the work
5 done, whether they're here or not.

6 MS. BEVIER: Right.

7 MS. PHILLIPS: I have a quick -- did anybody
8 lose time, vacation time or personal time or whatever
9 time that they had, because of -- remember the
10 congressional investigation, and the IG investigation?
11 Did anyone lose that time?

12 MR. JEFFRESS: We had originally said that
13 all of the accumulated leave -- extra accumulated leave
14 above 240 hours -- had to be taken by December 31st.
15 And there were 18 employees who would have lost time at
16 December 31st who had not been able to take all their
17 leave.

18 I can't say that all those 18 were because of
19 the congressional investigation; some of them were.
20 And President Barnett extended the time period for
21 people to take that leave, until the end of August this
22 year, because of the exceptional year that the last

1 year was.

2 So, at this point no one has lost time. The
3 time for them to take their leave has been extended
4 until the end of August.

5 CHAIR MEITES: And, Charles, you will try to
6 draft something essentially stating that vacation time
7 is vacation time?

8 MR. JEFFRESS: We can do exactly that.

9 MS. PHILLIPS: Okay, the grievance process.

10 CHAIR MEITES: Charles, can you point us to
11 the grievance process provision?

12 MR. JEFFRESS: Bernice had several questions
13 about this. I'm not sure which one she is going to at
14 the moment --

15 CHAIR MEITES: Go ahead.

16 MS. PHILLIPS: Okay.

17 MR. JEFFRESS: But --

18 MS. PHILLIPS: The grievance process -- and I
19 believe I mentioned something about -- what if the
20 grievance is against the president?

21 MR. JEFFRESS: Yes, all right. The grievance
22 process starts on page 69 of your board book. And this

1 grievance procedure is lengthy. The part that Bernice
2 just mentioned, a grievance against the president, is
3 not covered within our employee manual, except in
4 appendix F, which is going to be the last page of the
5 manual, which is page 88.

6 A grievance against the president and the IG
7 will proceed according to however the chairman of the
8 board determines it should proceed. This is a
9 resolution that was passed by the board in 1997 on how
10 to handle grievances against the president and the IG.

11 CHAIR MEITES: Right. Is there any reason
12 why you can't summarize appendix F in the personnel
13 handbook?

14 MR. JEFFRESS: Well, we actually -- I think
15 we actually have a reference to that.

16 CHAIR MEITES: Well, I don't like references
17 to the text to an appendix. I would rather put a short
18 summary of the substance of appendix F somewhere in the
19 handbook. I never read appendices. I probably should,
20 but if I don't do it, I can't expect other people to do
21 it.

22 So, my proposal is -- essentially, appendix F

1 is pretty straightforward. Just add a paragraph to
2 summarize it.

3 MR. JEFFRESS: We can definitely incorporate
4 appendix F into the manual.

5 One of the other points that Bernice is
6 concerned about is that appendix F, even if it is
7 incorporated in the manual, has no procedures
8 associated with it. Once an employee gives a complaint
9 to the chairman of the board about the president or the
10 inspector general, there is then a resolution -- it's
11 not specific as to how the chairman will handle that
12 grievance.

13 CHAIR MEITES: Mr. Chairman, do you have any
14 ideas on how you would handle such a grievance?

15 MR. STRICKLAND: In an appropriate way.

16 CHAIR MEITES: Let me ask you this. Would it
17 help you if it were spelled out, or would you prefer to
18 have it, essentially, left for you and the board to
19 determine on an ad hoc basis?

20 MR. STRICKLAND: Actually, probably the
21 latter.

22 CHAIR MEITES: I think that's my sense, too,

1 though we're bound by resolution. We can't change it.

2 What I suggest we do is let Charles incorporate the
3 substance into the handbook. And then, if the board
4 thinks that more is needed, it's the board's decision
5 whether to add more procedures. That's not something
6 for the staff to do.

7 So, let's do that, Charles. You will
8 incorporate it, and when we present it to the full
9 board, if there is a question, then we can take it up
10 with the board. Okay, next?

11 MS. PHILLIPS: Okay. You know, I had some
12 concerns about the next higher level evaluation
13 process, too.

14 CHAIR MEITES: And, Charles, can you point us
15 to --

16 MR. JEFFRESS: Yes. This is going to be our
17 performance appraisal cycle, page 63 of your board
18 book. The performance appraisal cycle includes a
19 higher-level manager reviewing the appraisal. And,
20 Bernice, you want to talk about your --

21 MS. PHILLIPS: It just -- I'm sorry, go
22 ahead? It sounds like, to me, that the decision for an

1 evaluation is determined before the conference with the
2 employee, and the opportunity for the employee to give
3 input on his or her performance that might change the
4 supervisor's opinion.

5 CHAIR MEITES: Did you read it that way,
6 Charles? Because I'm not sure I did.

7 MR. JEFFRESS: Well, it sounds like there is
8 an additional question being raised here, that --

9 MS. PHILLIPS: No. Well --

10 MR. JEFFRESS: -- the higher-level manager
11 and the supervisor --

12 MS. PHILLIPS: Well, I'm just going off your
13 response.

14 MR. JEFFRESS: Okay.

15 MS. PHILLIPS: Yes, that's -- from your
16 responding when I asked the question about, you know,
17 what are the -- how can the next level manager evaluate
18 the employee? Is, you know, the person supervising
19 that person day to day? How can she or he evaluate --

20 MR. JEFFRESS: The purpose of the higher-
21 level manager and the supervisor discussing the
22 appraisals prior to the appraisal being discussed with

1 the employee is it's my responsibility, as a manager,
2 to make sure that the supervisors who report to me are
3 fairly evaluating their employees objectively, that
4 there is some consistency amongst the supervisors who
5 report to me, in the ways that they evaluate their
6 employees.

7 So, before one supervisor goes this way, and
8 another supervisor goes that way, evaluating employees,
9 my role as a manager is to make sure that I am
10 comfortable that the supervisors are being consistent,
11 to the extent that they can be, and fair to the
12 employees, in terms of their evaluation.

13 So, that's as much of the responsibility here
14 as it is for me to give feedback, because I will not
15 know, you know, on a day-to-day basis, what each of
16 Alice's staff do. If I have had the opportunity to
17 observe some of those -- and I have -- I am going to
18 give Alice feedback that I would expect her to
19 incorporate in her evaluation.

20 But I don't make a separate evaluation, as a
21 manager, of her employees. But I do have a discussion
22 with her prior to her meeting with her employees about

1 her --

2 MS. PHILLIPS: So --

3 MR. HALL: Could I ask a question, please?
4 This is David. Just reading that paragraph, which I
5 think is the one in question, which is the third one,
6 it reads, "Prior to evaluating an employee's
7 performance, the supervisor will meet with the next
8 higher-level manager."

9 That -- and I may be reading it wrong, but it
10 seems one could interpret that to mean that before I
11 have even begun to look at and evaluate the person's
12 work, not before I write the document and sit down and
13 talk to them about their performance, but before I
14 start, you know, sitting down and trying to think about
15 what they have done this year, and whether I am, you
16 know, satisfied with their work or not, that I should
17 be going and talking to my boss, to make sure, you
18 know, that they are comfortable with that person.

19 And if that's not the intent, which I hope it
20 isn't, then there may need to be some clarity. Because
21 it says, "Prior to evaluating." And to me, evaluating
22 is not just writing up the report, and sitting down and

1 talking to the person, and making it a formal thing.

2 But the evaluation starts whenever I sit down and start
3 thinking about what that person has done in the past
4 evaluation cycle.

5 CHAIR MEITES: David, would it meet your
6 concern if the sentence were changed to read, "Prior to
7 completing an evaluation?"

8 MR. HALL: Yes, yes, right. If that's the
9 spirit of it, is that, you know, prior to completing
10 it, I think it's totally appropriate. But when it
11 says, you know, "Prior to evaluating," which seems to
12 say before you even get started, that does seem to be
13 problematic.

