

# LEGAL SERVICES CORPORATION

## Board of Directors Meeting

January 23 - 25, 2014

### **Location:**

Hilton Garden Inn Downtown Austin  
500 N Interstate 35  
Austin, Texas 78701



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# **I. Schedule**

**LEGAL SERVICES CORPORATION BOARD OF DIRECTORS  
MEETING SCHEDULE  
JANUARY 23 - 25, 2014**

**Meeting Location:  
Hilton Garden Inn Austin Downtown  
500 North Interstate 35  
Austin, Texas 78701  
Phone: (512) 480-8181**

<b>THURSDAY, JANUARY 23, 2014</b>			
Start	End	Meeting/Event	Location
2:00 pm	3:00pm	Finance Committee	Sabine Conference Room Hilton Garden Inn
3:00 pm	4:15pm	Audit Committee	Sabine Conference Room Hilton Garden Inn
4:15pm	5:30pm	Operations & Regulations Committee	Sabine Conference Room Hilton Garden Inn
6:30pm	8:15pm	<b>Texas Access to Justice Foundation &amp; Legal Services Corporation Event &amp; Pro Bono Awards Reception</b> <i>U.S. Congressman Pete Gallego, 23<sup>rd</sup> District of Texas</i> <i>Chief Justice Nathan L. Hecht, Supreme Court of Texas</i> <i>Dean Martha Minow, Harvard Law School and LSC Board Vice Chair</i> <i>Elizabeth Christian, President, Elizabeth Christian &amp; Associates</i> Public Relations ( <i>Moderator</i> )	<b>LBJ Presidential Library</b> <b>Atrium, 10<sup>th</sup> Floor</b> <b>2313 Red River Street</b>

**LEGAL SERVICES CORPORATION BOARD OF DIRECTORS  
MEETING SCHEDULE  
JANUARY 23 - 25, 2014**

**Meeting Location:  
Hilton Garden Inn Austin Downtown  
500 North Interstate 35  
Austin, Texas 78701  
Phone: (512) 480-8181**

<b>FRIDAY, JANUARY 24, 2014</b>			
Start	End	Meeting/Event	Location
7:45am	8:15am	<b>CLOSED Institutional Advancement Meeting</b>	Sabine Conference Room Hilton Garden Inn
9:00am	12:00pm	<p style="text-align: center;"><b>Introductory Remarks</b>  <i>John G. Levi</i>, Board Chair, Legal Services Corporation  <i>Chief Justice Nathan L. Hecht</i>, Supreme Court of Texas  <i>Dean Ward Farnsworth</i>, School of Law,            University of Texas at Austin</p> <p style="text-align: center;"><b>Panel 1: The Importance of Access to Justice to the Judiciary</b>  <i>Judge Robin Green</i>, Arkansas Nineteenth West Judicial Circuit,            Division 1  <i>Chief Justice Nathan L. Hecht</i>, Supreme Court of Texas  <i>Judge Priscilla Owen</i>, United States Court of Appeals for the 5<sup>th</sup>            Circuit  <i>Justice John Pelander</i>, Arizona Supreme Court  <i>Judge Jay C. Zainey</i>, United States District Court, Eastern District            of Louisiana  <i>Justice Laurie D. Zelon</i>, California Court of Appeal, Second District,            Division Seven  <i>Dean Martha Minow</i>, Harvard Law School and LSC Board Vice            Chair (<i>Moderator</i>)</p> <p style="text-align: center;"><b>Panel 2: Technology Innovations Facilitating Access to Justice</b>  <i>Elliott Fontenette</i>, Staff Attorney, Texas Legal Services Center  <i>Sonia Lopez</i>, Managing Attorney, Lone Star Legal Aid  <i>Vince Morris</i>, Director, Arkansas Legal Services Partnership,            Arkansas Pro Bono Partnership  <i>Alison Paul</i>, Executive Director, Montana Legal Services            Association  <i>Glenn Rawdon</i>, Program Counsel, Legal Services Corporation  <i>Diana C. White</i>, Executive Director, LAF (Legal Aid Foundation            of Metropolitan Chicago)  <i>James J. Sandman</i>, President, Legal Services Corporation (<i>Moderator</i>)</p>	Supreme Court of Texas Courtroom 201 West 14 <sup>th</sup> Street



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Phone: (512) 480-8181**

<b>FRIDAY, JANUARY 24, 2014</b>			
<b>1:45pm</b>	<b>2:45pm</b>	<p><b>Presentation by LSC-Funded Programs</b>  <i>Paul E. Furrh, Jr.</i>, Executive Director, Lone Star Legal Aid  <i>David G. Hall</i>, Executive Director, Texas RioGrande Legal Aid, Inc.  <i>Joel K.B. Winful</i>, Attorney &amp; Chief Executive Officer, Legal Aid of Northwest Texas  <i>Betty Torres</i>, Executive Director, Texas Access to Justice Foundation (<i>Moderator</i>)</p>	<p><b>Sabine Conference Room Hilton Garden Inn</b></p>
<b>2:45pm</b>	<b>4:15pm</b>	<p><b>Delivery of Legal Services Committee</b>  <i>AnnaMarie Johnson</i>, Executive Director, Nevada Legal Services  <i>Paul Larsen</i>, former Board Chair, Nevada Legal Services  <i>Steve Gottlieb</i>, Executive Director, Atlanta Legal Aid Society  <i>Mike Nations</i>, Chair, Audit Committee, Atlanta Legal Aid Society  <i>Lynn Jennings</i>, Vice President for Grants Management, Legal Services Corporation (<i>Moderator</i>)</p>	<p><b>Sabine Conference Room Hilton Garden Inn</b></p>
<b>4:15pm</b>	<b>6:00pm</b>	<p><b>Governance &amp; Performance Review Committee</b>  <i>David Bonbright</i>, Keystone Accountability</p>	<p><b>Sabine Conference Room Hilton Garden Inn</b></p>

**LEGAL SERVICES CORPORATION BOARD OF DIRECTORS  
MEETING SCHEDULE  
JANUARY 23 - 25, 2014**

**Meeting Location:  
Hilton Garden Inn Austin Downtown  
500 North Interstate 35  
Austin, Texas 78701  
Phone: (512) 480-8181**

<b>SATURDAY, JANUARY 25, 2014</b>			
<b>Start</b>	<b>End</b>	<b>Meeting/Event</b>	<b>Location</b>
9:30am	10:00am	OPEN Institutional Advancement Committee	Sabine Conference Room Hilton Garden Inn
10:00am	11:45am	OPEN Board Meeting	Sabine Conference Room Hilton Garden Inn
11:45pm	12:30pm	CLOSED Board Meeting	Sabine Conference Room/RioGrande Hilton Garden Inn



## **II. Finance Committee**

# **FINANCE COMMITTEE**

**January 23, 2013**

## **Agenda**

### **OPEN SESSION**

1. Approval of agenda
2. Approval of the minutes of the meeting of October 22, 2013
3. Presentation of the LSC's Financial Report for FY 2013
4. Presentation of the LSC's Financial Report for the first two months of FY 2014
5. Consider and act on LSC's Revised Temporary Operating Budget for FY 2014, Resolution 2014-0XX
  - Presentation by David Richardson, Treasurer/Comptroller
6. Discussion on submission of LSC's FY 2015 appropriations request
  - Presentation by Carol Bergman,  
Director of Government Relations & Public Affairs
7. Discussion of Committee's evaluation for 2013 and the Committee's goals for 2014
8. Public comment
9. Consider and act on other business
10. Consider and act on adjournment of meeting

**Draft Minutes of October 22, 2013  
Meeting**

**Legal Services Corporation  
Meeting of the Finance Committee**

**Open Session**

**DRAFT**

**Tuesday, October 22, 2013**

Committee Chairman Robert J. Grey Jr. convened an open session meeting of the Legal Services Corporation's ("LSC") Finance Committee ("the Committee") at 8:30 a.m. on Tuesday, October 22, 2013. The meeting was held at the Renaissance Pittsburgh Hotel, 107 Sixth Street, Pittsburgh, Pennsylvania 15222.

The following Committee members were present:

Robert J. Grey Jr., Chairman (by telephone)  
Sharon L. Browne  
Laurie I. Mikva  
Martha L. Minow  
Father Pius Pietrzyk  
Robert E. Henley Jr. (Non-Director Member)  
Allan J. Tanenbaum (Non-Director Member)  
John G. Levi, *ex officio*

Other Board Members Present:

Charles N.W. Keckler  
Harry J.F. Korrell, III  
Victor B. Maddox  
Julie A. Reiskin  
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Lynn Jennings	Vice President for Grants Management
Wendy Rhein	Chief Development Officer
Richard L. Sloane	Chief of Staff and Special Assistant to the President
Rebecca Fertig	Special Assistant to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
David L. Richardson	Comptroller and Treasurer, Office of Financial and Administrative Services (OFAS)
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director of Media Relations, GRPA
Jeffrey E. Schanz	Inspector General

Thomas Coogan	Assistant Inspector General for Investigations, Office of Inspector General (OIG)
David Maddox	Assistant Inspector General for Management and Evaluation, OIG
Lora M. Rath	Deputy Director, Office of Compliance and Enforcement (OCE)
Janet LaBella	Director, Office of Program Performance (OPP)
Chuck Greenfield	National Legal Aid and Defender Association (NLADA)
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Terry Brooks	American Bar Association Standing Committee on Legal Aid and Indigent Defendants (SCLAID)
Susan Lucas	Pennsylvania Legal Aid Network
Robert A. Oakley	Northwestern Legal Services

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chairman Grey asked Dean Minow to preside over the Committee meeting. Dean Minow called the meeting to order.

**MOTION**

Father Pius moved to approve the agenda. Ms. Browne seconded the motion.

**VOTE**

The motion passed by voice vote.

**MOTION**

Ms. Brown moved to approve the minutes of the Committee’s meetings of July 9, 2013 and July 21, 2013. Father Pius and Committee Chairman Grey seconded the motion.

**VOTE**

The motion passed by voice vote.

Mr. Richardson presented LSC’s financial report for the eleven-month period ending August 31, 2013. He reported that the Corporation’s expenses for the period were under budget and provided a breakdown of the expenses. Mr. Richardson answered Committee members’ questions.

Next, Ms. Bergman reported on the status of LSC’s fiscal year 2014 appropriations and answered questions from the Committee members. Mr. Richardson presented the temporary operating budget for fiscal year 2014 and the accompanying resolution. He answered Committee members’ questions.

**MOTION**



Mr. Tanenbaum moved to recommend the temporary operating budget for fiscal year 2014 to the Board for approval. Father Pius seconded the motion.

**VOTE**

The motion passed by voice vote.

Dean Minow invited public comment and received none.

There was no other business to consider.

**MOTION**

Mr. Tanenbaum moved to adjourn the meeting. Ms. Browne seconded the motion.

**VOTE**

The motion passed by voice vote.

The Committee meeting adjourned at 9:23 a.m.

# **Financial Report for FY 2013**

## FINANCIAL & ADMINISTRATIVE SERVICES

### MEMORANDUM

**TO:** Robert J. Grey, Jr., Finance Committee Chairman

**FROM:** David L. Richardson, Treasurer/Comptroller *dlr*

**DATE:** January 7, 2014

**SUBJECT:** FY 2013 Financial Reports

---

The financial reports for Fiscal Year (FY) 2013 are attached for your review and discussion. There are four attachments (some with multiple pages) that comprise this report.

Attachment A provides summary information for each element of the COB in two sections.

Attachment B presents Management and Grants Oversight's (MGO) budget and expenditures.

Attachment C shows the MGO Other Operating Expenses by cost centers.

Attachment D provides budget and expenditures for the Office of Inspector General (OIG).

The first section of Attachment A presents information for the Delivery of Legal Assistance, *Roman numeral I*, and the Herbert S. Garten Loan Repayment Assistance Program (LRAP), *Roman numeral II*. Expenditures are compared to the annual budget, and the report shows the variances for each budget line. Expenditures from the prior year are also reported, and the variances for the two years are shown in the last column.

- I. There are four elements included in the Delivery of Legal Assistance:
  1. The Basic Field Programs budget is \$316,978,614; the grant expenses for this fiscal year are \$316,345,623. The grant expenses include Basic Field Programs of \$297,051,771, Native American of \$8,858,551, and Migrant of \$10,435,301.

The remaining funds of \$632,991 are earmarked for Louisiana for a close-out audit Mississippi for migrant funds; and for American Samoa, where we do not have a grantee.

The U.S. Court of Veterans Appeals Funds budget totals \$2,528,571, and expenses are \$2,521,819. There is a variance of \$6,752, which will be used for next year's costs.

2. The Grants from Other Funds budget totals \$546,361, and expenses are \$329,297. The remaining \$217,064 is available for other emergency grants.
  3. The Technology Initiative budget totals \$4,339,908. Net grant expenses are \$914,080 and are comprised of 10 grants totaling \$1,010,812; scholarships of \$20,000 for attendance to the TIG Conference; and the recovery of unspent funds on 12 grants totaling \$111,732. The remaining funds of \$3,425,828 will be used to support the 2013 TIG competitive grant awards completed in FY 2014.
  4. The Hurricane Sandy Disaster Relief Funds budget totals \$950,000, and grants totaling \$874,041 that we completed in September. The remaining \$75,959 will be used to support additional grants for the hurricane ravaged area.
- II. The Herbert S. Garten Loan Repayment Assistance Program's budget is \$2,535,050, and expenses for the year are \$1,095,858. The remaining \$1,439,192 will fund the second payment of the FY 2013 loans and the renewal loans for the next two years.

The second section of Attachment A presents expenditures for MGO, *Roman numeral III*, and the OIG, *Roman numeral IV*.

- III. MGO's annual budget totals \$21,625,940. The budget is comprised of the MGO operating budget of \$19,403,849, MGO Research Initiative budget of \$287,191, and MGO Contingency Funds totaling \$1,934,900.

The MGO operating budget of \$19,403,849 compares to actual expenses of \$16,238,722. MGO is under budget by \$3,165,127, or 16.31%, and the outstanding encumbrances total \$53,689. The expenditures were \$465,393 more than in FY 2012.

The MGO Research Initiative budget allocation (Public Welfare Foundation grant) is \$287,191, and expenses are \$87,078. The iScale and Keystone Accountability contract has a balance of \$166,667, which is the amount of the encumbrance. The remaining balance minus the encumbrances leaves \$33,446 restricted for the use of the data project.

The MGO Contingency Funds budget allocation is \$1,934,900, and there are no expenses against these funds.

- IV. The OIG's annual budget totals \$5,825,631. The budget consists of the OIG operating budget of \$5,500,000 and Contingency Funds of \$325,631.

The OIG operating budget of \$5,500,000, compares to actual expenses of \$4,637,950. The OIG is under budget by \$862,950 or 15.67%, and the outstanding encumbrances total \$63,342. The expenditures are \$130,389 more than the same period in FY 2012.

The OIG Contingency Funds budget allocation is \$325,631, and there are no expenses against these funds.

Attachment B, page 1, presents comparative budgets and expenditures for MGO by cost center; all cost centers are under budget. Attachment B, page 2, shows the budgets and expenditures by budget category for the MGO operating budget, and all the categories are under budget.

The largest variance under budget is in the Compensation and Benefits category in the amount of \$1,565,355. We began the year with 106 positions budgeted. Because some positions were projected to be filled later in the year, the full time equivalents (FTE) equaled 103. Actual FTEs for the year were 92.5. The difference of 13.5 in the FTE explains why we are \$1,565,355 under budget. This represents 49.17% of this year's variance. The variance for each office is shown in the following table.

	2013 Annual Budget	Actual	Variance
	-----	-----	-----
Executive Office	\$1,019,300	882,404	\$136,896
Legal Affairs	903,749	850,595	53,154
Government Relations/Public Affairs	996,900	910,204	86,696
Human Resources	693,651	584,519	109,132
Financial & Administrative Svcs	1,041,099	959,573	81,526
Information Technology	1,113,050	1,036,351	76,699
Program Performance	3,494,575	3,133,056	361,519
Information Management	562,850	549,248	13,602
Compliance & Enforcement	3,712,800	3,066,669	646,131
	-----	-----	-----
Total of Compensation & Benefits	\$13,537,974	\$11,972,619	\$1,565,355
	=====	=====	=====

Attachment B, page 3, shows the MGO Contingency Funds budget categories. Attachment B, page 4, provides a summary of the expenditures by office and by budget category.

Attachment C, pages 1 and 2, presents a breakdown of the other operating expenses by account code and by cost center.

Attachment D, page 1, compares the OIG budget and expenditures by budget category, and all are under budget. The largest variance under budget is for Compensation and Benefits, totaling \$435,454. The OIG FY 2014 budget was for 30 FTEs, and the monthly payroll data shows there were 28 FTEs. This variance is attributable to attrition and to unfilled positions, and is 50.51% of the annual variance.

Attachment D, page 2, shows the OIG Contingency Funds. The unused OIG Contingency Funds are earmarked for the multi-year budget plan.

If you have any questions, please let me know.

Attachments (A – B – C - D)

LEGAL SERVICES CORPORATION  
PRELIMINARY CONSOLIDATED OPERATING BUDGET WORKSHEET  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR FISCAL YEAR 2013

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	F I S C A L   Y E A R   2 0 1 3					C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
<b>I. DELIVERY OF LEGAL ASSISTANCE</b>							
1. Basic Field Programs	\$316,978,614	\$316,345,623	\$632,991	0.20	\$0	\$323,232,739	(\$6,887,116)
2. US Court of Vets Appeals Funds	2,528,571	2,521,819	6,752	0.27	-	2,721,171	(199,352)
3. Grants From Other Funds	546,361	329,297	217,064	39.73	-	253,346	75,951
4. Technology Initiatives	4,339,908	914,080	3,425,828	78.94	-	6,045,050	(5,130,970)
5. Hurricane Sandy Disaster Relief Funds	950,000	874,041	75,959	8.00	-	-	874,041
<b>TOTAL DELIVERY OF LEGAL ASSISTANCE</b>	<b>325,343,454</b>	<b>320,984,860</b>	<b>4,358,594</b>	<b>1.34</b>	<b>-</b>	<b>332,252,306</b>	<b>(11,267,446)</b>
<b>II. HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRAM</b>							
	2,535,050	1,095,858	1,439,192	56.77	-	575,462	520,396
<b>III. MANAGEMENT &amp; GRANTS OVERSIGHT</b>							
1. M & G O Operating Budget	19,403,849	\$16,238,722	3,165,127	16.31	53,689	15,773,329	465,393
2. M & G O Research Initiative	287,191	87,078	200,113	69.68	166,667	-	87,078
3. M & G O Contingency Funds	1,934,900	-	1,934,900	100.00	-	-	-
<b>TOTAL MANAGEMENT &amp; GRANTS OVERSIGHT</b>	<b>21,625,940</b>	<b>16,325,800</b>	<b>5,300,140</b>	<b>24.51</b>	<b>220,356</b>	<b>15,773,329</b>	<b>552,471</b>
<b>IV. INSPECTOR GENERAL</b>							
1. I G Operating Budget	5,500,000	4,637,950	862,050	15.67	63,342	4,507,561	130,389
2. I G Contingency Funds	325,631	-	325,631	100.00	-	-	-
<b>TOTAL INSPECTOR GENERAL</b>	<b>5,825,631</b>	<b>4,637,950</b>	<b>1,187,681</b>	<b>20.39</b>	<b>63,342</b>	<b>4,507,561</b>	<b>130,389</b>
<b>TOTAL</b>	<b>\$355,330,075</b>	<b>\$343,044,468</b>	<b>\$12,285,607</b>		<b>\$283,698</b>	<b>\$353,108,658</b>	<b>(\$10,064,190)</b>

\* \$10,338 LRAP ACCOUNTS RECEIVABLE

LEGAL SERVICES CORPORATION  
PRELIMINARY CONSOLIDATED OPERATING BUDGET WORKSHEET  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR FISCAL YEAR 2013

