

It is the desire of the Board of Directors of the Legal Services Corporation that the Functional Accounting Policy be implemented in the following manner:

1. That the staff examine a number of programs currently reporting in this, or a similar fashion, with regard to benefits, costs, methodologies, and operational needs;
2. That the staff consult with independent experts in this field, organizations with experience with AICPA Statement of Position 78-10, and legal services program personnel, as appropriate;
3. That the staff prepare for distribution, written guidelines for implementing the functional reporting requirements by January 31, 1986;
4. That training and technical assistance be provided to recipients in implementing functional accounting in February, March, and April, 1986;
5. That operational testing of the functional accounting systems by recipients begin by May 1, 1986;
6. That full operation of functional accounting by recipients commence by July 1, 1986;
7. That the staff design reasonable functional reporting requirements for the first 6 months of 1986;
8. That recipients make a good faith effort to comply with the functional reporting requirements, as detailed in the January 31, 1985 written guidelines, for the entire year; and,

9. That nothing in this resolution shall modify in any way, any other financial reporting requirements imposed by the Corporation.

Mr. Mendez then moved that the Board adopt the resolution. Mrs. Bernstein seconded the motion, and it passed unanimously.

The staff was then instructed by Mr. Mendez to publish the Audit Guide including appendices. He also instructed the staff to solicit comments concerning implementation of the functional accounting requirements.

Mr. Mendez then proceeded to the last item of his report. He informed the Board that the 1986 Consolidated Operating Budget was not acted upon by his committee, in continued deference to instructions previously received from Congress.

After the Chairman of the Audit and Appropriations Committee concluded his report, Mr. Valois moved to item seven on the agenda concerning the proposed LSC regulation on Questioned Costs, 45 CFR 1630. Mr. Bovard, Counsel, Division of Policy Development, informed the Board that 45 CFR 1630, was reported out of Committee without recommendation.

Mr. Mendez then moved to adopt 45 CFR 1630 for purposes of discussion. Mr. Mendez's motion was followed by a motion from Mrs. Bernstein to table his motion. Ms. Miller seconded the motion to table. Mr. Valois then took a roll call vote on the motion to table. Mrs. Swafford, Mrs. Bernstein, Mr. Smegal, Ms. Miller and Ms. Benavidez voted for the motion. Mr. Mendez and Mr. Valois voted against it. As a result, the motion to adopt 45 CFR 1630 was tabled.