14 MR. JEFFRESS: Just a slight amendment. I
15 would say not "completing" it, but prior to conducting
16 the employee conference.

17 MR. HALL: Okay.

18 MR. JEFFRESS: Because the supervisor needs
19 to go through that in his or her mind before they meet
20 with the manager.

21 CHAIR MEITES: Okay. We will make that --
22 thank you, David -- we will make that change. Bernice?

1 MS. PHILLIPS: I'm sorry, my NyQuil is
2 kicking in.

3 (Pause.)

4 MS. PHILLIPS: I was talking about -- I had
5 mentioned about management giving an itemized plan that
6 tells exactly what we will be -- will spend money on,
7 and what management thinks should be reduced and
8 eliminated. And I thought the board should get a
9 document that goes through, office by office, function
10 by function, position by position, to show the board
11 what staff and other resources will be in place, and
12 how much it would cost, and what functions are being
13 funded, and how much they will cost.

14 CHAIR MEITES: Again, Charles, will you point
15 us to the section?

16 MR. JEFFRESS: This is not in the handbook --

17 MS. PHILLIPS: I think it's page nine --

18 MR. JEFFRESS: -- this is a referral to the
19 budget discussion at the last board meeting.

20 MS. PHILLIPS: Like the one that I brought at
21 the end.

22 CHAIR MEITES: Bernice, I -- rather -- I'm

1 not sure that that's for our committee. I think that
2 may be more for the finance committee. Our committee
3 doesn't really look at the budget.

4 The one thing we do do, however, and -- is
5 that we -- one of our responsibilities, I think, is
6 keeping track of the staffing needs, not from a
7 monetary point of view, from a functional point of
8 view. But in the first instance, the question would go
9 to the finance committee.

10 MS. PHILLIPS: Okay, so it's not our
11 responsibility to see --

12 CHAIR MEITES: I don't think so. I think it
13 would be good practice if, at least once a year, our
14 committee is given an update on the existing staff,
15 what positions are filled, what positions are open, and
16 whether and why management proposes to fill positions,
17 not from a fiscal point of view, but from a staff needs
18 point of view. I think that would be a good practice
19 to adopt.

20 MS. PHILLIPS: Okay.

21 CHAIR MEITES: Is there any problem with
22 doing that?

1 MR. JEFFRESS: No, no problem with that at
2 all.

3 CHAIR MEITES: In fact, why don't we -- we
4 could probably do that for our April board meeting --
5 committee meeting.

6 MR. JEFFRESS: Fine.

7 CHAIR MEITES: Bernice?

8 MS. PHILLIPS: On page 30.

9 CHAIR MEITES: Thirty?

10 MS. PHILLIPS: In the board book. And 92, on
11 page 92 and 93, on my -- for me. And then 92 through
12 94, the secondary -- I'm sorry, I'm sorry. No, not --
13 I'm -- bear with me, here.

14 CHAIR MEITES: That's okay.

15 (Pause.)

16 MS. PHILLIPS: Okay. All right. I addressed
17 all of -- okay. I'm done.

18 (Laughter.)

19 CHAIR MEITES: Thank you. With that, I open
20 -- that was Bernice's part of the presentation. I
21 would invite any other members of the committee to
22 raise any other questions they have about the personnel

1 manual.

2 (No response.)

3 CHAIR MEITES: And I -- if -- hearing none, I
4 think, if anyone present would like to be heard on any
5 provision, I would be glad to hear them. No one is
6 rushing forward.

7 MS. BEVIER: I do have a general question,
8 and I don't know whether this is -- I am just a little
9 bit at sea about the extent to which the board -- the
10 employee handbook is a board responsibility, anyway.

11 I mean, I think this has been a useful
12 exercise, and I -- you know. But at some point, I
13 think there needs to -- it's something that, you know,
14 for the board to get so involved in day-to-day
15 management, I think it's a mistake.

16 Our responsibility is important, and we need
17 to be attentive, and ask questions, and to insist on
18 being informed. But I don't think it's our job, as a
19 board, to run the corporation. So, I am just -- all I
20 am sort of saying is I hope that this is -- I mean, my
21 understanding is the employee handbook was initially
22 adopted by the board, and that's why it's being brought

1 back to us.

2 Is that the reason that it is on our agenda,
3 at all?

4 MR. JEFFRESS: Yes.

5 MS. BEVIER: Okay.

6 CHAIR MEITES: We don't pass on -- there is a
7 whole host of publications of management that I know we
8 don't pass on, we never see, for example.

9 MS. BEVIER: Right.

10 CHAIR MEITES: Mr. Cardona showed us several
11 huge books we had never seen before, and fortunately,
12 we are not asked to pass on their completeness, or
13 accuracy, or even their wisdom. And I know there is a
14 sentiment on this committee that we get out of this
15 business, as well.

16 And I think we should ask the full board
17 whether it believes it appropriate that the board stay
18 in this personnel review business. I asked Charles to
19 prepare something to that effect.

20 But before we get there, I think the first
21 order of business is are we in a position now to
22 entertain a motion that we recommend the personnel

1 handbook to the board for approval, with the changes
2 that have been requested today?

3 MS. PHILLIPS: Before we do that, no -- I
4 don't think we should do the day-to-day business of the
5 corporation, but I do think we are in authority to
6 oversee what happens with the corporation. And one of
7 the biggest expenses since -- what I have learned,
8 since I have been on the board, is that -- is
9 personnel. Once people are unhappy, or dissatisfied,
10 start throwing lawsuits around, you know, that costs
11 the corporation.

12 No, I don't think we should do day to day,
13 but I think we should, you know, see the corporation
14 business. And that's just -- I mean, that's just the
15 way I see it.

16 CHAIR MEITES: Let's divide it up. First of
17 all -- I will come back to your point, Bernice -- first
18 of all, should we now entertain a resolution to
19 recommend adoption of the personnel manual, or should
20 we see the changes that Charles is going to make
21 between now and our April meeting?

22 I am happy to wait, but I would like to get

1 it done.

2 MR. HALL: I think we have a good
3 understanding of what those changes are. There
4 certainly are some instances where there is some
5 language that we have to see before it goes to the
6 board, and I think we will get that opportunity.

7 M O T I O N

8 MR. HALL: So, I think I would feel
9 comfortable going ahead and approving it with the
10 changes that have been made, and I'm willing to make
11 that motion, with the understanding that we will get a
12 chance in our committee meeting, before it goes to the
13 board, to just look at the language and make sure we're
14 comfortable with the language that Charles has come up
15 with in those situations where we have asked him to do
16 so.

17 CHAIR MEITES: Well, I will take that, then,
18 for a motion. Is there a second to that?

19 MR. STRICKLAND: I second the motion.

20 CHAIR MEITES: All right. Discussion?

21 (No response.)

22 CHAIR MEITES: All right. All in favor of

1 David's motion say aye.

2 (Chorus of ayes.)

3 CHAIR MEITES: Anyone opposed?

4 (No response.)

5 CHAIR MEITES: All right. Now, let's take up
6 the second point, which is the point that Lillian
7 raised and Bernice responded to.

8 Charles, I asked you to prepare some
9 language. Why don't you read it to us, so that we know
10 what we're talking about.

11 MR. JEFFRESS: Tom asked, "How do we get the
12 board out of this business?" Page 14 of your board
13 book is the section of applicability of this handbook.

14 And I would suggest if you want to remove the board
15 from the responsibility, this is the section that would
16 have to be changed.

17 CHAIR MEITES: And --

18 MR. JEFFRESS: If you down -- I'm sorry?

19 CHAIR MEITES: Go ahead, Charles.

20 MR. JEFFRESS: The fifth paragraph on page 14
21 talks about how the handbook may be altered and
22 amended. And that paragraph provides that the at-will

1 status of the employees can only be change by the
2 approval of the board of directors. I would recommend
3 you leave that in.