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	F I S C A L Y E A R 2 0 1 3					C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
<b>III. MANAGEMENT &amp; GRANTS OVERSIGHT</b>							
1. Board of Directors	\$427,900	\$276,283	\$151,617	35.43	\$0	\$320,863	(\$44,580)
2. Executive Office	1,160,700	948,379	212,321	18.29	-	575,453	372,926
3. Legal Affairs	1,286,700	1,017,170	269,530	20.95	5,585	1,134,475	(117,305)
4. Government Relations/Public Affairs	1,146,400	1,001,113	145,287	12.67	7,596	822,863	178,250
5. Human Resources	883,650	679,457	204,193	23.11	29,652	703,194	(23,737)
6. Financial & Admin Services	3,308,599	3,083,391	225,208	6.81	1,596	3,033,108	50,283
7. Information Technology	1,732,850	1,367,961	364,889	21.06	8,720	1,408,420	(40,459)
8. Program Performance	4,346,600	3,886,068	460,532	10.60	540	3,729,802	156,266
9. Information Management	598,850	575,789	23,061	3.85	-	587,420	(11,631)
10. Compliance & Enforcement	4,511,600	3,403,111	1,108,489	24.57	-	3,457,731	(54,620)
<b>MANAGEMENT &amp; GRANTS OVERSIGHT SUBTOTAL</b>	<b>\$19,403,849</b>	<b>\$16,238,722</b>	<b>\$3,165,127</b>	<b>16.31</b>	<b>\$53,689</b>	<b>\$15,773,329</b>	<b>\$465,393</b>
11. M & G O Research Initiative	287,191	87,078	200,113	69.68	166,667	-	87,078
12. M & G O Contingency Funds	1,934,900	-	1,934,900	100.00	-	-	-
<b>TOTAL MANAGEMENT &amp; GRANTS OVERSIGHT</b>	<b>\$21,625,940</b>	<b>\$16,325,800</b>	<b>\$5,300,140</b>	<b>24.51</b>	<b>\$220,356</b>	<b>\$15,773,329</b>	<b>\$552,471</b>



LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR FISCAL YEAR 2013  
MANAGEMENT AND GRANTS OVERSIGHT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		FISCAL YEAR 2013				COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUMBRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	13,537,975	11,972,619	1,565,355	11.56	-	11,461,886	510,733
TEMP. EMPLOYEE PAY	806,100	628,593	177,507	22.02	-	434,164	194,429
CONSULTING	789,700	344,763	444,937	56.34	40,508	540,765	(196,002)
TRAVEL/TRANSPORTATION EXPS	1,231,700	642,735	588,965	47.82	-	717,374	(74,639)
COMMUNICATIONS	123,350	83,217	40,133	32.54	-	86,507	(3,290)
OCCUPANCY COST	1,721,350	1,710,000	11,350	0.66	-	1,711,870	(1,870)
PRINTING & REPRODUCTION	92,650	59,448	33,202	35.84	-	61,182	(1,734)
OTHER OPERATING EXPENSES	891,774	747,053	144,721	16.23	13,181	696,121	50,932
CAPITAL EXPENDITURES	209,250	50,294	158,956	75.96	-	63,460	(13,166)
<b>TOTAL</b>	<b>\$19,403,849</b>	<b>16,238,722</b>	<b>3,165,126</b>	<b>16.31</b>	<b>\$53,689</b>	<b>15,773,329</b>	<b>465,393</b>

LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR FISCAL YEAR 2013  
MANAGEMENT AND GRANTS OVERSIGHT CONTINGENCY FUNDS

BUDGET CATEGORY	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	ANNUAL BUDGET	ACTUAL	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUMBRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	\$650,000	-	650,000		-	-	-
TEMP. EMPLOYEE PAY	-	-	-		-	-	-
CONSULTING	-	-	-		-	-	-
TRAVEL/TRANSPORTATION EXPS	-	-	-		-	-	-
COMMUNICATIONS	-	-	-		-	-	-
OCCUPANCY COST	-	-	-		-	-	-
PRINTING & REPRODUCTION	-	-	-		-	-	-
OTHER OPERATING EXPENSES	1,284,900	-	1,284,900		-	-	-
CAPITAL EXPENDITURES	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$1,934,900</b>	<b>-</b>	<b>1,934,900</b>		<b>\$0</b>	<b>-</b>	<b>-</b>

LEGAL SERVICES CORPORATION  
OPERATING EXPENSES FOR FISCAL YEAR 2013  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FISCAL YEAR 2013  
MANAGEMENT AND GRANTS OVERSIGHT

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOV'T REL PUBLIC AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS
COMPENSATION & BENEFITS	-	882,404	850,595	910,204	584,519	959,573
TEMPORARY EMPLOYEE PAY	-	21,673	56,862	29,445	22,298	-
CONSULTING	87,005	8,336	69,381	600	49,109	1,377
TRAVEL/TRANSPORTATION EXPS	135,935	32,012	5,725	23,172	2,665	5,282
COMMUNICATIONS	2,039	3,860	2,667	3,864	1,126	14,531
OCCUPANCY COST	-	-	-	-	-	1,710,000
PRINTING & REPRODUCTION	-	-	485	5,525	-	53,438
OTHER OPERATING EXPENSES	51,304	94	31,455	28,303	19,740	336,275
CAPITAL EXPENDITURES	-	-	-	-	-	2,915
<b>TOTAL</b>	<b>\$276,283</b>	<b>\$948,379</b>	<b>\$1,017,170</b>	<b>\$1,001,113</b>	<b>\$679,457</b>	<b>\$3,083,391</b>
BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORMANCE	INFORMATION MANAGEMENT	COMPLIANCE & ENFORCEMENT	TOTAL MGT & GRANTS OVERSIGHT	
COMPENSATION & BENEFITS	1,036,351	3,133,056	549,248	3,066,669	11,972,619	
TEMPORARY EMPLOYEE PAY	-	356,771	-	141,544	628,593	
CONSULTING	5,190	106,440	-	17,325	344,763	
TRAVEL/TRANSPORTATION EXPS	16,047	255,185	-	166,712	642,735	
COMMUNICATIONS	30,938	13,522	8	10,662	83,217	
OCCUPANCY COST	-	-	-	-	1,710,000	
PRINTING & REPRODUCTION	-	-	-	-	59,448	
OTHER OPERATING EXPENSES	232,056	21,094	26,533	199	747,053	
CAPITAL EXPENDITURES	47,379	-	-	-	50,294	
<b>TOTAL</b>	<b>\$1,367,961</b>	<b>\$3,886,068</b>	<b>\$575,789</b>	<b>\$3,403,111</b>	<b>16,238,722</b>	

OTHER OPERATING EXPENSES FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013			
	ANNUAL BUDGET	ACTUAL	UNDER / (OVER) BUD VS ACT VARIANCE
	\$880,624.00	747,053.00	133,571.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS	YTD EXPENSE
5600	<b>EQUIPMENT RENTAL</b>	BOARD OF DIRECTORS GOVERNMENT RELATIONS/PUBLIC AFFAIRS FINANCIAL & ADMIN SERVICES INFORMATION TECHNOLOGY <u>TOTAL</u>	20,370.76 4,368.35 13,866.33 114,920.72 153,526.16
5610	<b>OFFICE SUPPLIES</b>	BOARD OF DIRECTORS GOVERNMENT RELATIONS/PUBLIC AFFAIRS HUMAN RESOURCES FINANCIAL & ADMIN SERVICES INFORMATION TECHNOLOGY INFORMATION MANAGEMENT <u>TOTAL</u>	77.75 3,246.78 425.59 50,876.21 27,013.45 650.27 82,290.05
5611	<b>OFFICE EQUIPMENT</b>	GOVERNMENT RELATIONS/PUBLIC AFFAIRS HUMAN RESOURCES FINANCIAL & ADMIN SERVICES INFORMATION TECHNOLOGY <u>TOTAL</u>	525.10 588.75 12,688.54 21,433.89 35,236.28
5620	<b>COMMERICAL INSURANCE</b>	FINANCIAL & ADMIN SERVICES <u>TOTAL</u>	178,976.08 178,976.08
5640	<b>DATA PROCESSING</b>	LEGAL AFFAIRS GOVERNMENT RELATIONS/PUBLIC AFFAIRS HUMAN RESOURCES FINANCIAL & ADMIN SERVICES INFORMATION MANAGEMENT INFORMATION TECHNOLOGY <u>TOTAL</u>	22,546.50 19,351.14 1,595.80 24,743.17 904.90 68,442.06 137,583.57

OTHER OPERATING EXPENSES FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013			
	ANNUAL BUDGET	ACTUAL	UNDER / (OVER) BUD VS ACT VARIANCE
	\$880,624.00	747,053.00	133,571.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS	YTD EXPENSE
		BOARD OF DIRECTORS	30,708.00
		LEGAL AFFAIRS	0.00
		HUMAN RESOURCES	11,892.80
		OFFICE OF PROGRAM PERFORMANCE	19,893.74
5650	<b>ADVERTISING &amp; CLIPPING SERVICES</b>	TOTAL	62,494.54
		LEGAL AFFAIRS	1,325.00
5660	<b>DUES &amp; MEMBERSHIPS</b>	TOTAL	1,325.00
		LEGAL AFFAIRS	7,583.34
		HUMAN RESOURCES	191.90
		FINANCIAL & ADMIN SERVICES	724.00
		OFFICE OF PROGRAM PERFORMANCE	1,200.00
		INFORMATION MANAGEMENT	13,801.39
		OFFICE OF COMPLIANCE AND ENFORCEMENT	199.18
5670	<b>SUBSCRIPTIONS</b>	TOTAL	23,699.81
		EXECUTIVE OFFICE	19.48
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	78.25
		HUMAN RESOURCES	1,881.58
		FINANCIAL & ADMIN SERVICES	32,972.39
5680	<b>EMPLOYEE LECTURES/OTHER ACT.</b>	TOTAL	34,951.70
		BOARD OF DIRECTORS	147.50
		EXECUTIVE OFFICE	75.00
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	733.00
		HUMAN RESOURCES	3,163.77
		FINANCIAL & ADMIN SERVICES	21,428.76
		INFORMATION TECHNOLOGY	246.00
		INFORMATION MANAGEMENT	11,176.34
5690	<b>OFFICE EXPENSES</b>	TOTAL	36,970.37
		<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$747,053.56</b>

LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR FISCAL YEAR 2013  
INSPECTOR GENERAL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	ANNUAL BUDGET	ACTUAL	FISCAL YEAR 2013		ENCUM- BRANCES	COMPARATIVE	
			VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)		PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	\$4,363,500	3,928,045	435,454	9.98	-	3,743,718	184,327
TEMP. EMPLOYEE PAY	25,000	9,775	15,225	60.90	-	22,647	(12,872)
CONSULTING	550,000	340,228	209,772	38.14	54,600	312,569	27,659
TRAVEL/TRANSPORTATION EXPS	321,600	218,597	103,003	32.03	8,742	206,430	12,167
COMMUNICATIONS	28,000	21,436	6,564	23.44	-	17,792	3,644
OCCUPANCY COST	4,000	-	4,000	100.00	-	-	-
PRINTING & REPRODUCTION	12,000	8,496	3,504	29.20	-	8,170	326
OTHER OPERATING EXPENSES	100,900	73,120	27,780	27.53	-	60,313	12,807
CAPITAL EXPENDITURES	95,000	38,253	56,747	59.73	-	135,922	(97,669)
<b>TOTAL</b>	<b>\$5,500,000</b>	<b>4,637,950</b>	<b>862,049</b>	<b>15.67</b>	<b>63,342</b>	<b>4,507,561</b>	<b>130,389</b>

LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWELVE-MONTH PERIOD ENDING SEPTEMBER 30, 2013  
FOR THE FISCAL YEAR 2013  
INSPECTOR GENERAL CONTINGENCY FUNDS

BUDGET CATEGORY	(1)	(2)	(3)	(4)	(5)	(6)	(7)	#
	ANNUAL BUDGET	ACTUAL	FISCAL YEAR 2013		ENCUM- BRANCES	COMPARATIVE		
			VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)		PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)	
TOTAL COMP./BENEFITS	-	-	-	-	-	-	-	-
TEMP. EMPLOYEE PAY	-	-	-	-	-	-	-	-
CONSULTING	-	-	-	-	-	-	-	-
TRAVEL/TRANSPORTATION EXPS	-	-	-	-	-	-	-	-
COMMUNICATIONS	-	-	-	-	-	-	-	-
OCCUPANCY COST	-	-	-	-	-	-	-	-
PRINTING & REPRODUCTION	-	-	-	-	-	-	-	-
OTHER OPERATING EXPENSES	\$325,631	-	325,631	-	-	-	-	-
CAPITAL EXPENDITURES	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$325,631</b>	<b>-</b>	<b>325,631</b>	<b>-</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	

**Financial Report for First Two Months of  
FY 2014**



## FINANCIAL & ADMINISTRATIVE SERVICES

### MEMORANDUM

**TO:** Robert J. Grey, Jr., Finance Committee Chairman

**FROM:** David L. Richardson, Treasurer/Comptroller *dlr*

**DATE:** January 8, 2014

**SUBJECT:** November 2013 Financial Reports

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The financial report for the two-month period ending November 30, 2013, is attached for your review. There are four attachments (some with multiple pages) that comprise this report; we are using the fiscal year (FY) 2014 Temporary Operating Budget (TOB) that was approved at the October Board meeting for our comparisons.

Attachment A provides summary information for each element of the Temporary Operating Budget in two sections.

Attachment B presents Management and Grants Oversight's (MGO) budget and expenditures.

Attachment C shows the MGO Other Operating Expenses by cost centers.

Attachment D provides budget and expenditures for the Office of Inspector General (OIG).

The first section of Attachment A presents information for the Delivery of Legal Assistance, *Roman numeral I*, and the Herbert S. Garten Loan Repayment Assistance Program (LRAP), *Roman numeral II*. The expenditures are compared to the annual budget, and the report shows the variance for each budget line. The expenditures are also compared to the same period of the prior year.

- I. There are four elements included in the Delivery of Legal Assistance:
  1. The Basic Field Programs budget is \$316,777,740; there are no grant expenses for this period. Grants totaling \$314,267,270 were awarded for 2014 and will show as expenses in the January financial report.
  2. The U.S. Court of Veterans Appeals Funds budget totals \$2,524,572, and there are no grant expenses for this period.
  3. The Grants from Other Funds budget totals \$279,207, and no emergency or one-time grants have been awarded.
  4. The Technology Initiatives budget totals \$6,580,639, and there have been 27 grant awards totaling \$2,009,984.
- II. The Herbert S. Garten Loan Repayment Assistance Program's budget is \$2,364,856; there are no loan expenses for the period.

The second section of Attachment A presents expenditures for MGO and the OIG. The expenditures are compared to a pro rata allocation of the annual budget based on the number of months of the fiscal year covered by the reporting period. The expenditures are compared to a pro rata allocation of the annual budget, which is two months for this report.

- III. MGO's annual budget totals \$20,600,113. The budget is comprised of the MGO operating budget of \$19,678,000, the MGO Research Initiative of \$200,113, and the MGO Contingency Funds totaling \$722,000.

The MGO operating budget allocation for this reporting period is \$3,279,667 compared to the actual expenses of \$2,840,810. LSC is under budget by \$438,857 or 13.38%, and the encumbrances for the period are \$388,699. The expenditures are \$260,577 more than the same period in 2013.

The MGO Research Initiative budget allocation is \$33,352, and there are no expenses. The iScale and Keystone Accountability contract has a balance of \$166,667, which is the amount of the encumbrance. In December, the next phase of the contract was completed and a payment of

\$83,333 was made, which will be shown as an expense in next month's financial report.

The MGO Contingency Funds allocation is \$120,333, and there are no expenses.

- IV. The OIG's annual budget totals \$5,101,639. The OIG operating budget allocation is \$850,273 to actual expenses of \$854,603. The OIG is \$4,330 or .51% over budget, and the encumbrances for the period are \$178,737. The expenditures are \$169,575 more than in 2013.

Attachment B, page 1, presents comparative budgets and expenditures for MGO by cost center; all cost centers are under budget. Attachment B, page 2, shows the budgets and expenditures by budget category for the MGO operating budget. The variances show that we are under budget in each category except for temporary employee pay, which is over budget by \$24,526. The amount over budget is attributed to the use of Program Visit Specialists in the offices of Program Performance, and Compliance and Enforcement in the first two months of the fiscal year.

The largest variance under budget, totaling \$205,460, is in the Compensation and Benefits category. This amount represents 46.82% (\$205,460 divided by \$438,857) of this month's total MGO expenses variance. While we have a number of positions budgeted, because of the uncertainty of our funding, hiring decisions are being delayed, except those that are especially critical. When the FY 2014 appropriations process is completed, we will reexamine this decision. The open positions by cost center are as follows:

Executive Office – a Development Office Administrative Assistant position is open; the position is scheduled to be filled after January 1;

Government Relations/Public Affairs – Communications Manager resigned in October and a replacement position has not been posted;

Financial and Administration Services – an accountant position is open; the position is scheduled to be filled after January 1;

Program Performance – two Program Counsel positions are open; the positions are scheduled to be filled after April 1;

Compliance and Enforcement – four positions are open:

One Fiscal Compliance Specialist position was open and scheduled to be filled after November 1; the leading candidate withdrew from consideration, so we have reposted the position;

Two additional Fiscal Compliance Specialist positions are open; they are scheduled to be filled after January 1, but the positions are not posted; and

One Program Counsel position is open and scheduled to be filled after April 1.

Attachment B, page 3, shows the MGO Contingency Funds budget categories. Attachment B, page 4, provides a summary of the expenditures by office and by budget category. Attachment C, pages 1 and 2, presents a breakdown of the other operating expenses by account code and by cost center.

Attachment D, page 1, shows a comparative OIG budget and expenditures by budget category. Three categories are over budget. The over-budget variances are the result of accumulated costs associated with:

- A. Consulting (\$15,321) for work regarding the Quality Control Reviews of grantee audits, audit of LSC's network, LSC's financial audit, and support for the OIG network systems.
- B. Travel and Transportation Expenses (\$6,019) for Quality Control Reviews, program visits, training, and the October Board meeting.
- C. Printing and Reproduction Expenses (\$2,344) associated with maintenance of the OIG copiers.

If you have any questions, please let me know.

