

## Summary of Proposed Changes for the 2016 Grant Assurances

*Grant assurances 2, 14, 16, and 17 are modified. Grant assurance 13 is new. To facilitate your review, the updates are shown in redline format at Attachment 3 and as a clean copy with changes accepted at Attachment 4. The attachment Grant Assurances incorporate changes resulting from comments received during the public comment period.*

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### Grant Assurance 2

*This Grant Assurances notifies each recipient that it is subject to all provisions of Federal law relating to the proper use of Federal funds; of its responsibility to inform its employees and its board of the laws governing Federal funding; and of the consequences of violating the laws as required by 45 C.F.R. Part 1640.*

The proposed change refers recipients to a list of Federal laws related to the proper use of Federal funds, and notifies recipients that a violation of any of the Federal laws listed could result in summary termination of the LSC grant.

**Rationale:** The proposed changes are required as a result of the May 2015 revision to 45 C.F.R. Part 1640.

### Grant Assurance 13

*This Grant Assurance is new. It requires each LSC recipient to have a whistleblower policy and a conflicts of interest policy, to provide training on these polices, and to document the training and distribution of these policies to all covered individuals.*

The purpose of this new grant assurance is to help prevent fraud, protect recipient resources, prevent actual or apparent conflicts of interest that may affect recipient expenditures or decisions, and provide avenues for and protection to individuals who raise concerns about illegal or improper practices at legal services programs.

**Rationale:** These policies are an important element of effective governance.

### Grant Assurance 14

*This Grant Assurance prohibits recipients from taking or threatening to take disciplinary action against any person for cooperating with or appropriately releasing information to LSC or other entity authorized to receive such cooperation. It also requires recipients to notify its staff and volunteers of this non-retaliation policy.*

The proposed change replaces language regarding “appropriate cooperation” with “good faith cooperation” to better protect recipient staff and board members who cooperate with oversight efforts by LSC (including the OIG) or other authorized entities such as the Government Accountability Office. The use of this term is consistent with LSC’s own Code

of Ethics and Conduct. The proposal retains the qualifying phrase “appropriate release of information” to help prevent inappropriate release of privileged information. Other changes to the language are technical corrections and edits.

**Rationale:** The proposed change is intended to provide stronger protection against retaliation, encourage reporting to and cooperation with LSC, and to further clarify the grant assurance.

#### Grant Assurance 16

*This Grant Assurance requires LSC recipients to notify the OIG when it has reason to believe it has been the victim of a loss of \$200 or more as a result of any crime, fraud, misappropriation, embezzlement, or theft involving property, client funds, LSC funds, as well as non-LSC funds used for the provision of legal assistance; or when local, state, or Federal law enforcement officials are contacted by the program about a crime. It also requires recipients to notify the OIG if it has been the victim of a theft of items such as credit cards, check stock, passwords, or electronic access codes that could lead to a loss of \$200 or more.*

The proposed changes are technical edits in the first sentence.

**Rationale:** The proposed changes further clarify the Grant Assurance.

#### Grant Assurance 17

*This Grant Assurance requires recipients to notify LSC of a receipt of any notice of a claim for attorneys’ fees from the recipient; any monetary judgment, sanction, or penalty entered against the recipient; a force majeure event; and if the recipient’s key officials have been charged with fraud, misappropriation, embezzlement, theft, or any similar offense, or are subjected to suspension, loss of license, or other disciplinary action by a bar or other professional licensing organization.*

The proposed change clarifies the scope of the requirement to add all employees with control over recipient finances, or any employees with financial management responsibilities.

**Rationale:** The proposed change is needed to expand the scope of the Grant Assurance to cover all employees with significant financial responsibilities and minimize the risk of mishandling recipient funds.