4 The next paragraph says that, "Major
5 provisions of this handbook related to personnel
6 actions or policies may be suspended, modified,
7 amended, waived, or departed from, only with the
8 approval of the board of directors." And I would
9 suggest here, if you want to get the board out of this
10 business, that you track the language that we use for
11 pay increases and for performance pay, and say that --
12 change that to read, "Provisions of this handbook
13 related to personnel actions or policies may be
14 altered, suspended, modified, amended, waived, or
15 departed from with the approval of the president, after
16 consultation with the inspector general."

17 Because these policies are policies that the
18 inspector general has to comply with doesn't have to --
19 it would be best if they applied to the whole
20 organization. We have felt it appropriate -- or I
21 would believe it appropriate -- for the president to
22 consult with the inspector general on any modifications

1 to the handbook.

2 And that's what we did for performance pay
3 and for pay increases at the beginning of the year,
4 that the president consult the inspector general on
5 those. The inspector general has the authority, of
6 course, to hire and fire his own staff, to follow his
7 own procedures if he so wished. He could establish a
8 separate employee handbook, if he so wished.

9 But my suggestion would be, if you wanted to
10 modify that to get the board out of it, to have the
11 provisions modified by the president after consultation
12 with the inspector general.

13 M O T I O N

14 CHAIR MEITES: All right. If we could have a motion to
15 that effect, then we could have some discussion on it.

16 MR. STRICKLAND: So moved.

17 MS. BEVIER: Second.

18 CHAIR MEITES: All right. I will open it for
19 discussion now.

20 Bernice, you have stated that you believe
21 that it is helpful --

22 MS. PHILLIPS: I think it is. And, I mean,

1 where is the checks and balance system?

2 CHAIR MEITES: And our concern, the other
3 side, is that we have now spent a good deal of time at
4 two meetings going over this, plus you have spent,
5 personally, a tremendous amount of time going over
6 this. I think we have a better product because we have
7 spent the time, as I am sure we would have a better
8 product if we took Mr. Cardona's three handbooks and
9 spent time.

10 But it's really a question of what is for
11 management and what is for the board. Where I end up
12 on this is I think it's a board decision as to whether
13 it stays in this business or not. I think it would
14 help if we voted on this resolution to give the board
15 our feelings, because we have actually done it.

16 Let me open this for discussion. People on
17 the phone, or people here? Lillian?

18 MS. BEVIER: One of the things that I think
19 is -- I mean, I agree, that it has been -- we have made
20 some changes in response, in particular, to Bernice's
21 comments, and those are good things.

22 I don't -- what I am having trouble getting

1 my -- a handle on is whether the changes that we had
2 made are -- reflect problems that have actually arisen,
3 employee dissatisfaction, real difficulties about what
4 the rules are, and so forth, in either the prior
5 handbook or in the draft that was done.

6 I mean, it strikes me that what management
7 tried to do, as they were drafting this, was to get a
8 good bit of feedback from employees, and you know, and
9 to try to be responsive.

10 It's possible to have a document that is
11 adopted, but that, nevertheless, reflects honest
12 disagreements about how things ought to be done. And
13 because they are honest disagreements, and we resolve
14 it one way or another, does not necessarily mean that
15 the -- you know, the document we adopt is better or
16 worse. It just means that you resolve the disagreement
17 in particular ways.

18 It strikes me that management did a good job,
19 Bernice has helped us to improve the product. But
20 whether we have actually solved real problems in doing
21 this is another question, entirely. I'm not completely
22 satisfied on that.

1 I do understand we have had some issues with
2 employees' termination. I don't know whether those are
3 a reflection of difficulties with the employee
4 handbook, or whether they are reflections of
5 discrimination, which is pretty well covered, and we
6 didn't -- you know, those have not been an issue -- or
7 dissatisfactory employment, so -- dissatisfactory
8 performance.

9 So, I could be wrong about that. That's all
10 I am suggesting, though, that --

11 CHAIR MEITES: So where do you come out,
12 Lillian, that we should --

13 MS. BEVIER: I come out voting for the
14 motion.

15 CHAIR MEITES: All right. People on the
16 phone, is there -- would you like to add anything to
17 the discussion?

18 MR. HALL: Well, I guess the only other
19 perspective I would bring is that, in addition to
20 whether we are even making the product better -- and I
21 do believe we made the product better in regards to
22 clarification, if nothing else, and one of the reasons

1 you have a handbook is to provide clarity to employees,
2 so, if the things we have suggested brought about more
3 clarity, then that is improvement.

4 But I guess the other side of it -- and I am
5 torn, and I'm not strong one way or another -- but we
6 should not lose sight of the fact that part of the
7 reason for bringing it to us is so that we can become
8 more aware of what the policies are. And though I
9 certainly have not invested the same amount of energy
10 that Bernice has in looking at each one of these
11 sections, I must say, because I have been forced to go
12 through this, I have learned a lot more about the
13 policies of this organization that I have a fiduciary
14 responsibility for, than I would have without this
15 exercise.

16 So, my only fear that is if we vote in favor
17 of the resolution, it means that this may never come
18 back to us again. And as policies are changed and
19 developed, will we know them, and will we be aware of
20 them? I imagine that management might brief us on
21 those changes, but if they are going to brief us on
22 those changes, then that means that they are going to

1 engage us on those changes, and we end up in the same
2 way.

3 So, I would at least just suggest that there
4 is another benefit for this exercise, even though it
5 has required a major investment of time, and that's
6 just raising our knowledge about how the organization
7 operates.

8 CHAIR MEITES: You know, David, I agree with
9 you. And in my service as chair of this committee, we
10 have never really had a question which there was not a
11 consensus on. And I don't think there is a consensus
12 on this, as yet.

13 So, I would prefer that we defer this
14 resolution, and just think about it for another month
15 or so. We will have it -- it will come back again when
16 we get back before the board. The movement was --
17 Frank, or that was Lillian?

18 MR. STRICKLAND: I think -- I believe David
19 made the motion.

20 MR. HALL: No, I didn't do that. I didn't
21 make --

22 CHAIR MEITES: Well, whoever made the

1 motion --

2 MR. STRICKLAND: If I made it, I will accept
3 your --

4 CHAIR MEITES: Fine.

5 MR. STRICKLAND: If you want me to withdraw
6 the motion, I will be glad to do that.

7 CHAIR MEITES: Why don't you do that?

8 MR. STRICKLAND: I will withdraw the motion.

9 CHAIR MEITES: All right. We will just leave
10 that open.

11 MS. BEVIER: But this will be on the agenda?

12 CHAIR MEITES: Yes. No, we are going to --

13 MS. BEVIER: For April?

14 CHAIR MEITES: Because we're going to do a
15 final review of the personnel handbook in our next
16 meeting. And also, if Helaine will remind me when we
17 prepare the agenda that we are going to revisit this
18 question about whether we -- our committee and the
19 board -- continues to review the personnel manual.

20 Okay, that completes items one through four.

21 I suggest we take a short break, about 10 minutes.

22 Thank you.

1 (A brief recess was taken.)

2 CHAIR MEITES: We are ready to start. The
3 next item on the agenda is a status report on the
4 office of inspector general's audits and management's
5 response on LSC's office of compliance and enforcement,
6 also the office of program performance, and office of
7 information management.

8 I am the cause of this item being on the
9 agenda. Mr. Cardona made a report at our last meeting,
10 and I proposed that we get further detail from him at
11 this meeting. And it was pointed out to me that at a
12 meeting in February of 2005, I believe, Mr. Cardona had
13 made that exact report, which I had forgotten, but
14 which I read. I read the transcript.

15 And in the course of reading that transcript
16 I discovered something else I knew, but had forgotten,
17 that in March 2006, the OIG had made an interim report
18 on the office of compliance and enforcement, and that
19 the -- management had issued a response to the interim
20 report.