Attachments (A – B – C - D)

cc Board of Directors  
President  
Corporate Secretary  
Inspector General

LEGAL SERVICES CORPORATION  
TEMPORARY OPERATING BUDGET WORKSHEET  
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013  
FOR FISCAL YEAR 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	F I S C A L Y E A R 2 0 1 4						C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	ANNUAL BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
<b>I. DELIVERY OF LEGAL ASSISTANCE</b>								
1. Basic Field Programs	\$316,777,740	\$0	\$316,777,740	\$316,777,740	100.00	\$0	\$0	\$0
2. US Court of Vets Appeals Funds	2,524,572	-	2,524,572	2,524,572	100.00	-	-	-
3. Grants From Other Funds	279,207	-	279,207	279,207	100.00	-	0	0
4. Technology Initiatives	6,580,639	2,009,984	6,580,639	4,570,655	69.46	-	448,689	1,561,295
5. Hurricane Sandy Disaster Relief Funds	75,959	-	75,959	75,959	100.00	-	-	-
<b>TOTAL DELIVERY OF LEGAL ASSISTANCE</b>	<b>326,238,117</b>	<b>2,009,984</b>	<b>326,238,117</b>	<b>324,228,133</b>	<b>99.38</b>	<b>-</b>	<b>448,689</b>	<b>1,561,295</b>
<b>II. HERBERT S. GARTEN LOAN REPAYMENT ASSISTANCE PROGRAM</b>								
	2,364,856	-	2,364,856	2,364,856	100.00	-	-	-
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTHS OF THE FY 2014 TOB	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
<b>III. MANAGEMENT &amp; GRANTS OVERSIGHT</b>								
1. M & G O Operating Budget	19,678,000	\$2,840,810	3,279,667	438,857	13.38	388,699	2,580,233	260,577
2. M & G O Research Initiative	200,113	-	33,352	33,352	100.00	166,667	-	-
3. M & G O Contingency Funds	722,000	-	120,333	120,333	100.00	-	-	-
<b>TOTAL MANAGEMENT &amp; GRANTS OVERSIGHT</b>	<b>20,600,113</b>	<b>2,840,810</b>	<b>3,433,352</b>	<b>592,542</b>	<b>17.26</b>	<b>555,366</b>	<b>2,580,233</b>	<b>260,577</b>
<b>IV. INSPECTOR GENERAL</b>								
1. I G Operating Budget	5,101,639	854,603	850,273	(4,330)	(0.51)	178,737	685,028	169,575
2. I G Contingency Funds	-	-	-	-	-	-	-	-
<b>TOTAL INSPECTOR GENERAL</b>	<b>5,101,639</b>	<b>854,603</b>	<b>850,273</b>	<b>(4,330)</b>	<b>(0.51)</b>	<b>178,737</b>	<b>685,028</b>	<b>169,575</b>
<b>TOTAL</b>	<b>\$354,304,725</b>	<b>\$5,705,397</b>	<b>\$332,886,598</b>	<b>\$327,181,201</b>		<b>\$734,103</b>	<b>\$3,713,950</b>	<b>\$1,991,447</b>

\$518,420 LRAP ACCOUNTS RECE LRAP ACCOUNTS RECEIVABLE

LEGAL SERVICES CORPORATION  
TEMPORARY OPERATING BUDGET WORKSHEET  
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013  
FOR FISCAL YEAR 2014

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	F I S C A L Y E A R 2 0 1 3						C O M P A R A T I V E	
	ANNUAL BUDGET	ACTUAL	TWO - TWELFTHS OF THE FY 2014 TOB	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
<b>III. MANAGEMENT &amp; GRANTS OVERSIGHT</b>								
1. Board of Directors	\$393,900	\$58,659	\$65,650	\$6,991	10.65	\$0	\$53,529	\$5,130
2. Executive Office	1,204,725	182,233	200,788	18,555	9.24	-	141,903	40,330
3. Legal Affairs	1,271,450	205,245	211,908	6,663	3.14	1,862	135,929	69,316
4. Government Relations/Public Affairs	1,078,100	165,194	179,683	14,489	8.06	9,466	151,192	14,002
5. Human Resources	814,200	109,015	135,700	26,685	19.66	45,402	110,238	(1,223)
6. Financial & Admin Services	3,592,300	506,039	598,717	92,678	15.48	64,936	470,900	35,139
7. Information Technology	1,851,825	200,716	308,638	107,922	34.97	266,493	237,393	(36,677)
8. Program Performance	4,249,050	655,259	708,175	52,916	7.47	540	641,310	13,949
9. Information Management	596,100	95,127	99,350	4,223	4.25	-	93,023	2,104
10. Compliance & Enforcement	4,626,350	663,323	771,058	107,735	13.97	-	544,816	118,507
<b>MANAGEMENT &amp; GRANTS OVERSIGHT SUBTOTAL</b>	<b>\$19,678,000</b>	<b>\$2,840,810</b>	<b>\$3,279,667</b>	<b>\$438,857</b>	<b>13.38</b>	<b>\$388,699</b>	<b>\$2,580,233</b>	<b>\$260,577</b>
11. M & G O Research Initiative	200,113	-	33,352	33,352	100.00	166,667	-	-
12. M & G O Contingency Funds	722,000	-	120,333	120,333	100.00	-	-	-
<b>TOTAL MANAGEMENT &amp; GRANTS OVERSIGHT</b>	<b>\$20,600,113</b>	<b>\$2,840,810</b>	<b>\$3,433,352</b>	<b>\$592,542</b>	<b>17.26</b>	<b>\$555,366</b>	<b>\$2,580,233</b>	<b>\$260,577</b>

LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013  
FOR FISCAL YEAR 2014  
MANAGEMENT AND GRANTS OVERSIGHT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	FISCAL YEAR 2014						COMPARATIVE	
	ANNUAL BUDGET	ACTUAL	TWO- TWELFTHS OF THE FY 2014 BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)	ENCUM- BRANCES	PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	13,986,875	2,125,688	2,331,148	205,460	8.81	-	1,953,193	172,495
TEMP. EMPLOYEE PAY	685,300	138,742	114,216	(24,526)	(21.47)	-	70,615	68,127
CONSULTING	782,005	19,470	130,334	110,864	85.06	234,509	64,836	(45,366)
TRAVEL/TRANSPORTATION EXPS	1,101,445	164,185	183,573	19,388	10.56	-	100,055	64,130
COMMUNICATIONS	120,700	13,529	20,118	6,589	32.75	-	12,149	1,380
OCCUPANCY COST	1,800,500	285,000	300,083	15,083	5.03	-	286,058	(1,058)
PRINTING & REPRODUCTION	78,550	625	13,091	12,466	95.23	-	4,604	(3,979)
OTHER OPERATING EXPENSES	869,125	91,336	144,854	53,518	36.95	154,190	85,965	5,371
CAPITAL EXPENDITURES	253,500	2,235	42,250	40,015	94.71	-	2,758	(523)
<b>TOTAL</b>	<b>\$19,678,000</b>	<b>2,840,810</b>	<b>3,279,667</b>	<b>438,857</b>	<b>13.38</b>	<b>\$388,699</b>	<b>2,580,233</b>	<b>260,577</b>

LEGAL SERVICES CORPORATION  
FINANCIAL REPORT BY BUDGET CATEGORY  
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013  
FOR FISCAL YEAR 2014  
MANAGEMENT AND GRANTS OVERSIGHT CONTINGENCY FUNDS

BUDGET CATEGORY	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ANNUAL BUDGET	ACTUAL	FISCAL YEAR 2014			ENCUM- BRANCES	COMPARATIVE	
			TWO- TWELFTHS OF THE FY 2014 BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)		PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	\$722,000	-	120,333	120,333		-	-	-
TEMP. EMPLOYEE PAY	-	-	-	-		-	-	-
CONSULTING	-	-	-	-		-	-	-
TRAVEL/TRANSPORTATION EXPS	-	-	-	-		-	-	-
COMMUNICATIONS	-	-	-	-		-	-	-
OCCUPANCY COST	-	-	-	-		-	-	-
PRINTING & REPRODUCTION	-	-	-	-		-	-	-
OTHER OPERATING EXPENSES	-	-	-	-		-	-	-
CAPITAL EXPENDITURES	-	-	-	-		-	-	-
<b>TOTAL</b>	<b>\$722,000</b>	<b>-</b>	<b>120,333</b>	<b>120,333</b>		<b>\$0</b>	<b>-</b>	<b>-</b>

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LEGAL SERVICES CORPORATION  
OPERATING EXPENSES FOR FISCAL YEAR 2014  
FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013  
FOR FISCAL YEAR 2014  
MANAGEMENT AND GRANTS OVERSIGHT

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOV'T REL PUBLIC AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS
COMPENSATION & BENEFITS	-	167,869	188,232	147,266	105,914	179,843
TEMPORARY EMPLOYEE PAY	-	1,890	8,636	7,045	-	-
CONSULTING	17,415	-	133	-	1,622	-
TRAVEL/TRANSPORTATION EXPS	31,901	10,330	2,771	5,676	20	901
COMMUNICATIONS	661	615	478	489	333	614
OCCUPANCY COST	-	-	-	-	-	285,000
PRINTING & REPRODUCTION	-	-	-	-	-	625
OTHER OPERATING EXPENSES	8,682	1,529	4,995	4,718	1,126	39,056
CAPITAL EXPENDITURES	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$58,659</b>	<b>\$182,233</b>	<b>\$205,245</b>	<b>\$165,194</b>	<b>\$109,015</b>	<b>\$506,039</b>
BUDGET CATEGORY	INFORMATION TECHNOLOGY	PROGRAM PERFORMANCE	INFORMATION MANAGEMENT	COMPLIANCE & ENFORCEMENT	TOTAL MGT & GRANTS OVERSIGHT	
COMPENSATION & BENEFITS	162,592	529,003	93,915	551,054	2,125,688	
TEMPORARY EMPLOYEE PAY	-	70,046	-	51,125	138,742	
CONSULTING	300	-	-	-	19,470	
TRAVEL/TRANSPORTATION EXPS	116	53,127	-	59,343	164,185	
COMMUNICATIONS	5,721	2,817	-	1,801	13,529	
OCCUPANCY COST	-	-	-	-	285,000	
PRINTING & REPRODUCTION	-	-	-	-	625	
OTHER OPERATING EXPENSES	29,752	266	1,212	-	91,336	
CAPITAL EXPENDITURES	2,235	-	-	-	2,235	
<b>TOTAL</b>	<b>\$200,716</b>	<b>\$655,259</b>	<b>\$95,127</b>	<b>\$663,323</b>	<b>2,840,810</b>	

**OTHER OPERATING EXPENSES FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013**

ANNUAL BUDGET	ACTUAL	TWO-TWELFTHS OF THE FY 2014 BUDGET	UNDER / (OVER) BUD VS ACT VARIANCE
\$869,125.00	91,336.00	144,854.00	53,518.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS	YTD EXPENSE
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	633.18
		FINANCIAL & ADMIN SERVICES	1,235.00
		INFORMATION TECHNOLOGY	18,827.42
		PROGRAM PERFORMANCE	50.00
5600	EQUIPMENT RENTAL	TOTAL	28,934.24
		BOARD OF DIRECTORS	16.48
		FINANCIAL & ADMIN SERVICES	10,097.78
		INFORMATION TECHNOLOGY	1,403.52
5610	OFFICE SUPPLIES	TOTAL	11,537.77
		FINANCIAL & ADMIN SERVICES	489.89
		INFORMATION TECHNOLOGY	797.30
5611	OFFICE EQUIPMENT	TOTAL	1,306.21
		FINANCIAL & ADMIN SERVICES	12,281.75
5620	COMMERICAL INSURANCE	TOTAL	12,281.75
		LEGAL AFFAIRS	3,723.00
		CHIEF DEVELOPMENT UNIT	1,529.05
		GOVERNMENT RELATIONS/PUBLIC AFFAIRS	4,084.42
		FINANCIAL & ADMIN SERVICES	5,387.45
		INFORMATION TECHNOLOGY	8,723.27
5640	DATA PROCESSING	TOTAL	23,447.19

OTHER OPERATING EXPENSES FOR THE TWO-MONTH PERIOD ENDING NOVEMBER 30, 2013				
	ANNUAL BUDGET	ACTUAL	TWO-TWELFTHS OF THE FY 2014 BUDGET	UNDER / (OVER) BUD VS ACT VARIANCE
	\$869,125.00	91,336.00	144,854.00	53,518.00

ACCOUNT CODES	DESCRIPTION	COST CENTERS		YTD EXPENSE
5650	ADVERTISING & CLIPPING SERVICES	BOARD OF DIRECTORS TOTAL	<u>477.00</u>	477.00
5670	SUBSCRIPTIONS	LEGAL AFFAIRS HUMAN RESOURCES OFFICE OF PROGRAM PERFORMANCE INFORMATION MANAGEMENT TOTAL	<u>1,166.68</u> 32.95 216.50 433.68	1,849.81
5680	EMPLOYEE LECTURES/OTHER ACT.	FINANCIAL & ADMIN SERVICES TOTAL	<u>4,765.10</u>	5,013.70
5690	OFFICE EXPENSES	LEGAL AFFAIRS HUMAN RESOURCES FINANCIAL & ADMIN SERVICES TOTAL	<u>105.00</u> 805.89 4,799.08	6,488.53
<b>TOTAL OTHER OPERATING EXPENSES</b>			<u><u>\$91,336.20</u></u>	

LEGAL SERVICES CORPORATION  
 FINANCIAL REPORT BY BUDGET CATEGORY  
 FOR THE SECOND MONTH PERIOD ENDING NOVEMBER 30, 2013  
 FOR FISCAL YEAR 2014  
 INSPECTOR GENERAL

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ANNUAL BUDGET	ACTUAL	FISCAL YEAR 2014			ENCUM- BRANCES	COMPARATIVE	
			TWO TWELFTH OF THE FY 2014 BUDGET	VARIANCE BUD VS ACT UNDER / (OVER)	% OF VARIANCE UNDER / (OVER)		PRIOR Y-T-D ACTUAL	VARIANCE ACTUAL VS PRIOR Y-T-D INCR / (DECR)
TOTAL COMP./BENEFITS	\$4,225,400	700,316	704,234	3,918	0.56	-	626,751	73,565
TEMP. EMPLOYEE PAY	50,000	2,062	8,333	6,271	75.26	-	-	2,062
CONSULTING	405,000	82,821	67,500	(15,321)	(22.70)	178,737	21,142	61,679
TRAVEL/TRANSPORTATION EXPS	255,000	48,519	42,500	(6,019)	(14.16)	-	25,923	22,596
COMMUNICATIONS	27,000	467	4,500	4,033	89.62	-	4,308	(3,841)
OCCUPANCY COST	2,000	-	333	333	100.00	-	-	-
PRINTING & REPRODUCTION	11,000	4,177	1,833	(2,344)	(127.88)	-	1,039	3,138
OTHER OPERATING EXPENSES	54,239	8,565	9,040	475	5.25	-	4,870	3,695
CAPITAL EXPENDITURES	72,000	7,676	12,000	4,324	36.03	-	995	6,681
<b>TOTAL</b>	<b>\$5,101,639</b>	<b>854,603</b>	<b>850,273</b>	<b>(4,330)</b>	<b>(0.51)</b>	<b>178,737</b>	<b>685,028</b>	<b>169,575</b>

# **Temporary Operating Budget FY 2014**



## FINANCIAL & ADMINISTRATIVE SERVICES

### MEMORANDUM

**TO:** Robert J. Grey, Finance Committee Chairman

**FROM:** David L. Richardson, Treasurer/Comptroller *dlr*

**DATE:** January 9, 2014

**SUBJECT:** Fiscal Year (FY) 2014 Proposed Revised Temporary Operating Budget (TOB)

---

The Board of Directors approved Management's proposed TOB in October 2013. The TOB included funds from the Continuing Resolution (CR) based on the FY 2013 appropriation. This amount was \$339,926,164 and distributed as follows:

Basic Field Programs	\$316,144,749
Technology Initiatives	3,158,470
Herbert H. Garten Loan Repayment Assistance Program	928,962
Management and Grants Oversight	15,792,344
Inspector General	3,901,639

The CR for the U.S. Court of Veterans Appeals provided funding of \$2,519,572. As of this date, we are continuing to operate under the funding from this CR. There is an update to the projected carryover. We projected FY 2013 carryover to be \$11,858,989; but, with the audit now complete, the actual carryover totaled \$12,371,565. There is an increase of \$1,752 for the U.S. Court of Veterans Appeals, a decrease of \$5,841 in Grants from Other Funds Available, an increase of \$3,659 in Technology Initiatives, an increase of \$3,299 in the Loan Repayment Assistance Program, an increase of \$522,026 in carryover for Management and Grants Oversight (MGO), and a decrease of \$12,319 in the Office of Inspector General (OIG). The net of these adjustments creates an increase of \$512,576 for the TOB.

Because of the uncertainty regarding our FY 2014 funding, we have made only a few changes to the Management and Grants Oversight (MGO) budget that you approved in October. An adjustment to increase personnel compensation and benefits in the amount of \$35,000 in the Office of Legal Affairs was made to accommodate an expense that was omitted from the original budget. Additionally, an increase in

consulting totaling \$55,000 was made to the Office of Program Performance to account for expenses because of census updates and for information from Department of Labor-Employment Training Administration regarding the migrant and other farmworker populations. The remaining carryover of \$432,026 was used to increase the contingency funds.

MGO's carryover from FY 2012 was \$5,833,596. The FY 2013 expenses (net of other income) were \$503,801 more than appropriated for FY 2013. As a result of having more expenses than appropriated, our FY 2013 carryover is reduced to \$5,329,795.

*The following budget information is provided by the Office of Inspector General.*

The OIG has used its multiyear spend-down plan, accelerated by the federal sequestration, to reduce its FY 2012 carryover from \$1,923,992 down to the FY 2013 level of \$1,187,681. During FY 2014, the OIG made minor adjustments decreasing the other operating expenditures (\$24,000), travel and transportation (\$4,000), while increasing personnel compensation and benefits \$16,100.

Attached is a draft revised TOB resolution, which increases the October approved budget from \$354,304,725 to \$354,817,301. There are two attachments supporting this recommendation. Attachment A summarizes the TOB by budget line and Attachment B summarizes each office's budget by budget category. Questions or concerns related to the MGO budget should be directed to me at 202-295-1510 or Wendy Christmas at 202-295-1516. Questions regarding the Office of Inspector General's budget should be directed to Jeffrey Schanz (202) 295-1677 or David Maddox (202) 295-1653.

Attachments

LEGAL SERVICES CORPORATION  
 PROPOSED TEMPORARY OPERATING BUDGET  
 -----  
 FOR THE FISCAL YEAR 2014

	(1)	(2)	(3)	(4)	(5)	(6)
	FY 2014 CONTINUING RESOLUTION FUNDING	FY 2013 CARRYOVER	COURT OF VETS APPEALS & ADJUSTMENTS	FY 2014 TEMPORARY OPERATING BUDGET	FY 2013 CARRYOVER ADJUSTMENTS	FY 2014 REVISED TEMPORARY OPERATING BUDGET
<b>I. DELIVERY OF LEGAL ASSISTANCE</b>						
1. Basic Field Programs	316,144,749	632,991	-	316,777,740		316,777,740
2. U.S. Court of Veterans Appeals Funds	-	5,000	2,519,572	2,524,572	1,752	2,526,324
3. Grants From Other Funds	-	279,207	-	279,207	(5,841)	273,366
4. Technology Initiatives	3,158,470	3,422,169	-	6,580,639	3,659	6,584,298
5. Hurricane Sandy Disaster Relief Funds	-	75,959	-	75,959	-	75,959
<b>DELIVERY OF LEGAL ASSISTANCE TOTALS</b>	<b>319,303,219</b>	<b>4,415,326</b>	<b>2,519,572</b>	<b>326,238,117</b>	<b>(430)</b>	<b>326,237,687</b>
<b>II. HERBERT S. GARTEN</b>						
<b>LOAN REPAYMENT ASSISTANCE PROGRAM</b>	<b>928,962</b>	<b>1,435,894</b>	<b>-</b>	<b>2,364,856</b>	<b>3,299</b>	<b>2,368,155</b>
<b>III. MANAGEMENT &amp; GRANTS OVERSIGHT</b>						
1. M & G O Operating Budget	15,792,344	3,885,656	-	19,678,000	90,000	19,768,000
2. M & G O Research Initiative	-	200,113	-	200,113	-	200,113
3. M & G O Contingency Funds	-	722,000	-	722,000	432,026	1,154,026
<b>TOTAL OF MANAGEMENT &amp; GRANTS OVERSIGHT</b>	<b>15,792,344</b>	<b>4,807,769</b>	<b>-</b>	<b>20,600,113</b>	<b>522,026</b>	<b>21,122,139</b>
<b>IV. INSPECTOR GENERAL</b>						
	3,901,639	1,200,000	-	5,101,639	(12,319)	5,089,320
<b>TOTAL BUDGET</b>	<b>\$339,926,164</b>	<b>\$11,858,989</b>	<b>2,519,572</b>	<b>\$354,304,725</b>	<b>512,576</b>	<b>\$354,817,301</b>



LEGAL SERVICES CORPORATION  
OPERATING BUDGETS  
FOR MANAGEMENT AND GRANTS OVERSIGHT  
AND FOR LSC'S OFFICE OF INSPECTOR GENERAL  
FOR FISCAL YEAR 2014

BUDGET CATEGORY	BOARD OF DIRECTORS	EXECUTIVE OFFICE	LEGAL AFFAIRS	GOV'T REL PUBLIC AFFS	HUMAN RESOURCES	OFFICE FINANCIAL & ADMIN SRVCS	INFO TECH
COMPENSATION & BENEFITS	-	1,118,425	998,850	951,600	661,900	1,206,500	1,012,460
TEMP. EMPLOYEE PAY	-	\$10,500	60,000	16,850	0	10,400	-
CONSULTING	108,900	\$0	190,000	38,000	63,300	6,005	313,800
TRAVEL/TRANSPORTATION EXPS	223,000	\$63,950	17,900	29,300	47,100	14,795	50,000
COMMUNICATIONS	5,400	\$6,600	5,200	2,850	2,450	14,500	40,400
OCCUPANCY COST	-	\$0	-	-	-	1,800,000	-
PRINTING & REPRODUCTION	-	\$600	-	6,500	0	71,450	-
OTHER OPERATING EXPENSES	56,600	\$4,650	34,500	33,000	39,450	383,650	266,675
CAPITAL EXPENDITURES	-	\$0	-	-	-	85,000	168,500
<b>TOTAL</b>	<b>\$393,900</b>	<b>\$1,204,725</b>	<b>\$1,306,450</b>	<b>\$1,078,100</b>	<b>\$814,200</b>	<b>\$3,592,300</b>	<b>\$1,851,825</b>
BUDGET CATEGORY	PROGRAM PERFORMANCE	INFO MANAGEMENT	COMPLIANCE & ENFORCE	RESEARCH PROJECT	CONTINGENCY	MANAGEMENT & GRANTS OVERSIGHT	INSPECTOR GENERAL
COMPENSATION & BENEFITS	3,464,300	563,400	4,044,450	-	722,000	14,743,876	4,241,500
TEMP. EMPLOYEE PAY	394,550	-	\$193,000	-	-	685,300	50,000
CONSULTING	67,000	-	\$50,000	180,113	-	1,017,118	405,000
TRAVEL/TRANSPORTATION EXPS	340,850	5,000	\$309,550	20,000	-	1,121,445	251,000
COMMUNICATIONS	22,600	100	\$20,600	-	-	120,700	27,000
OCCUPANCY COST	500	-	\$0	-	-	1,800,500	2,000
PRINTING & REPRODUCTION	-	-	\$0	-	-	78,550	11,000
OTHER OPERATING EXPENSES	14,250	27,600	\$8,750	-	432,026	1,301,151	53,820
CAPITAL EXPENDITURES	-	-	\$0	-	-	253,500	48,000
<b>TOTAL</b>	<b>\$4,304,050</b>	<b>\$596,100</b>	<b>\$4,626,350</b>	<b>\$200,113</b>	<b>\$1,154,026</b>	<b>\$21,122,139</b>	<b>\$5,089,320</b>

BOARD OF DIRECTORS

## RESOLUTION

### REVISED TEMPORARY OPERATING BUDGET AND SPECIAL CIRCUMSTANCE OPERATING AUTHORITY FOR FISCAL YEAR 2014

**WHEREAS**, the Board of Directors (“Board”) of the Legal Services Corporation (“LSC”) has reviewed information regarding the status of the Fiscal Year (FY) 2014 appropriation and anticipated funding through a continuing resolution (CR) for LSC, the U.S Court of Veterans Appeals grant, and the FY 2013 carryover, and the projected funds available for the revised Temporary Operating Budget (TOB) are as follows:

- 1) Continuing Resolution funding of \$339,926,164;
- 2) U.S. Court of Veterans Appeals funding of \$2,519,572;
- 3) Carryover in the amount of \$12,371,565, which is comprised of:
  - a. Basic Field Programs carryover of \$632,991;
  - b. U.S. Court of Veterans Appeals of \$6,752;
  - c. Grants from Other Funds of \$273,366;
  - d. Technology Initiative Grant funds of \$3,425,828;
  - e. Hurricane Sandy Disaster Relief Funds of \$75,959
  - f. Herbert S. Garten Loan Repayment Assistance Program of \$1,439,193;
  - g. Management and Grants Oversight Operations of \$3,975,656;
  - h. Public Welfare Foundation Research Grant of \$200,113;
  - i. Management and Grants Oversight Contingency of \$1,154,026; and
  - j. Office of Inspector General of \$1,187,681; and

**WHEREAS**, Management and the Inspector General recommend that a TOB be adopted reflecting the funds available;

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby adopts a TOB for FY 2014 totaling \$354,817,301 of which \$326,237,687 is for the *Delivery of Legal Assistance*; \$2,368,155 is for the *Herbert S. Garten Loan Repayment Assistance Program*; \$20,122,139 is for *Management Grants Oversight*; and \$5,089,320 is for the *Office of Inspector General*, as reflected in the attached documents; and

**Adopted by the Board of Directors  
On January 25, 2014**

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**John G. Levi**  
*Chairman*

Attest:

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**Ronald S. Flagg**  
*Vice President for Legal Affairs,  
General Counsel, and  
Corporate Secretary*

**Resolution #2014-0XX**

# **Committee Evaluation**

## **SUMMARY OF 2013 FINANCE COMMITTEE EVALUATION RESPONSES**

### **All members strongly agreed that:**

- They understand and agree with the goals and purpose of the committee.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee meetings are held regularly and with appropriate frequency.
- Agenda and materials are sufficiently received in advance of meetings.

### **Members either strongly agreed or agreed that:**

- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### **Members liked:**

- Information presented by LSC staff is substantive and well presented.
- Committee worked in an efficient manner
- Committee is collegial
- Committee Chairman
- Informative and productive meetings
- Meetings run effectively, input from all in attendance is welcomed

### **Ideas for Improvement:**

- Consider having additional briefings between meetings.
- More details regarding line items and what each line item includes
- Reduce number of committee members
- More focus on progress in implementing task force recommendations

### **Future Focus:**

- Evaluate the implementation of the recommendations of the Fiscal Oversight Task Force.

## **III. Audit Committee**

# AUDIT COMMITTEE

January 23, 2014

## Agenda

### Open Session

1. Approval of agenda
2. Approval of minutes of the Committee's October 20, 2013 meeting
3. Presentation of the Fiscal Year (FY) 2013 Annual Financial Audit
  - Ronald (Dutch) Merryman, Assistant IG for Audits
  - Nancy Davis, WithumSmith+Brown
4. Review of LSC's Form 990 for FY 2013
5. Briefing by Office of Inspector General
  - Jeffrey Schanz, Inspector General
6. Management discussion regarding risk management
  - Ron Flagg, General Counsel
7. Discussion of Committee's evaluation for 2013 and the Committee's goals for 2014
8. Briefing by the Office of Compliance and Enforcement about follow-up from referrals by the Office of Inspector General regarding audit and investigation reports and annual Independent Public Accountants' audits of grantees
  - Lora Rath, Director, Office of Compliance and Enforcement
9. Public comment

10. Consider and act on other business

### **Closed Session**

11. Briefing by Office of Compliance and Enforcement on active enforcement matter(s) and follow-up to OIG open investigations
  - Lora Rath, Director, Office of Compliance and Enforcement
12. Communication by Corporate Auditor with those charged with governance under Statement on Auditing Standard 114
  - Jeffrey Schanz, Inspector General
  - Ronald “Dutch” Merryman, Assistant Inspector General for Audits
  - Nancy Davis, WithumSmith+Brown
13. Presentation of the Information Technology Systems Risk Assessment by the OIG
  - Jeffrey Schanz, Inspector General
  - Ronald “Dutch” Merryman, Assistant Inspector General for Audits
14. Management response to the Information Technology Systems Risk Assessment
  - Peter Campbell, Chief Information Officer
15. Consider and act on adjournment of meeting



**Draft Minutes of October 20, 2013  
Meeting**

**Legal Services Corporation  
Meeting of the Audit Committee**

**Open Session**

**DRAFT**

**Sunday, October 20, 2013**

Chairman Victor B. Maddox convened an open session meeting of the Legal Services Corporation's ("LSC") Audit Committee ("the Committee") at 4:50 p.m. on Sunday, October 20, 2013. The meeting was held at the Renaissance Pittsburgh Hotel, 107 Sixth Street, Pittsburgh, Pennsylvania 15222.

The following Committee members were in attendance:

Victor B. Maddox, Chairman  
Harry J. F. Korrell, III  
Gloria Valencia-Weber  
David Hoffman (Non-Director Member) (by telephone)  
Paul L. Snyder (Non-Director Member) (by telephone)  
John G. Levi, ex officio

Other Board members present:

Sharon L. Browne  
Martha L. Minow  
Father Pius Pietrzyk, O.P.  
Julie A. Reiskin

Also in attendance were:

James Sandman	President
Richard L. Sloane	Chief of Staff and Special Assistant to the President
Lynn Jennings	Vice President for Grants Management
Rebecca Fertig	Special Assistant to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel & Corporate Secretary
David L. Richardson	Treasurer and Comptroller
Jeffrey E. Schanz	Inspector General
Thomas Coogan	Assistant Inspector General for Investigations, Office of the Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General
Ronald "Dutch" Merryman	Assistant General Inspector General for Audit

Carol Bergman	Director, Office of Government Relations and Public Affairs
Carol Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs
Janet LaBella	Director, Office of Program Performance
Lora M. Rath	Director, Office of Compliance and Enforcement
Allan J Tanenbaum	Non-Director Member, LSC's Finance Committee
Terry Brooks	American Bar Association
Chuck Greenfield	National Legal Aid and Defender Association (NLADA)
Don Saunders	National Legal Aid and Defender Association (NLADA)

The following summarizes actions taken by and presentations made to the Committee:

Chairman Maddox called the meeting to order.

**MOTION**

Mr. Korrell moved to approve the agenda. Professor Valencia-Weber seconded the motion.

**VOTE**

The motion was approved by voice vote.

**MOTION**

Professor Valencia-Weber moved to approve the minutes of the Committee's meetings of July 2, 2013 and July 21, 2013. Mr. Snyder seconded the motions.

**VOTE**

The motion passed by voice vote.

Mr. Richardson presented the revised LSC Risk Management Plan and the corresponding resolution for the Committee to recommend to the Board for approval. Mr. Richardson and Mr. Flagg answered Committee members' questions.

**MOTION**

Professor Valencia-Weber moved to recommend to the Board the adoption of the LSC Risk Management Plan and the corresponding resolution. Mr. Korrell seconded the motion.

## **VOTE**

The motion passed by voice vote.

President Sandman, Mr. Flagg, and Mr. Richardson gave a presentation on LSC's internal financial controls. They answered Committee members' questions.

Next, Inspector General Schanz, Mr. Merryman, and Ms. Rath provided a briefing about Office of Inspector General (OIG) referrals to the Office of Compliance and Enforcement (OCE) regarding the annual independent public accountants' audits of grantees. Mr. Merryman also reported on the quality control review program for independent public accountants and findings by the OIG. They answered Committee members' questions.

Mr. Merryman next invited questions on the materials relating to questioned costs that were previously circulated to the Committee and received none.

Chairman Maddox invited public comment and received none. There was no new business to consider.

## **MOTION**

Professor Valencia-Weber moved to adjourn the meeting. Mr. Korrell seconded the motion.

## **VOTE**

The motion passed by a voice vote.

The Committee meeting adjourned at 6:22 p.m.

**Fiscal Year 2013**  
**Annual Financial Audit**





Office of Inspector General  
Legal Services Corporation

Inspector General  
Jeffrey E. Schanz

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**MEMORANDUM**

TO: Board of Directors  
Legal Services Corporation

FROM: Jeffrey E. Schanz   
Inspector General 

SUBJECT: Transmittal of FY 2013 Financial Statement Audit Report

DATE: January 8, 2014

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The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of WithumSmith+Brown, PC (WS+B) to audit the financial statements of the Legal Services Corporation (LSC) as of September 30, 2013. The audit was required to be conducted in accordance with auditing standards generally accepted in the United States of America, as well as the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

The Independent Auditors' Report on LSC's Financial Statements and Report On Internal Control over Financial Reporting and On Compliance and Other Matters by WS+B were dated December 19, 2013. The OIG received the final reports from the Independent Auditor on December 20, 2013.

The Independent Auditors' Report by WS+B stated that LSC's financial statements present fairly, in all material respects, the financial position of LSC as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WS+B's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* did not identify any deficiencies in internal control

that are considered to be material weaknesses; and, reported that the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

OIG reviewed the audit reports from WS+B and related audit documentation and inquired of their representatives. OIG's review disclosed no instances in which WS+B did not comply, in all material respects, with *Government Auditing Standards*. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on LSC's financial statements, conclusions about compliance with applicable laws and regulations, or the effectiveness of internal controls. WS+B is responsible for the attached audit reports, dated December 19, 2013, along with the conclusions expressed in the reports.

Along with the audit report, the OIG is transmitting a management letter prepared by the Independent Auditor that addresses an opportunity for strengthening LSC's internal controls and operating efficiency related to LSC's process for preparing complete and accurate footnote disclosures. The letter also includes two recommendations to improve the process, which LSC management agreed to consider.

Attachment

cc: Jim Sandman  
President



**WithumSmith+Brown**  
**A Professional Corporation**  
**Certified Public Accountants and Consultants**

**Legal Services Corporation**  
**Financial Statements**  
**September 30, 2013 and 2012**  
**With Independent Auditors' Report**



**Legal Services Corporation  
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September 30, 2013 and 2012**

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**WithSmith+Brown**  
A Professional Corporation  
Certified Public Accountants and Consultants

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New York and Pennsylvania

## **Independent Auditors' Report**

To Inspector General and Board of Directors,  
Legal Services Corporation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Legal Services Corporation ("LSC"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LSC as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of LSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in blue ink that reads "Withers Smith &amp; Brown, PC".

Silver Spring, Maryland  
December 19, 2013

## **Basic Financial Statements**

**Legal Services Corporation**  
**Statements of Financial Position**  
**September 30, 2013 and 2012**

	2013	2012
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 71,080,835	\$ 73,577,157
Accounts receivable, net	16,935	29,073
Prepaid expenses and deposits	305,584	228,840
Total current assets	<u>71,403,354</u>	<u>73,835,070</u>
Property and equipment, net	<u>463,096</u>	<u>637,802</u>
	<u>\$ 71,866,450</u>	<u>\$ 74,472,872</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Grants and contracts payable	\$ 57,581,223	\$ 60,201,520
Accounts payable	305,261	600,877
Accrued vacation and other liabilities	1,145,307	1,098,335
Deferred revenue	5,504,763	3,630,389
Total current liabilities	<u>64,536,554</u>	<u>65,531,121</u>
Net assets		
Unrestricted		
Undesignated	6,256,633	7,326,689
Board designated	334,095	690,069
Net investment in fixed assets	463,096	637,802
Total unrestricted	<u>7,053,824</u>	<u>8,654,560</u>
Temporarily restricted	<u>276,072</u>	<u>287,191</u>
Total net assets	<u>7,329,896</u>	<u>8,941,751</u>
	<u>\$ 71,866,450</u>	<u>\$ 74,472,872</u>

The Notes to Financial Statements are an integral part of these statements.

**Legal Services Corporation**  
**Statement of Activities and Change in Net Assets**  
**Year Ended September 30, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Federal appropriations	\$ 339,926,164	\$ 950,000	\$ 340,876,164
Grant revenue	2,519,572	-	2,519,572
Other income	29,657	-	29,657
Change in deferred revenue	(1,874,374)	-	(1,874,374)
Net assets released from restriction	961,119	(961,119)	-
<b>Total Revenue</b>	<b>341,562,138</b>	<b>(11,119)</b>	<b>341,551,019</b>
<b>Expenses</b>			
Program services			
Grants and contracts	320,928,559	-	320,928,559
Herbert S. Garten Loan Repayment Assistance Program	1,095,858	-	1,095,858
Supporting services			
Management and grants oversight	16,538,760	-	16,538,760
Office of Inspector General	4,599,697	-	4,599,697
<b>Total Expenses</b>	<b>343,162,874</b>	<b>-</b>	<b>343,162,874</b>
Change in net assets	(1,600,736)	(11,119)	(1,611,855)
Net assets, beginning of year	8,654,560	287,191	8,941,751
<b>Net assets, end of year</b>	<b>\$ 7,053,824</b>	<b>\$ 276,072</b>	<b>\$ 7,329,896</b>

The Notes to Financial Statements are an integral part of these statements.

**Legal Services Corporation**  
**Statement of Activities and Change in Net Assets**  
**Year Ended September 30, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Federal appropriations	\$ 348,000,000	\$ -	\$ 348,000,000
Grant revenue	2,726,363	293,000	3,019,363
Other income	11,569	-	11,569
Change in deferred revenue	3,044,274	-	3,044,274
Net assets released from restriction	18,309	(18,309)	
<b>Total Revenue</b>	<b>353,800,515</b>	<b>274,691</b>	<b>354,075,206</b>
<b>Expenses</b>			
Program services			
Grants and contracts	332,178,276	-	332,178,276
Herbert S. Garten Loan Repayment Assistance Program	575,462	-	575,462
Supporting services			
Management and grants oversight	16,025,687	-	16,025,687
Office of Inspector General	4,371,640	-	4,371,640
<b>Total Expenses</b>	<b>353,151,065</b>	<b>-</b>	<b>353,151,065</b>
Change in net assets	649,450	274,691	924,141
Net assets, beginning of year	8,005,110	12,500	8,017,610
<b>Net assets, end of year</b>	<b>\$ 8,654,560</b>	<b>\$ 287,191</b>	<b>\$ 8,941,751</b>

The Notes to Financial Statements are an integral part of these statements.

**Legal Services Corporation**  
**Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,611,855)	\$ 924,141
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	262,709	315,820
Loss on disposal of assets	544	-
Changes in assets and liabilities:		
Accounts receivable	12,138	(12,600)
Prepaid expenses and deposits	(76,744)	(53,965)
Grants and contracts payable	(2,620,296)	(3,986,334)
Accounts payable	(295,616)	(367,451)
Accrued vacation and other liabilities	46,972	(126,955)
Deferred revenue	1,874,374	(3,044,274)
Net cash used by operations	<u>(2,407,774)</u>	<u>(6,351,618)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>(88,548)</u>	<u>(199,383)</u>
Net cash used by investing activities	<u>(88,548)</u>	<u>(199,383)</u>
Net decrease in cash and cash equivalents	(2,496,322)	(6,551,001)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>73,577,157</u>	<u>80,128,158</u>
End of year	<u>\$ 71,080,835</u>	<u>\$ 73,577,157</u>
<b>Supplemental information</b>		
Income taxes paid	\$ -0-	\$ -0-
Interest paid	\$ -0-	\$ -0-

The Notes to Financial Statements are an integral part of these statements.



**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

---

**1. Organization and Purpose**

Legal Services Corporation ("LSC") is a private non-membership District of Columbia nonprofit corporation, established by Congress in the Legal Services Corporation Act of 1974, Public Law 93-355, and amended in 1977 by Public Law 95-222. The purpose of LSC is to provide financial support to independent organizations that directly provide legal assistance in non-criminal proceedings or matters to persons financially unable to afford such counsel.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting**

LSC's financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

The federal appropriations include amounts received and expended in furtherance of LSC's objectives.

**Basis of Presentation**

LSC follows accounting standards established by the Financial Accounting Standards Board (FASB) which is the source of generally accepted accounting principles (GAAP) for not-for-profit entities. The financial statement presentation follows the recommendations of the FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, LSC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

LSC has recorded transactions in the following net asset categories:

*Unrestricted net assets* – net assets that are not subject to donor imposed restrictions.

*Temporarily restricted net assets* – Net assets subject to donor or grant imposed restrictions that will be met by the passage of time or which will be fulfilled by the actions of LSC.

**Cash and Cash Equivalents**

LSC's cash and cash equivalents includes a fund balance with U.S. Treasury of \$1,359,145 and \$39,548,455 as of September 30, 2013 and 2012, respectively.

**Accounts Receivable**

Accounts receivable are net of an allowance of \$534,666 and \$593,848 as of September 30, 2013 and 2012, respectively, determined based on historical experience and an analysis of specific amounts.

**Property and Equipment**

Capital assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of five to ten years. Depreciation is reported as an unallocated expense and is not directly identified with individual functions.

**Revenues**

Federal appropriations are normally reported as support and revenue in the period the public law makes them available and the appropriations remains available until expended. Unexpended appropriated funds are shown as deferred revenue and adjustments are made to the account Change in Deferred Revenue to recognize the annual adjustment. The exception this year is the appropriated funds to LSC under Public Law 113-2 for the Disaster Relief Appropriations Act of 2013 to address civil legal issues to low-income people significantly affected by Hurricane Sandy. These unexpended appropriated funds are shown as temporarily restricted. The legal assistance must be accomplished through mobile resources, technology resources, pro bono assistance, and other services resulting from the super storm. There is a two-year limitation on the availability of these funds at which time they must be returned to the Department of the Treasury.

**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

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**Grants and Contracts to Recipients**

Liabilities, expenses and revenues related to grant and contract awards are recognized when the awarding document is fully executed. Grant awards are made to recipients on a calendar year basis from appropriations received by LSC.

**Grant Recoveries**

Grantees who have not complied with the requirements of the Legal Services Corporation Act of 1974 and implementing regulations may be subject to actions that result in a recovery of grant funds. Sources of grant refunds may include recoveries of disallowed costs, excess fund balances, unexpended funds on Private Attorney Involvement programs and sanctions imposed by LSC for failure to comply with other regulatory requirements, as well as other types of recoveries. Grant recoveries are reported as a reduction of grant and contract expenses on the accompanying statements of activities.

**Net Assets**

Net assets related to federal appropriations have been reported as designated, undesignated or temporarily restricted. Designated net assets represent amounts that have been earmarked by the Board of Directors for continuing programs and administrative activities. Undesignated net assets represent appropriated federal carryover and other operating excess, which are available for future use at the discretion of the Board of Directors. The net assets reported as temporarily restricted include appropriated funding for Hurricane Sandy Disaster Relief, which has a two-year limitation on the availability and limits the use of the funds and the Public Welfare Foundation grant due to donor stipulations that limit the use of the donated asset. Net assets invested in fixed assets represent investments in property, equipment and computer software, net of accumulated depreciation and amortization.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Income Taxes**

LSC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia, except for unrelated business income. No provision for income taxes was required for the year ended September 30, 2013 and 2012, as LSC had no net unrelated business income.

LSC evaluates its uncertain tax positions using the provisions of FASB ASC 450, Accounting for Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimates and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. There were no liabilities for uncertain tax positions as of September 30, 2013 and 2012. There was also no tax related to interest and penalties reported in the financial statements.

LSC's Forms 990, Return of Organization Exempt from Income Tax, for the years ending September 30, 2011, 2012 and 2013 are subject to examination by the IRS, generally for 3 years after they were filed.