21 And a year -- or almost a year -- has now
22 passed, and I believe it appropriate we get an update

1 on where we are at on the inspector general's audit,
2 and on the status of management's response. So, Mr.
3 Cardona, why don't you begin?

4 MR. CARDONA: Thank you, Mr. Chairman. I
5 have been asked -- originally, this report was supposed
6 to be delivered by Karen Sarjeant. But because of
7 emergency reasons, she is out today. So I am
8 delivering her remarks. And I have here Mr. de la
9 Tour, from the office of OCE, to help me answer
10 questions, just in case I have a lapse of -- in my
11 mind.

12 So, today I am sharing with you a status
13 report on the LSC management's responses to the
14 continuing audit by the office of the inspector general
15 of the three offices I have the pleasure of working
16 with: the office of compliance and enforcement; the
17 office of program performance; and the office of
18 information management.

19 In January of 2005, the OIG began an internal
20 LSC program audit on grantee oversight. The interim
21 report on OCE was sent to management in March 2006.
22 The interim report on OPP is in the discussion draft

1 stage, and management is preparing comments to share
2 with the OIG. The OIM work was begun in 2006,
3 suspended by OIG because of staffing, and management is
4 advised that this work will be continued in the near
5 future.

6 We continue to do our own ongoing assessments
7 of each office, and to make changes, as necessary, to
8 improve our oversight operations. It is our
9 understanding that the objective of this OIG audit is
10 to evaluate the efficiency and effectiveness of LSC's
11 oversight of programs, as well as the role of the OIG
12 and independent public accountants.

13 The LSC management welcomes this audit, and
14 the opportunity to review and assess the findings of
15 the OIG in relation to our own ongoing revision and
16 refinement of the work of these three offices. Having
17 an effective and efficient OCE is an integral part of
18 LSC's quality focus, our responsibility to Congress for
19 quality and accountability, for assurance to Congress
20 that appropriated funds are efficiently and effectively
21 spent means that we are confident in what we do, and
22 what we can help our programs do better.

1 To that end, oversight is a combination of
2 assessments, some of which are easily reduced to
3 numbers and other quantifiable data, and some of which
4 is a more complex integration of quality standards and
5 assessments.

6 You have in front of you the OIG's interim
7 report on OCE, and management's response. You will
8 note that all of the recommendations made by the OIG
9 have been closed, based on management's responses. It
10 is also important to note that -- the format of the
11 management's responses. The OIG has indicated to us
12 that after each office is reviewed and interim reports
13 are issued, they will issue a capping report to address
14 overarching issues, such as duplication of oversight
15 between the OIG and these LSC offices.

16 Therefore, management is addressing the
17 recommendations in the interim reports as they are
18 received, but we are not providing comments to several
19 of the other issues raised in the reviews until we
20 receive all three reports and the capping report some
21 time in the future.

22 We believe that this is the most appropriate

1 way to proceed, and we expect to do a complete and
2 thorough response to the final capping report. We also
3 expect and, again, welcome the opportunity to work with
4 the OIG regarding the capping report. We continue to
5 be committed to achieving the highest quality of
6 oversight, consistent with the LSC Act and regulations,
7 and to implementing that oversight fairly and
8 responsibly.

9 Additionally, we are in the first few months
10 of a GAO audit of our grants management oversight. We
11 expect that GAO will have a report for us some time
12 this year that includes their observations and
13 recommendations on how we do our work, and we look
14 forward to having that information to consider.

15 Let me share with you the current status of
16 our ongoing work related to the recommendations in the
17 OIG's internal report on OCE.

18 Recommendation one, better define the mission
19 of OCE, in regards to its compliance work. The LSC
20 board adopted the strategic directions on January 28,
21 2006. The mission of LSC is that document is -- in
22 that document -- is to promise -- is to promote equal

1 access to justice in our nation, and to provide high-
2 quality civil legal assistance to low-income persons.
3 Strategic direction then sets out three goals, one of
4 which speaks directly to the OCE mission.

5 Goal number two, enhance the quality and
6 compliance of legal services programs. OCE's mission
7 is as follows: To review recipient compliance with the
8 LSC Act, regulations, instructions, guidelines, and
9 grant assurances, and further, to respond promptly and
10 effectively to inquiries and complaints pertaining to
11 recipients as filed by members of the public.

12 Management is satisfied that the stated
13 mission of OCE is consistent with the LSC mission, as
14 are the activities undertaken by OCE to implement that
15 mission. In the February 4, 2005 ops and regs
16 committee meeting, OCE staff gave a presentation on how
17 they implement their compliance activities.

18 In the interest of time, we are not repeating
19 that presentation today, other than to note that the
20 core of what was reported in 2005 is what continues to
21 be done by OCE to ensure compliance. As we discussed,
22 the other recommendations you will see, where we have

1 addressed activities.

2 Recommendation two, develop a measurement
3 system to determine whether OCE is accomplishing its
4 mission. The OIG interim report focused on the need
5 for outcomes data related to compliance. In strategic
6 directions, management adopted three applicable
7 performance measures: number of technical assistance
8 and training sessions; percent of in-compliance
9 findings from OCE visits; timeliness and degree of
10 resolution of OCE corrective action notices.

11 We are working to implement these measures,
12 and still considering whether there are other useful
13 measures we could use. For example, the number of on-
14 site compliance visits is, itself, a measurement.
15 While on site, OCE staff works with program staff to
16 identify, and where possible, immediately correct
17 compliance issues that are found.

18 We think it is important to have our staff on
19 site, directly working with programs on compliance.
20 Congress has also shown a particular interest in not
21 only whether there is compliance, but also whether LSC
22 does on site reviews of program operations. As an

1 outcome measurement, we are considering how to quantify
2 the benefit of this work, not just count the visits.

3 Other outcome measures are inherently built
4 into the compliance process. Each on site CSR/CMS
5 review by OCE results in a report. These reports
6 contain an executive summary at the beginning of the
7 report, which details areas of compliance and non-
8 compliance.

9 Reports also contain two sections detailing
10 the corrective actions that a program must state to
11 address specific compliance issues, and OCE's
12 recommendations suggested successful practices that,
13 while not mandatory, will assist the program in its
14 compliance efforts.

15 Programs submit comments to OCE's draft
16 report, and in the overwhelming majority of final
17 reports issues, recipients articulate ongoing and
18 completed compliance improvements, including both
19 corrective actions and recommendations, and include
20 documentation of such efforts.

21 CHAIR MEITES: Let me ask you a question
22 about this. If I had a pile of all the final reports

1 your office has done for the last three or four years,
2 would I find that there are -- that the same kind of
3 problem keeps popping up in program after program?

4 MR. CARDONA: You may find that, yes.

5 CHAIR MEITES: Do you conduct any kind of a
6 review, internally, of what kind of problems are most
7 frequently encountered?

8 MR. CARDONA: Yes, that is done through the -
9 - when a program responds to the final report, and that
10 final section there, entitled, "Corrective Action."
11 The corrective action reflects what the -- what we
12 required the program to do, and the response of the
13 program, and the evidence that the program responded in
14 addressing that particular corrective action.

15 We do an assessment of that corrective
16 action. Based on that, if we assess that the evidence
17 was not that good, or the evidence is -- have problems
18 with the credibility of it, we book that program for a
19 follow-up review --

20 CHAIR MEITES: I am asking something
21 different. I am asking you, do you look horizontally
22 across programs, to see if 10 out of 12 programs, you

1 found the same shortcoming? That is, do you analyze
2 your results across the programs you audit, so you can
3 see if there is a systematic program that a -- problem
4 that a number of grantees are having. I think your
5 colleague here is --

6 MR. SULIK: For example, let's say we find
7 that in 10 of the programs, there is a problem with
8 accepting clients over income. Maybe that's the type
9 of thing -- actually, I am going to defer to David,
10 because I know that --

11 MR. DE LA TOUR: You want to? Okay. This is
12 an ongoing thing that I can do on behalf of the
13 training effort, and do do.