**Concentration of Revenue**

LSC receives substantially all of its revenue from direct federal government appropriations. Should there be a significant reduction in this revenue, LSC's programs and activities could be negatively affected.

**Legal Services Corporation**  
**Notes to the Financial Statements**  
**September 30, 2013 and 2012**

**3. Concentration of Credit Risk – Deposits**

At September 30, 2012, LSC funds were in non-interest bearing accounts. LSC's cash accounts are subject to Federal Deposit Insurance Corporation (FDIC) limits. Non-interest bearing accounts were fully insured by the FDIC through December 31, 2012. As of January 1, 2013, FDIC insurance coverage was limited to \$250,000 per institution. In January 2013, Management started using sweep accounts when the unlimited FDIC insurance coverage ended, and invested amounts over \$250,000 in high-quality, short-term mutual funds that consist of U.S. Treasury obligations to protect the funds. The bank account balances at September 30, 2013 and 2012 total \$69,719,690 and \$34,026,702.

**4. Equipment**

Property and equipment consists of the following at September 30, 2013:

September 30, 2013

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Furniture and equipment	\$ 2,333,827	\$ 76,988	\$ (67,586)	\$ 2,343,229
Software	566,188	6,013	-	572,201
Leasehold improvements	455,647	5,546	(455,648)	5,545
Subtotal	<u>3,355,662</u>	<u>88,547</u>	<u>(523,234)</u>	<u>2,920,975</u>
Less: Accumulated depreciation /amortization	<u>(2,717,860)</u>	<u>(262,709)</u>	<u>522,690</u>	<u>(2,457,879)</u>
Capital assets (net)	<u>\$ 637,802</u>	<u>\$ (174,162)</u>	<u>\$ (544)</u>	<u>\$ 463,096</u>

Property and equipment consists of the following at September 30, 2012:

September 30, 2012

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Furniture and equipment	\$ 2,309,951	\$ 100,216	\$ (76,340)	\$ 2,333,827
Software	467,022	99,166	-	566,188
Leasehold improvements	455,647	-	-	455,647
Subtotal	<u>3,232,620</u>	<u>199,382</u>	<u>(76,340)</u>	<u>3,355,662</u>
Less: Accumulated depreciation /amortization	<u>(2,478,380)</u>	<u>(315,820)</u>	<u>76,340</u>	<u>(2,717,860)</u>
Capital assets (net)	<u>\$ 754,240</u>	<u>\$ (116,438)</u>	<u>\$ -</u>	<u>\$ 637,802</u>

Depreciation/amortization expense for the years ended September 30, 2013 and 2012 was \$262,709 and \$315,820, respectively.

**Legal Services Corporation**  
**Notes to the Financial Statements**  
**September 30, 2013 and 2012**

**5. Financial Instruments**

Certain financial instruments are required to be recorded at fair value. Changes in assumptions or estimation methods could affect the fair value estimates; however, we do not believe any such changes would have a material impact on financial condition, results of operations or cash flows. Other financial instruments, including cash equivalents, other investments and short-term debt, are recorded at cost, which approximates fair value.

**6. Fair Value Measurements**

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LSC has the ability to access.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Fair values of assets measured on a recurring basis at September 30, 2013 are as follows:

	<u>Fair Value Total</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money Market Accounts in U.S. Treasury Notes	\$ 69,482,281	\$ 69,482,281	\$ -
Loan Repayment Assistance Program Receivable	<u>10,338</u>	<u>-</u>	<u>10,338</u>
Total	<u>\$ 69,492,619</u>	<u>\$ 69,482,281</u>	<u>\$ 10,338</u>

Fair values of assets measured on a recurring basis at September 30, 2012 are as follows:

	<u>Fair Value Total</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Loan Repayment Assistance Program Receivable	\$ 4,952	\$ -	\$ 4,952
Total	<u>\$ 4,952</u>	<u>\$ -</u>	<u>\$ 4,952</u>

**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

Assets measured at fair value on a recurring basis using significant observable inputs (Level 2 inputs):

LSC maintains cash balances at two financial institutions with offices in the Washington, DC metropolitan area. Each institution maintains target balances up to \$248,000 with any excess funds swept to an account that purchases mutual funds investing in U.S. Treasury bills with an average dividend rate of 0.01% for 2013, which is arrived at by the financial institution deducting a fee of up to 0 basis points from the dividend rate provided by the institutions Treasury Reserves. Annual expense ratios are based on amounts incurred during the most recent fiscal year, as shown in the funds' audited financial statements, and may have been restated to reflect current service provider fees, net of any waivers, reimbursements or caps that the fund's manager may have committed to the fund and that are currently in effect. Monthly fees and expenses are approximate, assume that the investor held shares of the fund valued at the ending balance for the entire month, and do not include the effect of any transactions that may have been made during the month.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

The LRAP accounts receivable is stated at the amount management expects to collect from refunded loans. Through an evaluation each year, management adjusts the LRAP allowance account based on its assessment of the current status of individual loans. The net of these two amounts is the receivable reported in the financial statements.

The table below presents information about the changes in the Loan Repayment Assistance Program:

	<u>2013</u>	<u>2012</u>
Beginning Balance	\$ 4,952	\$ 7,586
Net increase, (decrease)	5,386	(2,634)
Ending Balance	<u>\$ 10,338</u>	<u>\$ 4,952</u>

**7. Grant Revenue**

LSC was awarded grants from the U.S. Court of Veterans Appeals for the purpose of furnishing legal assistance to veterans. Grant revenues for the years ended September 30, 2013 and 2012, total \$2,519,572 and \$2,726,363, respectively.

The Public Welfare Foundation (PWF) has awarded LSC two grants totaling \$293,000: a planning grant (grant # 12-014) and a resulting research grant (grant # 12-131). An overview of both grants appears below:

Planning Grant (grant # 12-014): On November 18, 2011, PWF informed LSC of the award of a planning grant in the amount of \$17,000. The grant period initially was scheduled to run for two months, from December 1, 2011 through January 31, 2012. The grant was designated to conduct preliminary planning in preparation for the design and implementation of a new outcomes measurement and reporting system for LSC and its grantees. PWF made full payment of the planning grant funds to LSC on January 17, 2012. PWF granted a no-cost extension to LSC through March 31, 2013. LSC expended all funds from the planning grant, and submitted its final report to PWF on May 30, 2013.

**Legal Services Corporation**  
**Notes to the Financial Statements**  
**September 30, 2013 and 2012**

Research Grant (grant # 12-131): On June 18, 2012, PWF informed LSC of the award of a grant in the amount of \$276,000. The grant period currently is scheduled to run for eighteen months, from July 1, 2012 through December 31, 2013. The goals of the project are to: (1) enhance LSC's ability to assess the quality, efficiency, and effectiveness of the programs that LSC funds; and (2) provide grantees with better tools to assess their own performance, manage their operations, and increase private financial support. The grant is designated to support work by LSC in furtherance of two goals: (1) to improve LSC's data collection system to strengthen its assessment efforts and secure information to advance its goal of equal access to justice for the poor; and (2) to provide data analysis tools to help LSC's grantees manage their operations and increase financial support for their work. PWF made full payment of the grant funds to LSC on July 16, 2012.

**8. Grants and Contracts Expense**

Grants and contracts expense for the years ended September 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Basic Field Programs	\$ 316,345,623	\$ 323,232,739
U.S. Court of Veterans Appeals	2,521,819	2,721,170
Hurricane Sandy Relief	874,041	-
Grant From Other Funds	329,298	253,346
Technology Initiatives	914,080	6,045,050
Grant Recoveries	(56,302)	(74,029)
	<u>\$ 320,928,559</u>	<u>\$ 332,178,276</u>
Total		

**9. Management and Grants Oversight**

Management and grants oversight expenses for the years ended September 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Compensation and benefits	\$ 11,972,618	\$ 11,461,883
Temporary employee pay	628,592	434,164
Consulting	428,096	540,767
Travel and transportation	646,481	717,372
Communications	83,218	86,509
Occupancy cost	1,710,000	1,711,870
Printing and reproduction	59,448	61,182
Other operating expenses	747,054	696,122
Capital expenditures	50,294	63,459
	<u>16,325,801</u>	<u>15,773,328</u>
Total		
Depreciation and amortization	262,709	315,819
Loss on disposal of assets	544	-
Less: capitalized assets	(50,294)	(63,460)
	<u>\$ 16,538,760</u>	<u>\$ 16,025,687</u>

**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

**10. Office of Inspector General**

LSC's Office of Inspector General expenses for the years ended September 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Compensation and benefits	\$ 3,928,043	\$ 3,743,718
Temporary employee pay	9,775	22,647
Consulting	340,229	312,569
Travel and transportation	218,597	206,430
Communications	21,436	17,792
Printing and reproduction	8,496	8,170
Other operating expenses	73,121	60,313
Capital expenditures	<u>38,253</u>	<u>135,922</u>
Total	4,637,950	4,507,561
Less: capitalized assets	<u>(38,253)</u>	<u>(135,921)</u>
	<u>\$ 4,599,697</u>	<u>\$ 4,371,640</u>

**11. Retirement Plans**

Pursuant to the Legal Services Corporation Act, all officers and employees hired before October 1, 1988, are participants in the Civil Service Retirement System ("CSRS"), although they are neither officers nor employees of the federal government. The CSRS plan is administered by the United States Office of Personnel Management ("OPM").

LSC makes CSRS contributions at rates applicable to agencies of the federal government. The contributions do not equal the full service cost of the pension expense, which is the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period. The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and the excess of total pension expense over the amount contributed by LSC and by LSC employees represents the amount that must be financed directly by OPM.

Post-retirement CSRS benefits are paid by OPM. No amounts have been recognized in the financial statements for these imputed costs. LSC does not report in its financial statements CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees.

All officers and employees hired after September 30, 1988, are ineligible for the CSRS plan, but they are eligible to participate in LSC's pension and thrift plan, which is a tax deferred annuity plan subject to Section 403(b) of the Internal Revenue Code. LSC contributes 6% of each eligible employee's salary regardless of their participation. In addition, LSC matches the first 2.51% contributed by the employee. Individuals can make contributions up to the maximum amount permitted under federal income tax rules.

LSC's contributions to these plans for the years ended September 30, 2013 and 2012 were \$992,067 and \$999,611, respectively. The amounts are included in compensation and benefits for management and administration expenses.

**Legal Services Corporation  
Notes to the Financial Statements  
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LSC also offers tax deferred annuity savings plans. CSRS eligible employees may contribute pretax earnings to the federal Thrift Savings Plan, and 403(b) eligible employees may contribute additional pretax earnings to the Section 403(b) plan. These plans are subject to different maximum amounts as permitted by the prevailing laws. No contributions are made to these tax deferred savings plans by LSC.

**12. Operating Lease**

On June 1, 2003, LSC commenced an operating lease agreement for office space which provides for a non-escalating annual base rent for a 10-year term. A new lease agreement was entered into September 2012, commencing in June 2013, for an additional 10 years. Under the new lease, LSC has an obligation to pay a portion of building operating expenses in excess of the base year. No additional building operating expenses were incurred in FY 2013. LSC has the right to terminate the lease by giving no less than 120-day prior written notice in the event that LSC does not receive an appropriation from Congress for administrative costs sufficient to cover LSC and its rental obligations for any period during the term of the lease. Future minimum lease payments required under this leases as of September 30, 2013 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,710,000
2015	1,710,000
2016	1,710,000
2017	1,710,000
2018	1,710,000
Thereafter	7,980,000
	<u>\$ 16,530,000</u>

Rental expense for the years ended September 30, 2013 and 2012 is \$1,710,000.

**13. Contingencies**

**Grants and Contracts**

LSC receives its funding from appropriations by Congress and grants from the U.S. Court of Veterans Appeals and, accordingly, may be subject to federal audits. In addition, LSC provides significant funding to numerous independent organizations, which are subject to their own independent audits and audits by LSC.

LSC's management does not expect any significant adjustments as a result of federal audits, should they occur, or from the audits of the grantees' independent auditors.

**Claims**

Since 1997, LSC has been defending two separate but subsequently consolidated cases challenging LSC regulations. Plaintiffs sought injunctive relief but no monetary damages, except for attorneys' fees. Because the matter had been dormant since 2009, Plaintiffs agreed to voluntarily dismiss the cases without prejudice in July 2013, and they are now closed. No funds had been previously recorded in the financial statements for any contingent liability associated with payment of attorney fees.

In 2011, several LSC employees filed wage discrimination complaints with the Equal Employment Opportunity Commission (EEOC). During 2013, the EEOC dismissed all of the complaints, finding "no evidence of violation." No funds had previously been recorded in the financial statements for any contingent liability associated with these matters.



**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

**Collection Matters**

In 2010, upon concluding that an LSC grantee had misused LSC funds and committed other financial irregularities, LSC disallowed approximately \$716,261 of the grantee's costs. On appeal, LSC agreed to reduce that amount to \$467,619. In 2011, LSC terminated the grantee, which later went out of business and is currently believed to be insolvent. The Corporation continues to explore its options regarding potential recovery of the previously disallowed amount of \$467,619. No amounts have been recorded.

**14. Loan Repayment Assistance Program**

Through the Herbert S. Garten Loan Repayment Assistance Program (LRAP), established in 2005 and funded by Congressional appropriations, LSC makes a limited number of forgivable loans to attorneys employed by its grantee programs to help repay law school debt. Each participant receives up to \$5,600 per year for three years – for a maximum of \$16,800 if they remain eligible and funding remains available.

Participants must commit to remain with the LSC-funded legal services program for three years. As long as the participant remains in good standing, the loans are forgiven. Participants that do not successfully complete employment within the loan terms must repay the loans. No provision has been made in the accompanying financial statements to reflect any interest on the loans as management has deemed these amounts to be immaterial.

Accounts receivable are stated at the amount management expects to collect from refunded loans. Management provides for probable forgiven amounts through an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Accounts receivable balances are written-off through a charge to the valuation allowance in the year the loans are forgiven. Deferred revenue is comprised of funding available for future loans and loan amounts outstanding.

	<u>2013</u>	<u>2012</u>
LRAP balances at September 30, 2013 and 2012 are as follows:		
Cash	\$ 1,428,855	\$ 1,606,088
Accounts receivable, net	\$ 10,338	\$ 4,952
Deferred revenue	\$ 1,439,193	\$ 1,611,040
LRAP activity for the years ended September 30, 2013 and 2012 are as follows:		
Loans made	\$ 1,107,054	\$ 573,308
Loans forgiven	\$ 1,143,840	\$ 1,095,391
Allowance for loan forgiveness	\$ (47,982)	\$ (519,929)

**15. Temporarily Restricted Net Assets**

In 2012, LSC received a grant totaling \$293,000 from the Public Welfare Foundation for the development and implementation of improvements to LSC's system for data collection and analysis, development of a data collection tool kit for grantees to use, and to provide training and technical assistance for the tool kits use. Total expenses for the Public Welfare Foundation grant at September 30, 2013 and 2012 were \$87,078 and \$5,809, respectively.

In 2013, LSC received restricted appropriated funds under the Disaster Relief Appropriations Act of 2013 to LSC to address civil legal issues for low-income people significantly affected by Hurricane Sandy. Grants totaling \$874,041 were provided leaving a balance of \$75,959.

The balances of the restricted funds at September 30, 2013 and 2012 are \$276,072 and \$287,191, respectively.

**Legal Services Corporation  
Notes to the Financial Statements  
September 30, 2013 and 2012**

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In 2011, LSC received donations totaling \$12,500 which are restricted for the American Bar Foundation *Access Across America* research project. These funds were expended in 2012.

**16. Subsequent Events**

Legal Services Corporation has evaluated subsequent events occurring after the statements of financial position date through the date of December 19, 2013, the date the financial statements were available for release.

**Fiscal Year 2014 Funding**

On October 17, 2013, Congress passed a Continuing Resolution (CR) to fund the government for FY 2014 at current FY 2013 levels, post sequestration, through January 15, 2014. The FY 2014 CR reflects a bicameral, bi-partisan agreement after a 16-day government shutdown that began on October 1, 2013. The agreement includes increasing the debt limit through Feb. 7, 2014, requiring a bicameral budget committee to develop a conference report by December 13, 2013, back-paying furloughed federal employees, and requiring that the income of individuals seeking health care subsidies through state insurance exchanges be verified.



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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

### Independent Auditors' Report

To the Inspector General and Board of Directors,  
Legal Services Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Legal Services Corporation ("LSC") as of and for the year ended September 30, 2013 and have issued our report thereon dated December 19, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LSC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LSC's internal control. Accordingly, we do not express an opinion on the effectiveness of LSC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LSC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

Silver Spring, Maryland  
December 19, 2013

## Appendix

## **Legal Services Corporation Management's Discussion and Analysis September 30, 2013 and 2012**

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### **Mission**

The Legal Services Corporation's mission is to promote equal access to justice in our nation and to provide grants for **high**-quality civil legal assistance to low-income persons.

### **Organization**

Congress enacted legislation establishing the Legal Services Corporation (LSC) as a private, nonprofit corporation in 1974. LSC is governed by an 11-member Board of Directors appointed by the President of the United States and confirmed by the U.S. Senate.

LSC is the single largest source of funding for civil legal assistance for low-income individuals and families in the United States. LSC currently provides grants to 134 legal services programs, which operate as independent nonprofit organizations with their own boards of directors. Substantially all of the Corporation's funding comes from the Congress, and almost 94 percent of the annual congressional appropriation is distributed to these programs through a competitive grants process. LSC provides oversight; guidance and training to ensure the programs provide high-quality legal services and comply with congressional restrictions, LSC rules and regulations, and grant conditions.

The Corporation's two largest departments provide oversight of LSC grantees:

- The Office of Program Performance (OPP) has primary responsibility for implementing the competitive grants applications and awards process, sharing best practices for providing high quality civil legal services and promoting innovative uses of technology by grantees.
- The Office of Compliance and Enforcement (OCE) has primary responsibility for monitoring grantee compliance with the LSC Act, regulations, and funding restrictions. OCE also enforces LSC's Accounting Guide, initiates questioned cost proceedings, identifies required corrective actions and conducts necessary follow-ups, and provides technical assistance and training.

LSC is currently implementing the recommendations of the Fiscal Oversight Task Force report issued in 2011 adopted by LSC's Board of Directors in January 2012. The report is available at <http://www.lsc.gov/media/press-releases/lsc-solicits-public-comment-report-fiscal-oversight-task-force>.

LSC hired a Vice President for Grants Management in September 2012 to oversee the Corporation's day-to-day programmatic operations, competitive grants process, and assessment and oversight of grantees, and to manage implementation of the recommendations of the Fiscal Oversight Task Force.

Other Corporation departments include the Office of Finance and Administration, the Office of Legal Affairs, the Office of Information Technology, and the Office of Government Relations and Public Affairs.

In addition, LSC has an independent Office of Inspector General (OIG) established by federal statute to conduct and supervise audits, investigations, and reviews in order to detect and prevent fraud and abuse, and to promote economy, efficiency, and effectiveness in LSC's programs and operations. The OIG provides LSC and the Congress with objective assessments of LSC's programs and activities. It reports on problems and deficiencies and on the need for and progress in addressing corrective actions. The OIG is charged with making recommendations with respect to laws and regulations affecting LSC. The OIG is also responsible for oversight of the annual audits of LSC and its grantees, performed by independent public accountants (IPAs), as well as, the monitoring of grantee compliance with LSC regulations via the IPA audit process and the OIG's regulatory vulnerability assessments. The OIG is a separate line item in LSC's annual appropriation.

### **Access to Justice and Delivery of Civil Legal Assistance**

Equal access to justice is a core principle of American democracy. LSC is the backbone supporting our national system of access to civil justice for low-income Americans stands. The system is also supported by

## **Legal Services Corporation Management's Discussion and Analysis September 30, 2013 and 2012**

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state and local appropriations, Interest on Lawyers' Trust Accounts (IOLTA) funds, court filing-fee surcharges, foundation support, and private contributions.

LSC awards and oversees grants to 134 independent, nonprofit legal aid programs in every state, the District of Columbia, and U.S. territories. Persons eligible for LSC-funded services are generally at or below 125 percent of the federal poverty line; in 2013 that was an income of \$29,438 for a family of four and \$14,363 for a single person.

Nearly 61.6 million Americans were estimated to be eligible for LSC-funded services in 2013, according to the most recent information available from the U.S. Census Bureau; that is 19.5% of the U.S. population and an increase of 21% since 2007. In 2012, the year for which the most recent data are available, matters involving family law represented 34.4% of cases closed by LSC grantees. The next largest category involved housing matters, at 26.1% of cases closed. Other major case categories were income maintenance (12.1%) and consumer issues (11.2%). LSC-funded programs closed a total of 809,830 cases in 2012—a 10% decline from the previous year, reflecting a 15 percent decline in LSC funding for basic field grants between FY 2011 and FY 2012.

LSC grantees are unable to meet the legal needs of all low-income Americans seeking civil legal assistance. Data collected from LSC-funded programs in 2005 and 2009 showed that for every client served by a grantee one eligible person who sought help was turned away because of insufficient resources.

For many grantees, funding reductions have been compounded by the statutorily-mandated, census-based grant reapportionment. Thirty jurisdictions have experienced census-based reductions in LSC funding because of changes in the distribution of the poverty population across the country between 2000 and 2011. Sixteen have experienced cuts of at least 10%, and 10 have experienced cuts of more than 20%. Twenty-five of the 30 jurisdictions experiencing census-based funding reductions saw *increases* in the absolute size of their poverty populations between 2000 and 2011; the reductions were only in their *share* of the U.S. poverty population.

### **Overview of Financial Statements**

The annual financial report presents LSC's financial position and results on operations in three parts: 1) Management's Discussion and Analysis (this section), 2) comparative financial statements, and 3) notes to the financial statements.

Management's Discussion and Analysis provides an overview of LSC's financial position and results of operations for fiscal years 2013 and 2012 and an overview of the fiscal year 2013 operating budget experience.

### **Financial Highlights**

LSC received its largest appropriation, \$420 million, in FY 2010. Since that time, LSC's overall appropriation has been reduced by 19%, to \$339.6 million for FY 2013. LSC is currently funded at less than the 2008 level (LSC's FY 2008 appropriation was \$350.5 million) and at just \$40 million more than the 1980 level.

On March 27, Congress passed the Consolidated and Further Continuing Appropriations Act of 2013, which provided LSC with an appropriation of \$365 million. The appropriation was reduced by sequestration of 5% pursuant to the Budget Control Act of 2011, and further reduced by two across-the-board rescissions (1.877% and .2%) resulting in FY 2013 funding of \$339.6 million.

LSC's funding and financial status are dependent on action by Congress, and, as the experience of the last three years demonstrates, can fluctuate materially. Any funds not expended in one fiscal year are carried over into the following fiscal year.

**Legal Services Corporation  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

The following tables show the critical elements of the budgets and their breakdowns for fiscal years 2013 and 2012:

**Table 1--For the year ended September 30, 2013**

	(1) FY 2013 Appropriations	(2) FY 2013 Reductions	(3) FY 2013 Funding	(4) FY 2012 Carryover	(5) FY 2013 Consolidated Operation Budget
<b>I. Delivery of legal assistance</b>					
1. Basic Field Programs	\$ 339,400,000	\$ (23,255,251)	\$ 316,144,749	\$ 833,865	\$ 316,978,614
2. US Court of Veterans Appeals Funds	2,726,000	(206,428)	2,519,572	8,999	2,528,571
3. Grants From Other Funds	-	-	-	546,361	546,361
4. Technology Initiatives	3,400,000	(241,530)	3,158,470	1,181,438	4,339,908
5. Hurricane Sandy Disaster Relief Funds	1,000,000	(50,000)	950,000	-	950,000
Delivery of legal assistance total	<u>346,526,000</u>	<u>(23,753,209)</u>	<u>322,772,791</u>	<u>2,570,663</u>	<u>325,343,454</u>
<b>II. Management &amp; grant oversight</b>	17,000,000	(1,207,656)	15,792,344	5,833,596	21,625,940
<b>III. Herbert S. Garten loan repayment assistance program</b>	1,000,000	(71,038)	928,962	1,606,088	2,535,050
<b>IV. Inspector General</b>	4,200,000	(298,361)	3,901,639	1,923,992	5,825,631
<b>Total Budget</b>	<u>\$ 368,726,000</u>	<u>\$ (25,330,264)</u>	<u>\$ 343,395,736</u>	<u>\$ 11,934,339</u>	<u>\$ 355,330,075</u>



**Legal Services Corporation  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

**Table 1--For the year ended September 30, 2012**

	(1) FY 2012 Appropriations	(2) FY 2012 Funding Reduction & Recission	(3) FY 2011 Carryover	(4) Court of Vets Appeals & Adjustments	(5) FY 2012 Consolidated Operating Budget
<b>I. Delivery of legal assistance</b>					
1. Basic Field Programs	\$ 322,400,000	\$ -	\$ 1,666,604	\$ -	\$ 324,066,604
2. US Court of Veterans Appeals Funds	-	-	3,807	2,726,363	2,730,170
3. Grants From Other Funds	-	-	725,077	-	725,077
4. Technology Initiatives	3,400,000	-	3,826,487	-	7,226,487
Delivery of legal assistance total	<u>325,800,000</u>	<u>-</u>	<u>6,221,975</u>	<u>2,726,363</u>	<u>334,748,338</u>
<b>II. Management &amp; grant oversight</b>	17,000,000	-	4,302,956	293,000	21,595,956
<b>III. Herbert S. Garten loan repayment assistance program</b>	1,000,000	-	1,181,550	-	2,181,550
<b>IV. Inspector General</b>	4,200,000	-	2,231,553	-	6,431,553
<b>Total Budget</b>	<u>\$ 348,000,000</u>	<u>\$ -</u>	<u>\$ 13,938,034</u>	<u>\$ 3,019,363</u>	<u>\$ 364,957,397</u>

**Legal Services Corporation**  
**Management's Discussion and Analysis**  
**September 30, 2013 and 2012**

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**Table 2**  
**Statement of Financial Position**

	September 30	
	2013	2012
Total current assets and other assets	\$ 71,403,354	\$ 73,835,070
Net property and equipment	463,096	637,802
<b>Total Assets</b>	<b>\$ 71,866,450</b>	<b>\$ 74,472,872</b>
Grants and contracts payable	\$ 57,581,223	\$ 60,201,520
Other liabilities	1,450,568	1,699,212
Deferred revenue	5,504,763	3,630,389
<b>Total Liabilities</b>	<b>64,536,554</b>	<b>65,531,121</b>
<b>Net Assets</b>		
Undesignated	6,256,633	7,326,689
Designated	334,095	690,069
Net investment in fixed assets	463,096	637,802
Temporarily restricted	276,072	287,191
<b>Total Net Assets</b>	<b>7,329,896</b>	<b>8,941,751</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 71,866,450</b>	<b>\$ 74,472,872</b>

**Legal Services Corporation  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

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**Table 3  
Statement of Activities**

	Years ended September 30,	
	2013	2012
Revenue		
Federal appropriations	\$ 340,876,164	\$ 348,000,000
Grant revenue	2,519,572	3,019,363
General revenues		
Change in deferred revenue	(1,874,374)	3,044,274
Interest & other income	29,657	11,569
Total revenue	341,551,019	354,075,206
Expenses		
Program activities	322,024,416	332,753,738
Supporting activities	21,138,458	20,397,327
Total expenses	343,162,874	353,151,065
Change in net assets	(1,611,855)	924,141
Net assets, beginning of year	8,941,751	8,017,610
Net assets end of year	\$ 7,329,896	\$ 8,941,751

**Legal Services Corporation  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

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**Fiscal Year 2013 and 2012 MGO Budgetary Analysis and Activity Description**

Table 4 presents the final budgets for Management and Grants Oversight (MGO) for Fiscal Years 2013 and 2012.

**Table 4  
Management and Grants Oversight  
Operating Budgets for Years Ending September 2013 and 2012**

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Compensation and benefits	\$ 14,187,975	\$ 13,319,050
Temporary employee pay	806,100	659,950
Consulting	1,039,891	1,346,100
Travel & transportation expenses	1,258,700	1,306,650
Communications	123,350	152,150
Occupancy cost	1,721,350	1,758,500
Printing and reproduction	92,650	91,100
Other operating expenses	2,176,674	2,573,756
Capital expenditures	219,250	388,700
Total	<u>\$ 21,625,940</u>	<u>\$ 21,595,956</u>

OPP continues to invest resources in program quality visits, program engagement visits, capability assessment visits, technical assistance, and other initiatives for grantee support. OPP focuses on the quality of legal services provided by grantees, using LSC's Performance Criteria as its primary guide. OPP's assessment of local program delivery systems included reviews of grantee priorities, client intake systems, outreach activities, legal work management and supervision, pro bono and private attorney involvement, board governance, leadership, resource development, and strategic planning.

During Fiscal Year 2013, OPP:

- Conducted full program quality visits to 17 grantee programs and one capability assessment in 15 states and territories to ensure the delivery of high-quality civil legal assistance.
- Performed 21 shorter program evaluation or technical assistance visits in 18 states and territories to assess grantee activities, to follow up on prior concerns, or provide technical assistance.
- Evaluated 94 proposals for funding from 65 applicants covering for 94 service areas in 30 states, the District of Columbia, Puerto Rico, and American Samoa. There were no multiple-applicant service areas.
- Administered the Herbert S. Garten Loan Repayment Assistance Program (LRAP), which provides forgivable loans to attorneys to help LSC grantee programs recruit and retain highly qualified attorneys. A total of 199 attorneys at 85 programs received loans in FY 2013. Recipients ranged from new hires to attorneys with six years of service with a grantee.
- Provided guidance to LSC-funded programs in more than 15 states and the District of Columbia preparing for or responding to disasters, hosted four national disaster update and networking calls.

## **Legal Services Corporation Management's Discussion and Analysis September 30, 2013 and 2012**

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During Fiscal Year 2013, OCE assessed the policies and procedures of grantees for compliance with legal requirements in such areas as client-income eligibility, nature of legal assistance provided, use of non-LSC funds, sub-grants, and compliance with various statutory and regulatory prohibitions.

During Fiscal Year 2013, OCE:

- Conducted eight Case Service Report/Case Management System reviews, five Compliance Reviews, three Follow-Up Reviews, two Technical Assistance Reviews, one Focused Intake Review, one review of compliance with 45 C.F.R. § 1610, one section 1610 Follow-Up Review, and two fiscal Capability Assessment visits.
- Received 12 audit finding referrals from the Office of Inspector General for the audited financial statements for fiscal years ending between 6/30/12 and 12/31/12. OCE also received and, as appropriate, acted on 14 audit findings.
- Opened 90 complaints against grantees for violations of the LSC Act, regulations, and guidelines, and closed 125 complaints.
- Reviewed and approved or denied 68 sub grant applications.
- Reviewed 118 grantee/sub grantee-audited financial statements for fiscal years 2011 and 2012 to ensure compliance with the Accounting Guide for LSC Recipients (2010 ed.).
- Reviewed grantees' fund balances, acting on 19 fund-balance waiver requests.
- Reviewed and approved 20 requests for prior approval to purchase personal property, to purchase or sell real property, or to make capital improvements, pursuant to 45 CFR § 1630.5(b).
- Provided on-site CSR training for 2 grantees and onsite Executive Director Orientation (EDO) training for 3 grantees. OCE also provided 8 webinar-based EDOs, and provided training and guidance on compliance issues at the 2013 Technology Initiative Grant (TIG) and Management Information Exchange (MIE) conferences, both in January 2013.

Note 7 under Notes to Financial Statements presents the final expenses for MGO for fiscal years 2013 and 2012.

### **Major Challenges for LSC**

The need for civil legal assistance to low-income Americans has never been greater. Low-income Americans face legal issues involving matters of subsistence, safety, and family stability, and the number of low-income persons in poverty has risen substantially in recent years. Even before the 2008 recession, studies in several states found that about 80 percent of the legal needs of low-income families go unmet. Increasing numbers of unrepresented litigants are swamping state courts, especially those that deal with housing and family law matters.

LSC's overall appropriation has shrunk from \$420 million in FY 2010 to \$340 million in FY 2013. Basic Field grants in FY 2013 were \$316.1 million, \$78 million less than in FY 2010; the reduction has led to staff layoffs and reduced services at LSC-funded programs. Between 2010 and 2012, 923 full-time grantee staff positions were eliminated due to funding cuts. This represents a 10 percent loss of legal aid staff positions in just two years. Going forward, LSC and its grantees will face significant challenges in meeting the demand for civil legal assistance at a time of federal budget reductions.

At its October 2012 meeting, the Board approved a new Strategic Plan for LSC for 2012-2016. The plan sets forth three main goals for the next five years: to maximize the availability, quality, and effectiveness of the civil legal services that LSC's grantees provide to eligible low-income individuals; to become a leading voice for civil legal services for poor Americans; and to achieve the highest standards of fiscal responsibility both for itself and its grantees.

## **Legal Services Corporation Management's Discussion and Analysis September 30, 2013 and 2012**

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LSC continues to make progress in implementing the recommendations from the June 2010 report by the Government Accountability Office (GAO) regarding controls over grant awards and grantee program effectiveness. To date, the GAO has closed 12 of the 17 recommendations. LSC has provided additional documentation and request for close-out for all but one of the remaining open recommendations. LSC expects to submit documentation on the one remaining item early in 2014.

LSC faces an additional challenge, and an opportunity, in expanding access to justice by increasing pro bono and volunteer services at legal aid programs. The LSC Board's Pro Bono Task Force released a report of findings and recommendations on October 2, 2012 at the U.S. Capitol. The Task Force, co-chaired by Dean Martha Minow of the Harvard Law School and Harry J. F. Korrell III of Davis Wright Tremaine LLP, included more than 60 distinguished leaders and experts from the judiciary, major corporations, private practice, law schools, the federal government, and the legal aid community.

LSC is negotiating its first collective bargaining agreement with its unionized employees. Employees in professional and administrative positions are represented by the International Federation of Technical and Professional Engineers.

### **RECENT EVENTS**

In May 2013, LSC hired Ronald Flagg as its new Vice President for Legal Affairs, General Counsel, and Corporate Secretary. Mr. Flagg was previously senior counsel and a partner in the Washington, DC office of Sidley Austin LLP. In addition to his work at Sidley, Flagg has been a leader in pro bono legal service and professional activities, including service as president of the 95,000-member District of Columbia Bar, chair of the District of Columbia Bar Pro Bono Committee, chair of the Governing Board of the AARP Legal Counsel for the Elderly, and member of the board of the Washington Lawyers' Committee for Civil Rights and Urban Affairs and of LSC's Pro Bono Task Force. He currently chairs the board of the National Veterans Legal Services Program.

On October 1, 2013, LSC awarded Hurricane Sandy Relief Grants to four legal aid organizations in New York and New Jersey to provide mobile resources, technology, pro bono assistance, and other services to help victims of Hurricane Sandy address civil legal issues resulting from the super storm. Funding for the grants was part of the Disaster Relief Appropriations Act of 2013. The legislation included \$1 million for LSC to provide assistance to low-income people in areas significantly affected by Hurricane Sandy. Sequestration reduced LSC's appropriation to \$950,000. LSC's inclusion in the Congressional response to Hurricane Sandy marked the first time since 1993 that a supplemental appropriations bill included funding for LSC after a disaster. LSC distributed separate disaster relief emergency grants of \$295,379 to provide funds to assist the four grantees in Sandy disaster areas in dealing with damage sustained by the recipients and with the surge in demand for legal services as a result of the disaster.

In October 2013, LSC awarded 33 Technology Initiative Grants (TIGs) to 23 legal aid programs in 21 states and territories, totaling \$3,390,152. The grants will support a variety of initiatives, including the development of "legal triage" tools to guide self-represented individuals through complex legal procedures, online support for pro bono attorneys, and improved access to legal assistance for people in remote areas.

**Legal Services Corporation  
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**Fiscal Year 2013 OIG Budgetary Analysis and Activity Description**

In fulfilling its statutory responsibilities, the OIG is guided by its own strategic and annual work plan and led by Inspector General Jeffrey E. Schanz. The FY 2013 OIG budget funded reviews of external grant recipients, IPAs, and internal LSC management operations and activities.

External grant recipient and IPA-focused projects included:

- Audits of selected internal controls or technology initiative grants at LSC grant recipients including: Legal Aid and Defender Association, Inc. (Detroit, MI), Lone Star Legal Aid, Inc. (Houston, TX), Community Legal Services (Phoenix, AZ), Idaho Legal Aid Services, Legal Services of the Virgin Islands Inc., Georgia Legal Services Program, Central Virginia Legal Aid Society, Indiana Legal Services, and an additional seven grantee audits in progress at the end of the fiscal year;
- Desk reviews of 132 grantee audit reports with referral of all significant findings to LSC management for follow-up and resolution;
- Quality Control Reviews (QCRs) to provide greater assurance as to the quality of the IPAs' audit work and identify or respond to potential concerns that may arise with a particular grantee or IPA. The reviews are conducted by an independent certified public accounting firm, operating under contract to the OIG. This fiscal year 30 QCRs were completed and the OIG issued a summary advisory memorandum for all IPAs and grantee executive directors;
- Investigations of fraud or financial irregularities and subsequent prosecutions of significant theft of grant recipient funds, as well as investigations of regulatory compliance. The OIG opened 30 and closed 23 investigations of criminal, compliance, fraud and regulatory vulnerability matters;
- Proactive fraud awareness briefings designed to assist LSC and its grantees in preventing and detecting fraud, as well as advisories, webinars, fraud and regulatory vulnerability assessments. The OIG closed three grantee fraud vulnerability assessments and five regulatory vulnerability assessments; and performed 13 fraud awareness briefings, one webinar (attended by 65 staff members from 31 LSC grant recipients) and issued one fraud advisory and one management information memorandum;
- In addition, during the period the OIG issued a summary report of the 19 fraud vulnerability assessments completed from October 2009 through September 2012; and, a summary report of the eight regulatory vulnerability assessments conducted from January 2012 through December 2012;
- Operation of a nation-wide Hotline for the reporting of suspected fraud, waste or abuse in recipient programs or LSC;
- Received a favorable ruling on appeal of an order enforcing subpoena issued in support of an OIG investigation of a LSC grantee's possible violations of Congressional restrictions.

Projects reviewing selected LSC management operations and activities included:

- Oversight of the FY 2012 LSC corporate audit;
- A fraud vulnerability assessment of selected LSC corporate fiscal activities;
- Finalization of OIG supported improvements to LSC's regulations on enforcement mechanisms;

**Legal Services Corporation  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

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- A review of the process by which LSC awarded a sole-source contract to a consulting firm to conduct a compensation study;
- OIG comments on LSC initiatives, including revisions/updates to LSC's Risk Management Program and its conflicts of interest policy.

In addition, the OIG participates as a member of the Council of the Inspectors General for Integrity and Efficiency, the official organization of Federal inspectors general, and on its various committees and working groups.

Table 5 presents the final OIG budgets for Fiscal Years 2013 and 2012.

**Table 5  
Office of Inspector General  
Operating Budgets for Years Ending September 2013 and 2012**

<u>Budget Category</u>	<u>2013</u>	<u>2012</u>
Compensation and benefits	\$ 4,363,500	\$ 3,954,400
Temporary employee pay	25,000	40,000
Consulting	550,000	619,850
Travel & transportation expenses	321,600	385,000
Communications	28,000	34,050
Occupancy cost	4,000	6,000
Printing and reproduction	12,000	10,100
Other operating expenses	426,531	1,182,153
Capital expenditures	95,000	200,000
Total	<u>\$ 5,825,631</u>	<u>\$ 6,431,553</u>

**Future Events**

In pursuit of the OIG's statutory mission, goals and objectives, the OIG will update its strategic and annual work plans, perform audit, evaluation, and investigative fact-finding activities and will make recommendations concerning laws and regulations affecting LSC in accordance with the IG Act and LSC appropriations laws. The OIG will continue to carry out its Congressionally-assigned responsibilities to oversee the IPAs' grantee audits, conduct reviews of grantees' internal controls, financial processes, and compliance with LSC laws and regulations, conduct audits and investigations, and evaluate the effectiveness and efficiency of the programs and operations of LSC and its grant recipients.





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To the Inspector General and Board of Directors  
Legal Services Corporation:

In planning and performing our audit of the financial statements of Legal Services Corporation ("LSC") for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the LSC's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LSC's internal control. Accordingly, we do not express an opinion on the effectiveness of the LSC's internal control.

During our audit, we became aware of the following matters, which we believe represent opportunities for strengthening internal controls and operating efficiency:

During the course of the audit, certain items provided by LSC were not complete and accurate and were not delivered by the agreed-upon due dates. Specifically, some of the footnote disclosures provided by LSC contained inaccuracies or were incomplete, including those related to Federal appropriations time restrictions, and LSC's restricted use of the appropriations. Additionally, in certain cases, LSC's footnote disclosures did not agree to the financial statements as required. These inaccuracies resulted in delays in being able to issue draft financial statements (including footnote disclosures) by the agreed-upon due date.