14 And a good example is when we notice that
15 there are problems within an intake system, like a
16 disconnect between, for example, a new board policy
17 from LSC on 1611 -- yes, 45CFR part 1611. There was a
18 lot of confusion about how they should change their
19 policies. That's almost 100 percent. So we have
20 started to triage, and go into programs before, and ask
21 programs that we have been to, to submit that policy.

22 What we have also done is react in the

1 training that we are going to be providing extensively
2 at the end of this year, but that we provide in an
3 ongoing manner, to add some awareness into the training
4 for that sort of thing.

5 And a third way that we are dealing with some
6 of these lateral issues -- this is the easier ones --
7 closing category, repetitive problems, we have taken
8 all of that right back to the CSR revision process.
9 And I think they have been dealt with one at a time,
10 and pretty much answered. Because if a lot of programs
11 are being confused by it, perhaps it's confusing in the
12 way that it's presented.

13 CHAIR MEITES: Well, that is important,
14 because -- and maybe they don't understand our
15 regulations, or they may not understand your
16 implementing material. And if a number of programs are
17 having the same problem, we would be concerned if you
18 weren't noticing that pattern. But I am pleased to
19 hear that you are. I'm sorry I interrupted you, Mr.
20 Cardona.

21 MR. CARDONA: No, that is fine. Using this
22 corrective action information, LSC adopted, as a

1 performance measure, the timeliness and degree of
2 resolution of OCE corrective action notices.

3 Beginning in mid-2006, in circumstances where
4 an OCE team finds that there are items that need to be
5 corrected immediately, but may not have done, while on
6 site, a corrective action, notice is issued shortly
7 after the visit, and prior to the issuance of the
8 CSR/CMS draft report for comments. We closely track
9 the responses to corrective action notices.

10 We are also discussing whether there is any
11 useful measurement to be gained from the information we
12 gather from programs when they respond to our draft
13 reports, other than corrective actions -- example, a
14 positive response to the recommendations.

15 OCE now is engaging in more follow-up reviews
16 after on-site visits. A tentative schedule for follow-
17 up reviews to programs is developed, based on an
18 assessment of the degree of responsiveness to the
19 corrective action notice. These visits will be worked
20 in between previously scheduled CSR/CMS visits.

21 The selection of follow-up reviews is based
22 on the thoroughness and credibility of the corrective

1 action evidence submitted by the program. It is
2 expected that this will further increase the
3 effectiveness of the corrective action process.

4 Recommendation three, instruct OCE to develop
5 a system to track all costs, including OCE staff
6 management time, associated with OCE activities related
7 to on-site reviews and training. This recommendation
8 primarily was addressed through staff time keeping and
9 functional accounting. Through its budget process, OCE
10 tracks costs for its compliance work, and can compare
11 the amount of compliance work done and the cost of
12 doing such work.

13 The budget projections are informed by the
14 actual experience of numerous trips. However, on-site
15 work with programs, both in assessing compliance and
16 providing technical assistance and training to improve
17 compliance is not an exact science that can be reduced
18 to a set formula by, for example, size of LSC grant.
19 Program situations are both unique and common.

20 We make preliminary assessments when planning
21 on-site visits about the amount of time that will be
22 necessary to complete our work. We move staff around

1 on different teams, depending on the needs of the
2 visit. As necessary, we will adjust those preliminary
3 assessments, even if that means returning at a later
4 date with other staff to continue the work.

5 Our assessment of this recommendation is that
6 the value gained by instituting a staff time keeping
7 system is not commensurate with the information that
8 will be available through it. We will, however,
9 continue to assess, through a range of measures, ways
10 in which to improve the administration aspects of the
11 compliance process.

12 CHAIR MEITES: Let me ask you a question,
13 there. I understand what you're saying, that keeping
14 some kind of time records is not something that is
15 going to -- you don't think it's productive. Let me
16 ask you a more general question.

17 I have a vague memory of the number of
18 grantee visits you made last year. If our budget were
19 to be increased -- this is an empire building question
20 -- would you ask us for more money so you could do --
21 you could visit more grantees, or do you believe that
22 the number of annual grantee visits is pretty much what

1 you would like to maintain?

2 MR. CARDONA: Now, if there is a decision to
3 do more on-site reviews in a particular year, most
4 definitely more money will be needed.

5 CHAIR MEITES: But in terms of your
6 compliance efforts, there -- it strikes me there are a
7 couple of effects. It's not just that you visit a
8 grantee, but the other grantees know you may visit. So
9 it's kind of like you're there, and you may be
10 somewhere else.

11 Do you think that you are now doing enough
12 visits so that all the grantees realize they are
13 subject to review, or do you think you need to do more
14 visits to get that message home to the rest?

15 MR. CARDONA: My -- I think that more could
16 be done.

17 CHAIR MEITES: The --

18 MR. CARDONA: Some increase in the visits
19 could be done, let's say, from the 30 visits that we're
20 doing now, perhaps 40 or 42, to -- making possible the
21 fact that we can do 12 more visits in a given year will
22 increase --

1 CHAIR MEITES: Yes, I don't want you -- to
2 urge you into budget busting, but I wanted to know if
3 you thought, in terms of your overall work, you think
4 it would help to be able to do more visits. And thank
5 you for answering my question.

6 MR. CARDONA: Sure. Recommendation four,
7 develop and document the selection process that ensures
8 that grantees are reviewed over a reasonable period of
9 time, and that meets OCE's overall mission
10 requirements.

11 LSC agrees that all programs should be
12 reviewed over a reasonable period of time. However,
13 currently we do not have programs on a defined site for
14 several reasons, including, for example, the need to be
15 flexible on our ability to address newly-developing
16 situations. Example: CRLA, American Samoa, Wyoming.

17 The recent history of program mergers, merged
18 programs often brought different review dates, and our
19 views of other important criteria when determining when
20 to do an on-site compliance review.

21 Considerations for on-site review include the
22 following: one, time elapsed since a prior LSC

1 regulatory compliance review; two, complaints,
2 including the severity of the complaint; three,
3 analysis of a program, CSR information, and self-
4 inspection report; four, referral through the OIG's
5 referral process; five, referrals from other LSC
6 offices; six, congressional complaints requiring on-
7 site reviews; seven, OCE's particular knowledge about
8 the program from previous visits or other contexts.

9 We specifically do not focus only on the
10 programs while the -- with the most funding. In fact,
11 some of our smallest programs, smallest grants, have
12 been those with recent significant compliance issues.
13 As needed, LSC management can visit any LSC program
14 upon reasonable notice, explaining the purpose of the
15 visit. We must retain this flexibility, and not get
16 locked into a rigid system.

17 Although LSC's prior experience with mandated
18 cyclical program review led to the conclusion that
19 visiting the same programs every three years was
20 unnecessary, we continue to discuss and assess the pros
21 and cons of a cyclical system of reviews.

22 As I mentioned earlier, we are increasing the

1 number of follow-up reviews to those programs that have
2 received CSR/CMS reviews, to ensure that corrective
3 actions have been successfully implement, not just
4 designed and reduced to writing. So, we balance, like
5 the programs we fund. We have to consider our
6 available resources, and constantly balance competing
7 priorities.

8 CHAIR MEITES: If I understand what you're
9 saying, at some time in the past there was a
10 mechanical --

11 MR. CARDONA: There was a cyclical review,
12 yes.

13 CHAIR MEITES: And when did you stop doing
14 that?

15 MR. CARDONA: That was back in 1994.

16 CHAIR MEITES: And since then, you have had
17 this flexible program?

18 MR. CARDONA: Correct.

19 CHAIR MEITES: And as far as -- in your view,
20 that has worked better than the mechanical review
21 process?

22 MR. CARDONA: Well, it has many positive

1 aspects than the cyclical program that we had before.
2 That doesn't mean that we cannot increase the number of
3 visits --

4 CHAIR MEITES: As we talked.

5 MR. CARDONA: -- as I stated earlier, as we
6 talked, yes.

7 CHAIR MEITES: All right. But your -- from
8 your experience, you think you do a better job with the
9 flexibility -- with a flexible approach, rather than a
10 mechanical approach?