Footnote disclosures are an integral part of a complete set of financial statements prepared in accordance with U.S. GAAP. Management is responsible for the preparation and fair presentation of the information contained in the footnote disclosures.

The process of preparing financial statements with a complete set of footnote disclosures can frequently result in the identification of additional entries that need to be posted. Therefore, the books of account should not be considered closed and the trial balance deemed to be final until the financial statements and footnotes have been completed.

We recommend that LSC designate an individual(s) to review the annual financial statements and footnotes for completeness and accuracy and to establish oversight to ensure all audit deliverables will be completed and accurate. We also recommend that LSC utilize a disclosure checklist in preparation of its financial statements and establish a dollar threshold and cut-off date for posting transactions after the books have been closed at year-end.

#### Management Response

Management acknowledges that completed footnotes are an integral part of financial statements prepared in accordance with U.S. GAAP. Management also acknowledges that some information for four footnotes was submitted after the due date of November 11, 2013. The few revisions described above did not result in any delay in issuance of the final financial statements. The final report was issued on December 19, the date specified in the timeline WS+B provided to LSC at the opening conference on October 16. Management will consider the recommendations.



To the Inspector General and Board of Directors  
Page 2

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We wish to thank the Comptroller and Inspector General and their departments for their support and assistance during our audit.

This report is intended solely for the information and use of management, the Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC".

Silver Spring, Maryland  
December 19, 2013

# **Risk Management Matrix**

<b>RISK TO LSC RESOURCES – PEOPLE</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
<b>Board Leadership and Governance</b> -- Potential for problems	L	H	<ul style="list-style-type: none"> <li>• Good information flow from management (including legal, financial, programmatic information) and from the OIG and outside auditors</li> <li>• Training of board</li> <li>• Orientation of new board</li> <li>• Evaluations/self-assessments</li> <li>• Sufficient staff support</li> <li>• Staying abreast of best board governance practices</li> <li>• Staying abreast of stakeholder and client concerns</li> <li>• Periodic review of governing documents to assure compliance and relevancy</li> </ul>		Board, Chairman, Gov. & Performance Review Com.		
-- Board Transitions	M	M	<ul style="list-style-type: none"> <li>• Board transition plan</li> <li>• Board orientation</li> </ul>		Board, Chairman, Gov. & Performance Review Com.		
<b>Management Leadership Transitions</b>  -- President	H	M	<ul style="list-style-type: none"> <li>• <b>Presidential transition plan</b></li> </ul>	President	<b>Gov. &amp; Performance Review Com.</b>		

RISK TO LSC RESOURCES – PEOPLE							
Risks			Strategies	Who is responsible?		Date of last review	Date of next review
	Probability	Severity		Management	Board		
-- Other senior leadership changes	M	M	<ul style="list-style-type: none"> <li>Transition plan</li> </ul>	President	Gov. & Performance Review Com.		
<b>Management/IG Relations</b> -- Potential for problems	M	H	<ul style="list-style-type: none"> <li>Communicate, coordinate, cooperate</li> <li>Regular meetings</li> </ul>	President	Audit Com.		
<b>Management Leadership Performance</b> -- Preventing leadership problems	L	H	<ul style="list-style-type: none"> <li>Cohesive, effective management team</li> <li>Emphasis on high standards</li> <li>Regular communications with board, staff, grantees, public, OIG</li> <li>Regular performance evaluations</li> </ul>	President	Gov. & Performance Review Com		
<b>Management System Risks</b> ■ Performance Management (failure to achieve performance of defined goals)	M	H	<ul style="list-style-type: none"> <li>Create formal organizational management performance cycle including articulation of goals and metrics</li> <li>Routine reporting of performance</li> <li>Providing training to close competency gaps</li> </ul>	President OHR Director	Ops. & Regs. Com.		4/14

RISK TO LSC RESOURCES – PEOPLE							
Risks			Strategies	Who is responsible?		Date of last review	Date of next review
	Probability	Severity		Management	Board		
<ul style="list-style-type: none"> <li>Human Capital Management (failure to attract, motivate and retain high quality staff)</li> </ul>	M	H	<ul style="list-style-type: none"> <li>Professional training for staff and managers</li> <li>Routine performance evaluations and feedback</li> <li>Robust communications with employees</li> </ul>	President OHR Director	Ops. & Regs. Com.		4/14
<ul style="list-style-type: none"> <li>Information Management (failure to collect and share vital information)</li> </ul>	M	H	<ul style="list-style-type: none"> <li>Create a common data portal for collection and sharing of grantee data</li> </ul>	Vice President for Grants Management (VPGM) Director OIT	Ops. & Regs. Com.		
<ul style="list-style-type: none"> <li>Acquisitions Management (higher contract costs and possible areas of fraud, waste and abuse)</li> </ul>	M	H	<ul style="list-style-type: none"> <li>Periodically review and strengthen procurement and contracting policies</li> <li>Routine training of employees on policies</li> </ul>	Vice President for Legal Affairs (VPLA) Controller	Ops. & Regs. Com.		4/14
<b>Conflicts of Interest/Ethics Violations</b>	L	M	<ul style="list-style-type: none"> <li>Training on ethics code</li> <li>Reminders, emphasis on ethics</li> </ul>	Ethics Officer	Audit Com.		

<b>RISK TO LSC RESOURCES – FUNDING</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
<b>Adequacy of Basic Field Funding</b> -- Insufficient funding to accomplish LSC’s mission of providing equal access to justice -- Funding cut so severely that programs must close altogether or radically cut back services	H	H	<ul style="list-style-type: none"> <li>Public education</li> <li>Strengthen congressional relationships</li> <li>Develop stronger data to support funding requests, including data on outcomes and economic benefits of legal aid</li> </ul>	Government Relations/ Public Affairs (GRPA) Director	Finance Com.		1/23/14
	H	H	<ul style="list-style-type: none"> <li>Develop crisis-mode messaging and network</li> </ul>	GRPA Director			
<b>Adequacy of MGO Funding</b> -- Insufficient Management and Grants Oversight funding	H	H	<ul style="list-style-type: none"> <li>Strengthen congressional relationships</li> <li>Emphasize quantifying return on investment from oversight funding</li> <li>Emphasize grants oversight function</li> <li>Respond to and implement GAO recommendations</li> </ul>	GRPA Director	Finance Com.		1/23/14
			<ul style="list-style-type: none"> <li>Continue to assess MGO</li> </ul>	VPGM			

			expenses to reduce any unnecessary duplication and inefficiencies				
--	--	--	---	--	--	--	--



<b>RISK TO LSC RESOURCES –ASSETS</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
<b>Internal Fraud</b>	L	H	<ul style="list-style-type: none"> <li>Effective internal controls</li> <li>IG oversight</li> <li>Annual corporate audit</li> </ul>	Treasurer	Audit Com.		
			<ul style="list-style-type: none"> <li>Staff training on ethics</li> </ul>	Ethics Officer			
<b>Internal Financial Controls</b> -- Failures at LSC	L	H	<ul style="list-style-type: none"> <li>Management accountability</li> <li>Annual audit</li> <li>Board oversight</li> <li>Regular review/update of Accounting Manual</li> <li>Implement GAO recommendations and OMB guidance</li> </ul>	Treasurer	Audit Com.	10/20/13	
<b>Litigation</b> -- Employment	M	M	<ul style="list-style-type: none"> <li>Regular training of managers</li> <li>Clear-cut policies and uniform application</li> </ul>	OHR Director	Ops. & Regs. Com.		
			<ul style="list-style-type: none"> <li>Effective negotiation and use of releases</li> </ul>	VPLA			
<b>Integrity of electronic data/information</b> -- Potential for Problems -- Security of electronic data	L	H	<ul style="list-style-type: none"> <li>Effective system back-ups</li> <li>Effective disaster recovery</li> <li>Regular staff training</li> <li>Maintain qualified IT staff</li> <li>Effective document and system security</li> <li>Maintain up-to-date</li> </ul>	Director OIT	Ops. & Regs. Com.		1/23/14

<b>RISK TO LSC RESOURCES –ASSETS</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
			technology				
<b>Accuracy of grantee data</b> -- Potential for Problems	H	M	<ul style="list-style-type: none"> <li>Data validation protocols (electronic analysis)</li> <li>Clear guidance/training on grantee reporting</li> <li>Improve grantee Activity Reports to receive better data</li> </ul>	VPGM	Ops. & Regs. Com.		
			<ul style="list-style-type: none"> <li>CSR/CMS program visits</li> </ul>	OCE Director			
			<ul style="list-style-type: none"> <li>Technology assistance</li> </ul>	OPP Director			
<b>LSC Records Management</b> -- Potential for Problems	L	M	<ul style="list-style-type: none"> <li>Update records management policy, including statement on the handling of confidential information</li> <li>Train staff in new policy</li> <li>Effective FOIA procedures</li> <li>Stay abreast of best practices</li> <li>Maintain effective computer back-ups</li> <li>Maintain effective</li> </ul>	Director OIT VPLA	Ops. & Regs. Com.		

<b>RISK TO LSC RESOURCES –ASSETS</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
			security on electronic information access <i>(continued on next page)</i> <ul style="list-style-type: none"> <li>• Improve internal access to key records</li> <li>• improve public access to records</li> <li>• Ensure compliance with legal requirements</li> </ul>				
<b>Preservation of LSC interest in grantee property</b> -- Potential for loss	L	L	<ul style="list-style-type: none"> <li>• Maintain up to date Property Acquisition Manual</li> <li>• Remind grantees of LSC policy</li> <li>• Pursue remedies as necessary</li> </ul>	VPLA	Ops. & Regs. Com.		
<b>Continuation of Operations &amp; Organizational Resilience</b>	L	H	<ul style="list-style-type: none"> <li>• Effective COOP plan</li> </ul>	Chief of Staff	Ops. & Regs. Com.		
	L	H	<ul style="list-style-type: none"> <li>• Computer network back-up</li> </ul>	Director OIT			

<b>RISK TO LSC RESOURCES – GRANTEES</b>							
<b>Risks</b>			<b>Strategies</b>	<b>Who is responsible?</b>		<b>Date of last review</b>	<b>Date of next review</b>
	<b>Probability</b>	<b>Severity</b>		<b>Management</b>	<b>Board</b>		
<b>Grantee Oversight by LSC &amp; IPAs</b> -- Preventing lapses	M	H	<ul style="list-style-type: none"> <li>• Rigorous Compliance oversight</li> <li>• Maintain comprehensive procedures manuals</li> <li>• Well-defined workplans for program visits</li> <li>• Careful review of grantee reports to LSC</li> <li>• Communications between offices</li> <li>• Internal training</li> <li>• Regular communications with programs</li> <li>• Monitoring media reports</li> </ul>	VPGM	Ops & Regs. Com. Del. Of Legal Serv. Com.		
<b>Interpretations of regulations by LSC Staff</b> -- Preventing inconsistencies	L	H	<ul style="list-style-type: none"> <li>• Joint meetings and trainings</li> <li>• Joint work groups by topic</li> <li>• Feedback from grantees</li> </ul>	VPGM	Ops & Regs. Com.		

RISK TO LSC RESOURCES – GRANTEES							
Risks			Strategies	Who is responsible?		Date of last review	Date of next review
	Probability	Severity		Management	Board		
<b>Grantee Operations</b>				<b>VPGM</b>	<b>Del. Of Legal Serv. Com.</b>		
-- Major misuse of grant funds	M	H	<ul style="list-style-type: none"> <li>• Rigorous selection process for grantees</li> <li>• Enforcement of regulations</li> </ul>				
-- Failure of leadership	L	H	<ul style="list-style-type: none"> <li>• Grant assurances</li> <li>• Grant conditions</li> <li>• Advisories</li> </ul>				
-- Failure of internal controls	M	H	<ul style="list-style-type: none"> <li>• Program letters</li> <li>• Oversight visits</li> <li>• LSC Resource Information</li> </ul>				
-- Lack of board oversight	M	H	<ul style="list-style-type: none"> <li>• Training of grantee staff</li> <li>• Performance Criteria</li> <li>• Outreach to local boards</li> </ul>				
-- Leadership transitions	H	M	<ul style="list-style-type: none"> <li>• Local board education</li> <li>• Outreach to Access to Justice community in region</li> </ul>				
-- Restriction violations	M	H	<ul style="list-style-type: none"> <li>• On-site assessment to encourage competition</li> </ul>				
-- Poor records management	M	M	<ul style="list-style-type: none"> <li>• Review/redefine services</li> </ul>				
-- Poor Quality legal services	L	M	<ul style="list-style-type: none"> <li>• Seek interim provider</li> <li>• Work with programs to improve compliance and make it less likely that they will violate restrictions or otherwise</li> </ul>				
-- Need to replace program	L	H					

RISK TO LSC RESOURCES – GRANTEES							
Risks			Strategies	Who is responsible?		Date of last review	Date of next review
	Probability	Severity		Management	Board		
			require the imposition of sanctions				
			<ul style="list-style-type: none"> <li>• Periodic review of regulations</li> <li>• OLA opinions</li> </ul>	VPLA			

## Responsibilities for Risk Management

### Board of Directors

- Sets strategic goals and objectives, adopts annual operating budget, and approves risk management plan.
- Reviews operational reports to monitor progress towards goals as defined in *Strategic Directions* and assure compliance with organizational requirements.
- Adopts and establishes policies and regulations.
- Reviews the organization's risk management plan (RMP).
- Maintains working relationship with members of Congress.
- Board Committees to review implementation of RMP.

### President

- Has overall responsibility for the effective implementation of the RMP.
- Assigns staff to design and carry out risk management activities.
- Assigns staff to perform annual review of the risk management activities.
- Approves all grants for the Corporation.
- Executes major contracts for the organization.
- Keeps the Board apprised of emerging threats and opportunities facing the organization.
- Leads the Executive Team in periodic review and update of the risk management plan.
- Gives final approval to the plan.
- Maintains effective relationship with members of Congress and staff.

### Vice President for Legal Affairs

- Serves as advisor to the Board of Directors in legal matters, consulting outside counsel on an as needed basis.
- Advises senior staff on contracts; reviews contracts on an as needed basis.
- Monitors implementation of risk management program.
- Recommends any necessary modifications.

### Vice President for Grants Management

- Supervises oversight of grantee operations and compliance.

### Treasurer/Comptroller

- Establishes, conducts, and maintains internal controls for financial transactions.
- Purchases D&O insurance.

### Executive Team

- Oversees organization-wide effort to protect the vital assets of LSC
- Convenes periodically to review the Corporation's priority risks and corresponding risk management strategies.

### Office Directors

- Review and recommend modifications to corporate risk management program.
- Supervise implementation of risk management strategies within their area of responsibility.

# **Committee Evaluation**



## **SUMMARY OF 2013 AUDIT COMMITTEE EVALUATION RESPONSES**

### **All members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Their comments are heard and valued.

### **Members liked:**

- Leadership's management of the meetings, encouragement of discussion, demeanor, treatment of other participants, etc.
- Learning more about audit processes from other members.
- Generally productive, and usually come away knowing more than at the start.
- With a defined a long-term agenda, committee can assess the work and interaction of the OIG and OCE – the key to minimizing risk regarding grantee funds.

### **Ideas for Improvement:**

- More guidance to management/staff on the length of presentations, which tend to be too long.
- More efficient time management by the chairman.
- More informative, succinct and regular presentations by staff.
- Better interaction with OIG.

### **Future Focus:**

- Where appropriate, delineating and connecting committee's work with other committees.
- Implementing the new charter, taking advantage of the expertise of non-board members, and continuing to oversee implementation of fiscal oversight reforms.

# **OIG Audit Referrals**

**STATUS OF RECENT REFERRALS FROM OIG AUDIT DIVISION TO OCE (June 2011 - December 2013)**

State	Grantee	Date of OIG Onsite/ Review	Date of OIG Report	Date of Referral to OCE	OIG Referral	OCE Action	Resolution	Date Closed
CA	California Indian Legal Services	??	8/4/11	2011	The OIG referred \$27,600 in questioned costs for attorney incentive payments which had been improperly charged to CILS' Native American grant.	Contacted program in October 2011 and determined that appropriate action had been taken in 2008.	No recoupment necessary; LSC fund had already been restored.	11/07/11
NC	Legal Aid North Carolina	1/31- 2/11/11	9/30/11	2011	OIG referred 2 findings/recommendations which the program had not adequately addressed: the need for policies and procedures related to the use of LSC funds for non-business purposes and process for conducting year end comparisons of individual grants to actual cost allocations.	1.OCE contacted the program to discuss the two pending recommendations and, by letter dated 3/8/12, new policies and procedures were provided. 2. In addition, based on the information in the report, on 1/12/12, OCE initiated a questioned costs proceeding for \$7,506.	1.Policies and procedures submitted were reviewed and found to be responsive. 2. By decision dated 2/24/12, LSC determined to recoup \$2,985.93, by withholding equal amounts from the program's remaining 2012 grant checks.	03/13/12
MT	Montana Legal Services Association	11/09-7/10	12/8/10	4/27/11	OIG referred \$15,000 in TIG costs due to third-party sustainability plan being inappropriately funded.	OCE conducted a review of all relevant information available at LSC and determined that LSC Management was aware of the deficiencies and potential conflicts of interest at the time the TIG awards were issued. As LSC Management was aware of these issues, and had since made changes to ensure they did not occur in the future, OCE determined not to punish the recipients.	LSC Management took corrective action to increase the pre-award, competition, and post-award oversight of the TIG process. These steps included implementing a conflict of interest policy for all TIG awards.	09/30/11
MT	Montana Legal Services Association	11/09-7/10	12/8/10	4/27/11	OIG referred \$226,500 in TIG costs due to apparent conflicts of interest not being identified.			
VA	Virginia Legal Aid Society	11/09-7/10	12/8/10	4/27/11	OIG referred \$141,500 in TIG costs due to apparent conflicts of interest not being identified.			
IL	Land of Lincoln Legal Assistance Foundation	11/09-7/10	12/8/10	4/27/11	OIG referred \$503,673 in TIG costs due to apparent conflicts of interest not being identified.			
KY	Appalachian Legal Services Corporation	3/1-10/11	8/22/11	8/22/11	OIG referred \$258,057 in questioned costs due to internal control weaknesses including unsupported or inadequately supported disbursements.	OCE initiated a questioned cost proceeding in the amount of \$218,339.95 on 12/8/11.	By decision dated 2/22/12, LSC determined to recoup \$20,036.95, by withholding equal amounts from the program's remaining 2012 grant checks.	03/30/12
VA	Legal Services of Northern Virginia	1/24-31/11	9/30/11	10/6/11	OIG did not refer any questioned costs but did refer several findings/recommendations for OCE follow-up concerning the program's property records and oversight of subgrants	OCE conducted an onsite visit in October 2011 and also provided technical assistance in February 2011 and December 2012.	To date, 2 findings/recommendations have been adequately resolved. OCE continues to work with the program to reach satisfactory conclusion to the 4 remaining findings/recommendations.	Pending
AR	Center for Arkansas Legal Services		2/27/12	2/27/12	OIG referred \$82,300 in questioned costs due to failure to adequately document personnel and fringe benefit expenditures related to TIG awards.	OCE initiated a questioned cost proceeding in the amount of \$82,300 on 12/3/12.	By decision dated 3/3/13, LSC determined not to recoup any funds.	3/15/2013
LA	Southeastern Louisiana Legal Services		7/12/12	7/10/12	OIG referred \$55,741 in questioned costs due to failure to adequately document personnel and fringe benefit expenditures related to TIG awards.	OCE initiated a questioned cost proceeding in the amount of \$36,747 on 12/5/12.	By decision dated 3/1/13, LSC determined to recoup \$4,275, by withholding equal amounts from the program's remaining 2013 grant checks.	4/18/2013