11 MR. CARDONA: I think so.

12 CHAIR MEITES: Thank you.

13 MR. CARDONA: Yes. Recommendation five,
14 develop a case-sampling methodology that will
15 efficiently and effectively permit OCE to obtain
16 reliable data in support of its mission goal. LSC
17 management's primary goal is to have all programs in
18 full compliance with applicable rules, regulations, and
19 congressionally-mandated restrictions. Determining the
20 exact level of non-compliance, whether it's two or
21 three percent, has little value for compliance
22 purposes.

1 In monitoring programs, we seek to determine
2 whether or not there is non-compliance with LSC
3 regulations, and if so, to have it corrected. We work
4 with programs to get all in compliance.

5 Prior to going on site, OCE will obtain case
6 lists from programs, and prepare for an extensive filed
7 review. On -- our on-site review always includes both
8 randomly selected and targeted cases. Different sample
9 sizes are used with different programs. OCE's use of
10 the sample size, not a statistically-reliable random
11 sampling, was reviewed and determined to be supportable
12 by GAO in December 1999.

13 As you know, we are currently undergoing
14 another GAO review. We believe that our current system
15 works, and our staff always has the ability to expand
16 the review, as necessary, based upon the actual
17 situation they find during their on-site work.

18 Recommendation six --

19 CHAIR MEITES: Hold on. I am just curious
20 about this. We have roughly 140 grantees, is that --

21 MR. CARDONA: Oh, 137, I believe, yes.

22 CHAIR MEITES: Okay. This may be a question

1 that cannot be answered.

2 But, given your experience, at any point in
3 time -- well, since I get -- at any point in time,
4 there is only a handful of grantees that appear to be
5 active problems. Is that a fair statement? You
6 mentioned three, I'm not going to rename them right
7 now, that are taking a lot of your time.

8 MR. CARDONA: Yes.

9 CHAIR MEITES: Is that kind of the history of
10 enforcement? There are a few that you have to deal
11 with immediately, and the rest, just an ordinary cycle,
12 in your experience, is what is needed?

13 MR. CARDONA: That is traditionally what has
14 been the problem, yes.

15 CHAIR MEITES: And that is what, in your
16 experience, has worked in the past, and you think that
17 that's what is going to be your work load in the
18 future?

19 MR. CARDONA: The work load in the future, I
20 do not know exactly what it would be, because there has
21 been so much transformation out there in the field.
22 All those mergers and consolidations, which has created

1 bigger problems -- bigger programs, sorry -- and could
2 be -- slip of the mind, bigger problems, in and of
3 itself -- because some of the consolidations involve
4 other programs.

5 Because of the -- between 1994 and roughly
6 1998, when this process was began again by the
7 corporation, we need to see what is going on there in
8 the field more. I would tend to think that it would
9 just be confined to a small group of programs that will
10 be problematic. I cannot say for certain that that
11 will be the case.

12 CHAIR MEITES: But for the -- but the great
13 bulk of the programs, when you do your reviews, you
14 find that compliance is quite high, I believe.

15 MR. CARDONA: I think that the compliance is
16 quite high.

17 CHAIR MEITES: And --

18 MR. CARDONA: There is a certain number of
19 regulations that are problematic, which are not
20 necessarily the restrictions. We find very few in
21 between violations to a restriction.

22 CHAIR MEITES: All right, thank you.

1 MR. CARDONA: That we catch, and that we
2 know. I have to -- we could be, you know, wrong on
3 some things, but not for lack of trying.

4 MR. DE LA TOUR: Can I point out something?
5 Danilo just noted that we have this flexible system,
6 not since 1994, and I wanted to take an opportunity to
7 clarify that, because a question you had asked earlier,
8 sir, was did we have this flexible system since the
9 visits were -- the automatic visits were -- no. We had
10 a period of time where we did no visits at all.

11 CHAIR MEITES: Okay.

12 MR. DE LA TOUR: And that is important to
13 note, because it was about five years?

14 MR. CARDONA: From 1994 to 1998.

15 MR. DE LA TOUR: Yes, so I just wanted to
16 clarify that. It's from 1998 on that we have had this
17 new system.

18 CHAIR MEITES: Flexible system.

19 MR. DE LA TOUR: Yes.

20 CHAIR MEITES: Understood. Okay. We
21 interrupted you. Please continue.

22 MR. CARDONA: Thank you. Recommendation six,

1 develop processes to assess the reliability of the CSR
2 self-inspection error report rate by the grantee. LSC
3 is still discussing the self-inspection process, and
4 reviewing the usefulness of verifying a program's self-
5 reported error rate.

6 We believe that there is value in having
7 programs do their own periodic inspection, but we are
8 open to considering whether there are more effective
9 ways to encourage self-monitoring on these compliance
10 issues. When it becomes known to OCE that the
11 program's self-inspection error rate is too high, or
12 otherwise incorrect, OCE addresses that on-site and
13 provides the necessary technical assistance to help the
14 program correct their compliance systems.

15 Recommendation seven, develop internal
16 processes to summarize the grantee compliance
17 information it gathers, and provide the summary
18 information to all grantees.

19 Currently, LSC does have internal processes
20 that it uses to summarize programs' compliance, and
21 that information is used by OCE staff in its work with
22 programs, and is shared with OPP, the other LSC office

1 that works most directly with programs. Notably, much
2 of this information is helping to inform our current
3 revision process of the CSR handbook.

4 Also, LSC is currently testing the training
5 of program staff on compliance with LSC regulations.
6 This is the accountability training, via the Internet.

7 In this way, we are trying to reach a greater number
8 of programs in a cost-effective manner.

9 Both OCE and OPP staff are working on
10 developing this capacity, and will be using this
11 technology more frequently in the second half of this
12 year, to deliver training on the revised CSR handbook.

13 We continue to train programs on regulatory
14 compliance, via the Internet and on-site, doing CSR/CMS
15 reviews, or when we receive specific requests from
16 programs.

17 Also, when LSC determines that there were
18 issues that have significant compliance consequences --
19 example, the representation of certain categories of
20 aliens -- LSC issues guidance and instruction, usually
21 by way of a program letter. Staff is also trained to
22 assist programs in meeting new compliance requirements.

1 LSC will continue to explore ways to use
2 lsc.gov, including the library resource initiative, to
3 make more information available to programs and the
4 public, being conscious of the need to protect the
5 rights of the programs and their clients.

6 Recommendation --

7 CHAIR MEITES: Before you go on, is there
8 some mechanism that the grantees have to communicate
9 with you if they think that something that you have
10 issued isn't clear, or that they need more direction
11 on?

12 MR. CARDONA: I think that with our
13 particular division, OCE, there is. They pick up the
14 phone, they call, or they write. With respect to the
15 other division, OPP, I think that there is, but I am
16 not quite --

17 CHAIR MEITES: Well, we will just focus on
18 OCE.

19 MR. CARDONA: Yes.

20 CHAIR MEITES: So that if three or four
21 grantees call with the same kind of question, you will
22 hear about it, and you have a mechanism for responding

1 to that.

2 MR. CARDONA: Correct.

3 CHAIR MEITES: Is that correct?

4 MR. CARDONA: Yes.

5 CHAIR MEITES: Okay. And you mentioned --

6 MR. CARDONA: We will --

7 CHAIR MEITES: -- you can send out a program
8 letter, or have some kind of information, other
9 information --

10 MR. CARDONA: We will usually answer their
11 questions and try to, with the assistance of our office
12 of legal affairs, provide them the answers that are
13 needed, with regards to any problem that they are
14 having --

15 CHAIR MEITES: But if it's a general
16 question, say, about one of our regulations or about
17 the CSR, you have a mechanism to sending some
18 information out to all our grantees, to tell them what
19 the answer is.

20 MR. CARDONA: Yes. With respect to the CSRs,
21 the mechanism is the frequently asked questions posted
22 on the Internet.

1 CHAIR MEITES: Thank you.

2 MR. CARDONA: Recommendation eight, document
3 training provided through grantees, and make the
4 information available to all grantees.

5 Training by OCE staff happens in many
6 different ways: in person; during on-site visits; by
7 e-mail; by phone; and in reports. The OCE concept of
8 training is not necessarily a training event, but views
9 almost every program contract as an opportunity to
10 train, including almost every interaction that they
11 have with programs and staff.

12 Often initiated by the programs, thus the
13 content of the training can and does vary. Using the
14 Internet for more training opens up a lot of
15 opportunities for expanded training, and we can capture
16 the training that we do, make it available on line, and
17 change the content, as needed. This will allow us to
18 maintain control over the content, and the timeliness
19 of the training, something we could not do using CD or
20 video.

21 We currently document most of what we do with
22 programs. Much of the training is based under current

1 content from 45CFR part 1600. The CSR handbook and
2 other guidance, such as program letters issued by LSC,
3 frequently ask questions, are posted in the LSC website
4 for all programs pertaining to the CSR, and opinions by
5 the office of legal affairs are also posted on the LSC
6 website for programs to view.

7 LSC staff is available at LSC and on-site, to
8 answer questions pertaining to regulatory compliance.
9 With the CSR handbook revision, we are also redesigning
10 our internal process by -- for handling frequently
11 asked questions, so that there is consistency and
12 clarity in our guidance to programs.

13 Recommendation nine, in conjunction with
14 other offices within LSC, develop alternative training
15 models that will be capable of serving more grantees in
16 an efficient and effective manner. This, too, was
17 addressed in our reply to recommendation number eight,
18 okay, which is just --

19 CHAIR MEITES: Right.

20 MR. CARDONA: So, recommendation 10, include
21 in reports information that gives the reader a clear
22 understanding of the significance and frequency of

1 findings.

2 The CSR/CMS reports can be substantial in
3 length. There are several different external readers
4 of the LSC OCE reports who must have sufficient detail
5 in the reports about programs to assess the evaluation.
6 OCE needs to have a documented record for follow-up
7 evaluation, and LSC staff, who do other types of
8 program visits and assessments, benefit from the
9 detail.

10 LSC disagrees that readers of its reports are
11 unable to determine the significance and frequency of
12 findings. All compliance reports were appropriate,
13 have both corrective actions clearly enumerated as
14 such, which required action by the recipient to cure
15 items of non-compliance, and recommendations that are
16 additional suggestions on improvements that do not rise
17 to the level of non-compliance, but are offered as
18 useful practices.

19 Recommendation 11. Develop a report-writing
20 format that is briefer, by summarizing areas of
21 substantial compliance, and focusing on reporting
22 significant issues requiring improvement by the

1 grantees. The more complete explanation of compliance
2 currently provided in the OCE reports better suits the
3 needs of LSC in reporting compliance issues to the
4 programs.

5 Over the years, LSC/OCE has constantly sought
6 out feedback from its recipients, members of congress,
7 other governmental entities involving monitoring and
8 evaluation, including the GAO and various state
9 agencies, members of the public, and the OIG.

10 As a result of this information, LSC/OCE has
11 made changes to its review and report-writing process.

12 This is a continuing process, and we continue to
13 welcome suggestions and corrections, and we will
14 continue to revise and fine-tune our process and
15 reports, as warranted.

16 CHAIR MEITES: Let me ask you this.

17 MR. CARDONA: Yes, sir.

18 CHAIR MEITES: In industry, it is not
19 uncommon for there to be a representative group -- for
20 example, there is or was a council of Chevrolet dealers
21 who dealt with General Motors, and there is a council
22 of McDonald's franchisees who deal with McDonald's.

1 Is there, or has there ever been, a group of
2 grantees, a representative group of grantees, nominated
3 by the grantee community to negotiate with LSC?

4 MR. CARDONA: Traditionally, this has gone
5 about in the following way. There is an outfit called
6 The Center for Law and Social Policy that sometimes --
7 or, to my knowledge -- calls to other offices here at
8 LSC, and represents -- presents to the corporation
9 views or concerns about the recipients.

10 CHAIR MEITES: I see.

11 MR. CARDONA: That has been done, I think,
12 throughout the years. Lately, I do not hear from them,
13 for whatever reason. I am quite content about that, to
14 tell you the honest truth, because if they contact me
15 it's because there will be problems.

16 The Center for Law and Social Policy does
17 contact our office of legal affairs with FOIA, Freedom
18 of Information Act, and they do FOIA, our final
19 reports, and they are all provided to them. I have
20 been always open to discuss with any person in the
21 field that wants to talk to me about a particular
22 problem, or a particular issue, but again, I said I

1 don't personally, as director of the office of
2 compliance and enforcement, I do not receive those
3 inquiries, as I said before. I don't know if that is
4 good, or that is bad. Personally, I am happy about it.

5 CHAIR MEITES: Well, we know Ms. Perle and
6 her organization, and that really answers my question.

7 There is a conduit --

8 MR. CARDONA: Yes.

9 CHAIR MEITES: -- for our grantees to
10 communicate with our staff.

11 MR. CARDONA: That is correct. And the
12 grantees also -- I talk to many directors on a daily
13 basis. They ask me questions, they ask me for things
14 that they can do or not do. They ask me to be flexible
15 with this, that, and the other. They request for
16 extensions. And within the context of the regulations
17 and my authority, I do do my best to address and make
18 their work a lot easier. So that has always been the
19 case.

20 But, formally, as a group, I have never been
21 approached.

22 CHAIR MEITES: Thank you.

1 MR. CARDONA: Okay. Recommendation 11,
2 develop a report-writing format that is briefer, by
3 summarizing areas of substantial compliance, and
4 focusing on reporting significant issues requiring
5 improvement by the grantees.

6 The more complete explanation of compliance
7 currently provided in the OCE reports better suits the
8 needs of LSC in reporting compliance issues to the
9 programs in congress. Over the years, LSC/OCE has
10 constantly sought to -- I think I read this -- anyway,
11 I will read it again.

12 MR. DE LA TOUR: It's the cough medicine.

13 (Laughter.)

14 MR. CARDONA: Sorry, I got distracted. I
15 think I am on recommendation 12. Develop a reporting
16 process that will permit OCE to issue its reports in a
17 timely manner. Can I skip that?

18 (Laughter.)

19 MR. CARDONA: I'm sorry.

20 CHAIR MEITES: What is the last one?

21 MR. CARDONA: Okay. We recognize that the
22 value of written reports is to receive them within a

1 reasonable time after the on-site visit. We are
2 working on this. It is a difficult issue, given the
3 number of on-site visits that we have required staff to
4 do.

5 Similar to the independent referencing
6 standards that are used by the OIG in their reports,
7 OCE staff is required to have back-up supporting
8 documentation for each finding in the report. This
9 adds time to the report development, since an on-site
10 team will go through hundreds, thousands of files
11 during a typical visit, and each team member has to
12 have the supporting documentation. Then the team
13 leader is to collate all this information into one
14 report. We are working on it.

15 In closing, I again want to emphasize that we
16 welcome the opportunity to learn from the OIG audit.
17 We appreciate the importance of this process, and we
18 expect this process will lead to many fruitful
19 discussions that will lead to the benefit of programs,
20 as we continually improve our compliance oversight
21 activities.

22 CHAIR MEITES: Thank you.

1 MR. CARDONA: Thank you.

2 CHAIR MEITES: Lillian?

3 MS. BEVIER: I have a question that is a
4 little bit -- very similar, actually, to one that Tom
5 asked before, but he was talking about whether you
6 would make more program visits if you had more budget,
7 or whether you thought that you were basically doing a
8 sufficient job for enforcement.

9 It strikes me that if you had more money, you
10 might devote it to number 12, so that, in fact, the
11 people who are -- who have just completed a site visit
12 could come back and write the report, before they have
13 to go on another one. I know that the board isn't
14 supposed to get into management questions --

15 (Laughter.)

16 MR. CARDONA: Yes --

17 MS. BEVIER: I just couldn't help myself on
18 that one.

19 MR. CARDONA: If we could, that would be a --
20 that would speed up the issuance of the reports. And I
21 have discussed with my superior, Karen Sarjeant, how to
22 structure that process in order to allow more visits to

1 be done, and in order to speed up the report issuance
2 process, yes.

3 MS. BEVIER: Thanks.

4 CHAIR MEITES: Any more questions from people
5 on the phone or here?

6 (No response.)

7 CHAIR MEITES: Good. Thank you very much for
8 your remarks. Lillian?

9 MS. BEVIER: Could we get that in writing?
10 Could we have that from the -- you know, just for the
11 board book in April, when we make our report?

12 CHAIR MEITES: Yes.

13 MS. BEVIER: Great.

14 CHAIR MEITES: We should have it by then. If
15 I could have a representative of OIG now? Mr. Cardona,
16 why don't you stay here, in case we have some follow-up
17 questions?

18 MR. CARDONA: Yes.

19 MR. MERRYMAN: Good afternoon. My name is
20 Ronald Merryman, I am the assistant inspector general
21 for audit for the office of inspector general. Mr.
22 West is ill today, and I am here.

1 We do not have a length report,
2 recommendation-by-recommendation, but I will bring you
3 up on the status.

4 CHAIR MEITES: That's exactly what we want.

5 MR. MERRYMAN: Okay. First of all, when we
6 finalized the OCE report last year, management was in
7 the process of not only establishing, but starting the
8 implementation of strategic direction. And as our
9 cover letter to the report indicated, we closed all the
10 recommendations out. It didn't make sense to us to
11 keep monitoring things as a bigger project was working
12 to address those items.

13 Also, as you read the report and look inside
14 the report, there were a number of recommendations that
15 we did close at the time that we made suggestions.
16 Management wanted -- decided that wasn't what they
17 wanted to do. And though we disagreed, we did not see
18 the need to bring it forward.

19 So, with the information given about OCE and
20 the progress they made, we have not looked at that at
21 this time. GAO is in the process of looking at some of
22 the items, and of course we did not want to duplicate

1 what they are looking at, and that goes for all the
2 projects we have going on. We will be talking with
3 GAO, just to make sure there is no duplication.

4 As far as OPP is concerned, we have issued
5 the discussion draft and the formal draft, talked with
6 Karen and Mike Genz last week on it, set up times we
7 can discuss any issues. I believe the issues that we
8 have there to resolve are very minor, and we will be
9 able to issue that report very, very soon. We have
10 been in that process since about January. And part of
11 the problem is just scheduling the time, you know, with
12 everything else that was going on, to sit down and
13 really have those discussions.

14 And so, we think we have a plan on when we
15 will be able to sit down and discuss it, maybe a little
16 bit this week and Monday, and though there has been a
17 request for an extension for time to respond, which we
18 will --

19 CHAIR MEITES: Let me make clear. In asking
20 you to report to us, we don't want to indicate -- at
21 least I don't want to indicate -- that we are putting
22 pressure on you to rush or not rush.

1 MR. MERRYMAN: Oh --

2 CHAIR MEITES: I just want an update as to
3 where you all are at.

4 MR. MERRYMAN: No, no. Understand, sir.
5 Thank you, but I do understand that. We are working
6 towards that. I had a meeting last week with Karen
7 about talking to her about starting up the OIM project
8 again, and looking at what we have to do, and before we
9 started to sit down again, to coordinate with GAO to
10 make sure we're not duplicating anything they have
11 going on, and also to talk to her about the areas that
12 we are going to finish up, and we will conclude that.

13 In addition, we are looking forward to trying
14 to bring this all together to what does it mean,
15 because resources are very limited. And the best we
16 can apply the resources that we have in accomplishing a
17 common goal, the better the organization is going to
18 be. And that's really what the goal will be. How do
19 we leverage each other as resources?

20 You know, recent events with one grantee has
21 caused us to talk more and more about better
22 communication processes and analysis, so that we can

1 capitalize on each other's knowledge and offices. So
2 we are trying to improve the communication in all that
3 we are --

4 CHAIR MEITES: Well, let me ask you this, and
5 both of you. Is it your sense that our committee
6 should review the OPP report when it's issued, or
7 should we wait until the whole project is done before
8 we call you before us again?

9 MR. MERRYMAN: I think it would, you know, be
10 beneficial for the committee to know what direction
11 things are going, what we saw in OPP. I am reluctant
12 to talk too much about OPP, since we are still in
13 discussion with management.

14 I don't think there is going to be anything
15 from, you know, a shocking nature, or anything. It is
16 more process-oriented. So I would prefer to leave it
17 at that.

18 But yes, I think it would be a benefit to at
19 least look at it, to see if you want to --

20 CHAIR MEITES: Yes, my preference is that
21 because this is being issued in stages, it probably
22 makes more sense for us to just have this kind of

1 discussion when the OPP report has been issued, and
2 management has a chance to respond.

3 MR. MERRYMAN: Right.

4 CHAIR MEITES: Mr. Cardona? Does that make
5 sense to you, as well?

6 MR. CARDONA: I would -- personally, it makes
7 sense to me, but that would be a question for --

8 CHAIR MEITES: Well, I'm just asking for your
9 -- okay. And do you have an idea -- are we talking
10 about the fall, that you think --

11 MR. MERRYMAN: We're talking about, probably,
12 the fall. By the time we get the capping report
13 together on that --

14 CHAIR MEITES: Okay, why don't we leave it --
15 if there are any questions from the other members of
16 the committee, other than that, that's the progress
17 report we wanted. Thank you both very much.

18 All right. We are now at the next item on
19 the agenda, which is a status report on locality pay.
20 I have been privately assured that this is not only
21 going to be brief, but understandable.

22 (Laughter.)

1 MR. FORTUNO: Or at least one of those two.

2 I can report that --

3 CHAIR MEITES: You have to identify yourself.

4 MR. FORTUNO: Yes. For the record, I am
5 Victor Fortunato, general counsel. Good afternoon,
6 ladies and gentleman.

7 As to that agenda item, pursuant to
8 instructions provided by the board, we at LSC looked
9 around for and retained a firm with expertise in this
10 area. And the firm is Shaw Bransford. We found them
11 after some -- we did a fair amount of looking around,
12 and we wanted some firm that was especially well
13 qualified. And we are confident that we have a firm
14 that is so.

15 And we hope to have an opinion from them for
16 you in time for the March meeting -- the April meeting,
17 I'm sorry.

18 CHAIR MEITES: Okay.

19 MR. FORTUNO: Thank you.

20 CHAIR MEITES: Any questions?

21 MS. BEVIER: I understand that.

22 (Laughter.)

1 MR. HALL: And it was short.

2 CHAIR MEITES: All right, thank you. That
3 completes, I believe, our agenda. Any public comment?
4 Ms. Perle, do you care to -- no? Any other public
5 comment?

6 (No response.)

7 M O T I O N

8 CHAIR MEITES: I think that that completes
9 our meeting at 16 to 4:00. If I have a motion to
10 adjourn?

11 MS. BEVIER: So moved.

12 CHAIR MEITES: Is there a second?

13 MS. PHILLIPS: Second.

14 CHAIR MEITES: We are all in favor?

15 (Chorus of ayes.)

16 CHAIR MEITES: We are adjourned. Thank you
17 very much, ladies and gentlemen.

18 (Whereupon, at 3:44 p.m., the board meeting
19 was adjourned.)