**STATUS OF RECENT REFERRALS FROM OIG AUDIT DIVISION TO OCE (June 2011 - December 2013)**

State	Grantee	Date of OIG Onsite/ Review	Date of OIG Report	Date of Referral to OCE	OIG Referral	OCE Action	Resolution	Date Closed
MO	Legal Services of Southern Missouri		7/20/12	7/20/12	OCE referred \$82,300 in questioned costs due to failure to adequately document personnel expenditures related to TIG awards.	OCE initiated a questioned cost proceeding in the amount of \$3,659 on 10/25/12.	The program declined to respond so, by decision dated 12/19/12, LSC determined to recoup \$3,659 by withholding equal amounts from the program's remaining 2013 grant checks.	2/11/2013
MS	North Mississippi Rural LS	9/12-16/11	3/30/12	3/30/12	OIG referred \$17,351 in questioned costs based on the program's failure to obtain prior approval before using more than \$10,000 in LSC funds to purchase personal property and related services.	On 4/25/12, OCE requested an OLA opinion regarding whether the cost of related services needed to be included in determining \$10,000 limit for needing LSC prior approval.	Based on OLA opinion issued on 1/17/13, OCE determined that the OIG's inclusion of services was an inaccurate application of the Property Acquisition and Management Manual. No costs were questioned.	1/23/2013
TX	Texas Rural Legal Services, Inc.	six visits between 5/10 and 1/11	6/12/12	6/12/12	OIG did not refer any questioned costs but did refer two findings/recommendations. 1. Related to cost allocation methodology used to accurately account for LSC funds expended in each migrant area funded. 2. Ensure that credit card purchases are supported by receipts and that travel reports are filed as required.	OCE conducted an onsite focused fiscal review in October 2012. 1. OLA has issued a memorandum recommending that the various migrant areas be merged into one area obviating the need for separate reporting. 2. In TRLA's response, TRLA provided evidence that sufficient credit card and travel policies are now in writing and being followed.	1. On December 26, 2013, LSC published notification in the Federal Register that it intends to merge all effected migrant grants into one migrant grant encompassing all of the prior migrant service areas. 2. The Final Report is pending review and issuance but at this time it appears that the TRLA has taken sufficient action to resolve this deficiency.	1. 12/26/13 2. Pending
CA	Inland Counties Legal Services, Inc.	1/11-15/11 and 8/1-5/11	7/25/12 revision provided on 11/15/12	8/6/12	The OIG originally referred questioned costs in the amount of \$1,384,670 for stipends and other benefits charged to the LSC fund. This amount was reduced to \$1,367,480 by memo dated 11/15/12	After conducting significant research into what reasonable stipend/bonus payments are for similarly situated entities and requesting advance information from ICLS, a questioned cost proceeding was initiated on 9/30/13. Review of the program's response is ongoing and a final decision will be issued in early February 2014.	Pending - LSC management decision anticipated to be issued in February 2014. ICLS will have 30 days to appeal to the LSC President.	Pending
MI	Legal Aid and Defender Association	10/24-28/11 and 2/24-27/12	12/21/13	1/16/13	OIG did not refer any questioned cost but did refer 6 findings/recommendations which it felt the grantee had not adequately responded to.	Desk review/paper investigation conducted from 4/5/13 to 6/26/13.	By letters dated 6/24/13, 7/2/13, and 7/19/13, LAD was advised that LSC had determined that LAD's responses demonstrated that it had taken sufficient action to comply with OCE directives to address the each of the concerns - including the scope limitation - raised in the OIG's report.	07/19/13

**STATUS OF RECENT REFERRALS FROM OIG AUDIT DIVISION TO OCE (June 2011 - December 2013)**

<b>State</b>	<b>Grantee</b>	<b>Date of OIG Onsite/ Review</b>	<b>Date of OIG Report</b>	<b>Date of Referral to OCE</b>	<b>OIG Referral</b>	<b>OCE Action</b>	<b>Resolution</b>	<b>Date Closed</b>
TX	Lone Star Legal Aid	5 visits between 8/10 and 1/11	1/15/13 revision provided on 2/22/13	1/24/13	OIG originally referred \$45,762 in questioned costs due to unsupported credit card charges (\$4,639, purchases exceeding \$10,000 for which LSC prior approval was not obtained (\$40,458), and physical inventory items that could not be located (\$665). That amount was reduced by \$27,280 on 2/22/13. The remaining \$13,178 for prior approval and the other costs remained questioned.	An OLA opinion requested on 10/30/13 to resolve issue of intellectual versus personal property for the \$13,178 purchase of software licenses. On December 16, 2013, a draft OLA opinion was submitted to OCE for review. OLA and OCE staff met on 1/10/14 to discuss the OLA draft opinion and implications it may have on future prior approval requests.	Once a final OLA opinion is issued, OCE will make a recommendation to the VP as to how to proceed.	Pending
ID	Idaho Legal Services		4/1/13	4/1/13	OIG referred \$215,051 in questioned costs related to TIG expenditures. Of that amount \$211,011 was questioned due to failure to adequately document personnel and fringe benefit expenditures and \$4,040 was noted to be unexpended funds that were not returned to LSC at the completion of the grant.	OCE has provided a recommended course of action to the Vice President for Grants Management.		Pending
VA	Central Virginia Legal Services		9/30/13	9/30/13	OIG referred \$909 in questioned costs: \$241.20 in unallowable costs for purchases of flowers or donations in lieu of; \$129.61 in unsupported costs for credit card charges without supporting documentation; and \$538.61 in unapproved costs for in office supply purchases that did not have purchase orders as required by the grantee's policy.	OCE has provided a recommendation to the Vice President for Grants Management and will initially pursue informal proceedings to recoup all or part of the costs.		Pending
IN	Indiana Legal Services, Inc.		9/30/13	9/30/13	OIG referred \$4,159 in questioned costs: \$363 in Unallowable costs for purchases of flowers for bereaved employees and \$304 for late fee charges on credit/gas cards (Total = \$667) and unsupported costs in the amounts of \$55 for conference; \$13 for lunch; \$546 for lunches with out business purpose/attendee names on receipt; and \$2,878 for moving expenses without statement of work detailing the number of hours/workers required to complete (Total = \$3,492).	OCE has provided a recommendation to the Vice President for Grants Management and will initially pursue informal proceedings to recoup all or part of the costs.		Pending

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
1	MA	South Coast Counties Legal Services	2012-122087-01	SRF*	8/13/2012	Timekeeping records	OIG noted that the IPA reported that some attorneys & paralegals are not always recording time as cases, matters, or supporting activities in the case management and time keeping system. SCCLS indicated that it would conduct staff training to ensure that time spent is contemporaneously recorded in the system. OIG referred for OCE follow-up to determine if adequate training/procedures were developed.	10/25/2012	Accept CAP** SCCLS' response indicated that the program not only adopted a new policy on this issue, but conducted multiple training sessions and sent email directives to all staff. Additionally, the program reported that it is conducting checks of staff time records so that oversights can be noted and staff advised to take corrective action.	OIG Concur	A-50 Complete
2	NY	Legal Services of NYC	2012-233100-01	SRF	8/13/2012	Item 11-01 documentation of time and effort.	OIG noted that the IPA reported that grantee mgmt. stated that the time system is now monitored by in-house, fiscal department is monitoring timely reporting, training is being provided to staff, and communication between staff and managers has been enhanced. OIG referred for OCE follow-up on this issue as it was a repeat finding.	3/18/2013	Accept CAP OCE conducted an onsite review during which it was noted that the program was in the process of implementing a new automated grants and case management system ("AGCMS") which comprehensively integrates case management, grants oversight, grants management, timekeeping, and payroll within one automated system.	OIG Concur	A-50 Complete
			2012-233100-02	SRF	8/13/2012	Item 11-02 governing board composition.	OIG noted that management concurred with the IPA's finding and stated that moving forward, they would submit all required reports within the specified due dates. The OIG noted that follow up needed to determine if grantee is submitting reports timely.	3/18/2013	CA Closed*** The Office of Program Performance ("OPP") was able to verify that, during calendar year 2012, and the first part of 2013, LS NYC submitted all necessary reports regarding its Governing/Policy Body Composition in a timely manner.	Action Review	OIG disagreed with LSC's determination.
3											

\*SRF = Summary Report Form completed by IPA.

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\*\*\*CA Closed = Corrective Action taken was sufficient.

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
4			2012-233100-03	SRF	8/13/2012	Item 11-04 maintenance of an adequate timekeeping system	OIG reported that grantee mgmt. stated that the time system is now monitored by in-house, fiscal department is monitoring timely reporting, training is being provided to staff, and communication between staff and managers has been enhanced. OIG referred for OCE follow-up on this issue as it was a repeat finding.	3/18/2013	Accept CAP OCE conducted an onsite review during which it was noted that the grantee had sustained improvements to timekeeping records and management via the new AGCMS and staff procedures calling for quarterly review of time records.	OIG Concurrs	A-50 Complete
5	VA	Central Virginia Legal Services, Inc.	2012-447030-01	SRF	6/17/2012	We noted instances where case handlers were not inputting their timekeeping records related to cases matter and supporting activities into the Kemps timekeeping system a required by LSC regulation 1635	OIG noted that the IPA reported recurring issue of noncompliance with LSC timekeeping requirements. OIG referred for OCE follow-up to determine whether adequate corrective action had been taken to cure noted deficiencies.	10/25/2012	Accept CAP CLVLAS' response indicated that the program had held three training sessions regarding case management and timekeeping and would be implementing a new, automated, reporting mechanism (by December 1, 2012) to alert the Executive director if timekeeping is not being done appropriately.	OIG Concurrs	A-50 Complete
6			2012-447030-02	SRF	3/20/2013	Documentation supporting the review and acceptance of emergency cases was not maintained	OIG reported that a 50% sampling error was detected by external auditor. OIG referred for OCE follow-up to determine whether adequate corrective action had been taken to cure noted deficiencies.	10/25/2012	Accept CAP CVLAS also indicated that new procedures have been instituted for maintaining justification for accepting emergency cases, that its Personnel, Intake, Case Acceptance and Priorities Manuals and its Technology and PAI plans have been updated in accordance with recommendations/required corrective actions imposed by OCE after its 2011 CSR/CMS Review.	OIG Concurrs	A-50 Complete

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
7			2012-447030-03	OIG Focused Review	6/17/2012	Financial, operation, and personnel manuals including conflict of interest policies are out-of-date	Violation of LSC Fundamental Criteria. OIG referred for OCE follow-up to determine whether adequate corrective action had been taken to cure noted deficiencies.	10/25/2012	Accept CAP As noted above, CVLAS reported that the manuals in question had been updated.	OIG Concur	A-50 Complete
8			2012-447030-04	OIG Focused Review	6/17/2012	Cost allocation process is not performed perpetually but semi-annually; non-contemporaneously	OIG referred issue as costs should be identifiable by funding source immediately after incurring the expense as to accurately value the funding balance and the reasonability of labor and general expense allocations. OIG referred for OCE follow-up to determine whether adequate corrective action had been taken to cure noted deficiencies.	10/25/2012	Accept CAP CVLAS' response also noted that that it has changed its cost allocation process to take place on a monthly rather than semi-annual basis.	OIG Concur	A-50 Complete
9	FL	Three Rivers Legal Services, Inc.	2012-610061-01	OIG Focused Review	6/17/2012	Over half of 28 paperless case files did not have evidence of management review at closing	OIG reported that the IPA noted lack of evidence that grantee management reviewed paperless case files before closing. OIG referred for OCE follow-up to determine whether adequate corrective action had been taken to cure noted deficiencies.	8/14/2012	CA Closed TRLS provided a written narrative of the actions taken by the program to address this finding which included developing: a "Closed Case Review Form," a new case status – "Closed Case Reviewed by Manager," and a new protocol by which Managing Attorneys will periodically, but no less than monthly, run a report to determine which closed cases have not yet been reviewed so that a review can be undertaken. Finally, as noted by TRLS, the review of closed cases is not a regulatory requirement which is enforceable by LSC but instead is a best practice to ensure that compliance related items.	OIG Concur	A-50 Complete



Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
10	KY	Legal Aid of the Bluegrass	2012-618004-01	OIG Focused Review	6/17/2011	Asset ceiling limitations verification was not provided for certain cases deemed LSC eligible. 1 client had income above 125% and below 200% of the federal poverty threshold; however, no signed waiver could be located in the file.	As the IPA reported that grantee management did not respond to the IPA's finding the OIG referred for OCE follow-up to ensure adequate response had occurred.	8/27/2012	Accept CAP Grantee provided OCE with evidence that they had provided its IPA with its response on May 4, 2012. That response stated that LABG would take corrective action regarding referral numbers 1, 2 and 3 by May 15, 2012. Finally, OCE conducted a CSR/CMS review of LABG in July 2012 during which case review demonstrated substantial compliance with LSC restrictions and regulations.	OIG Concur	A-50 Complete
11			2012-618004-02	OIG Focused Review	6/17/2012	80 case files were randomly selected from all office locations. After examination, it was determined that certain case files were lacking the required documentation concerning citizenship.	As the IPA reported that grantee management did not respond to the IPA's finding the OIG requested that OCE follow-up to ensure adequate response had occurred.	8/27/2012	Accept CAP See above for grantee response.	OIG Concur	A-50 Complete
12			2012-618004-03	OIG Focused Review	6/17/2012	Certain instances were noted where the case file did not contain a signed retainer agreement.	As the IPA reported that grantee management did not respond to the IPA's finding the OIG referred for OCE follow-up to ensure adequate response had occurred.	8/27/2012	Accept CAP See above for grantee response.	OIG Concur	A-50 Complete

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
13			2012-618004-04	OIG Focused Review	6/17/2012	During review of the last 3 years' BOD meeting minutes, no formal approval of the LSC eligibility guidelines were located.	As the IPA reported that grantee management did not respond to the IPA's finding the OIG referred for OCE follow-up to ensure adequate response had occurred.	8/27/2012	Accept CAP Grantee provided OCE with evidence that they had provided its IPA with its response on May 4, 2012 which indicated that the issue regarding approval of eligibility guidelines would be resolved no later than June 27, 2012. LABG also provided evidence that the indicated corrective actions had taken place.	OIG Concur	A-50 Complete
14	KY	Appalachian Research and Defense Fund of Kentucky	2012-618030-01	SRF	8/13/2012	Two case files were lacking required documentation out of eighty case files reviewed	OIG reported that grantee mgmt. said they would implement the IPA's recommendation to ensure that personnel responsible for maintaining case files review LSC documentation requirements and determine that all case files are in compliance. OIG referred for OCE follow-up to ensure adequate response had occurred as this was a prior year finding.		Under Review LSC will continue to provide this grantee with any necessary technical assistance and training.		OCE conducted an onsite Technical Assistance Review in October 2012 and an onsite Compliance Review in Spring 2013. OCE is continuing to work with and provide technical assistance to this program.
15			2012-618030-02	SRF	8/13/2012	Many audit adjustments were needed in order to present the financial statements in conformity with GAAP	OIG noted that grantee mgmt. stated they would implement enhanced financial review and monthly closing procedures to improve their financial reporting. OIG referred for OCE follow-up to determine if the planned procedures have been implemented.		Under Review LSC will continue to provide this grantee with any necessary technical assistance and training.		

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		<b>Grantee Name</b>	<b>Referral Number</b>	<b>Originator</b>	<b>Date of Referral</b>	<b>OIG's Finding Description</b>	<b>OIG's Justification for Referral</b>	<b>Mgmt. Response Date</b>	<b>OCE's Determination</b>	<b>OIG Assessment of OCE Determination</b>	<b>Status of Referral</b>
16	MS	North Mississippi Rural Legal Services, Inc.	2012-625040-01	SRF	6/17/2012	During our audit, we found that NMRLS had not taken a physical inventory of its fixed assets within the two year period as required by the federal regulations. Although NMRLS was in the process of completing it subsequent to year end.	OIG noted that grantee management stated that a physical inventory count would be conducted by 4/16/12; Reconciliation of the results and posting of adjustments would be done by 5/31/12. OIG noted that follow-up was needed to determine if said actions were taken.	8/14/2012	CA Closed NMRLS reported that it had completed the required inventory, reconciled the results, and posted any necessary adjustments. As supporting documentation NMRLS provided a letter from its Auditor, dated July 17, 2012, verifying that corrective action had been taken and noting that the finding from the 2012 audit had been resolved.	OIG Concur	A-50 Complete
17	AZ	Community Legal Services	2012-703030-01	OIG Focused Review	6/17/2012	Journal entries prepared by members of management were not reviewed by an individual independent of their preparation.	OIG reported that the IPA noted, although the BOD does monthly reviews of the financial statements, the risk of misstatements to the financial statements is heightened due to lack of independent review. As grantee management did not issue response to remedy deficiency, OIG referred for OCE follow-up to determine if corrective action was taken.	10/25/2012	Accept CAP CLS provided various supporting documentation including evidence of a new journal entry review and approval process which requires that entries be reviewed/approved by various levels of management and that a summary sheet detailing the number of specific journal entries recorded each month be provided to both the Executive Committee an full board at each meeting for review and approval.	OIG Concur	A-50 Complete
18	AZ	DNA Peoples Legal Services	2012-703068-01	SRF	6/17/2012	NUMEROUS MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR THE FINANCIAL STATEMENTS TO BE CORRECT AT YEAR-END.	OIG noted that grantee mgmt. stated that error was due to an upgrade of the accounting software resulting in comingling of expense & revenue entries from the old chart of accounts. The AFS further indicated that grantee did not have chance to sort issue before IPA arrived. OIG referred for OCE follow-up on this issue as it was a repeat finding.		Under Review For FY 2012 and FY 2013 LSC imposed numerous fiscal special grant conditions on this grantee to assist improvement in fiscal systems and internal controls. Pursuant to an on-site review conducted in July 2013, OCE determined that DNA has taken significant steps to cure the noted deficiencies.		For FY 2012 and FY 2013 LSC imposed numerous fiscal special grant conditions on this grantee to assist improvement in fiscal systems and internal controls.

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		<b>Grantee Name</b>	<b>Referral Number</b>	<b>Originator</b>	<b>Date of Referral</b>	<b>OIG's Finding Description</b>	<b>OIG's Justification for Referral</b>	<b>Mgmt. Response Date</b>	<b>OCE's Determination</b>	<b>OIG Assessment of OCE Determination</b>	<b>Status of Referral</b>
19	MN	Anishinabe Legal Services, Inc.	2012-724018-01	SRF	6/17/2012	No signed statements of compliance with priorities for three employees.	The OIG reported that the IPA noted nearly a 38% error rate in external auditor's sample of 8 employees compliance with CFR Section 1620.6. OIG referred for OCE follow-up to determine if corrective action was taken.	8/20/2012	Accept CAP ALS provided its updated "New Employee Checklist" which now includes "Priorities (New employee Statement of Compliance with Priorities) and also provided copies of three (3) statements that were not available at the time of the audit.	OIG Concur	A-50 Complete
20	TX	Legal Aid of Northwest Texas	2012-744050-01	SRF	6/17/2012	Timekeeping detail was not available for 12 of 60 cases reviewed.	The OIG noted that the external auditor's finding poses a 20% noncompliance rate with CFR 1635 (timekeeping). OIG referred for OCE follow-up to determine if corrective action was taken.	8/27/2012	Accept CAP LANWT's response indicated that the issue regarding missing time slips was related to a data conversion error and lack of training on the new system. LANWT indicated that the training issue was addressed during a recent staff meeting and that ongoing training will take place in 2012 to ensure that cases include the required time slips.	OIG Concur	A-50 Complete
			2012-744050-02	OIG Focused Review	6/17/2012	Failed to perform background checks on all current employees and failed to implement ext. auditor's prior-year mgmt. letter recommendation to begin performing background checks	The OIG noted that performing background checks are a basic security control to safeguard assets and ensure the well-being of employees, clients, and other stakeholders. OIG referred for OCE follow-up to determine if corrective action was taken.	8/27/2012	Accept CAP LANWT reported that it had adopted a policy of conducting criminal background checks on all newly hired staff before they are given access to privileged/sensitive information.	OIG Concur	A-50 Complete
22			2012-744050-03	OIG Focused Review	6/17/2012	Lacking written procedures for tracking attorney fees awarded	The OIG noted that the grantee's response to external auditor's finding indicated a general disagreement and laxity regarding the acceptance and reporting of attorneys fees. OIG referred for OCE follow-up to determine if corrective action was taken.	8/27/2012	Accept CAP LANWT also provided a copy of the new LANWT policy regarding the receipt and tracking of attorneys' fees.	OIG Concur	A-50 Complete

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
23	TX	Lone Star Legal Aid	2012-744060-01	OIG Focused Review	6/17/2012	Attorneys' fees may be allocated to funding sources that do not allow attorneys' fees	The OIG noted that expenditures must be allocated to the allowable funding sources. OIG referred for OCE follow-up to determine if corrective action was taken.	8/20/2012	Accept CAP LSLA undertook the IPA's suggestion and revised and updated its Attorneys Fee policy. A copy of the new policy, which was adopted on June 23, 2012, was provided along with the signed Board resolution adopting the policy.	OIG Concur	A-50 Complete
24			2012-744060-02	OIG Focused Review	6/17/2012	Bank statements are not reconciled timely	The OIG noted that bank statements must be reconciled timely. OIG referred for OCE follow-up to determine if corrective action was taken.	8/20/2012	Accept CAP LSLA reported that actions taken included hiring a Chief Financial Officer (CFO) to make required fiscal related corrective actions. The CFO will have responsibility for preparing the bank reconciliations, which the Director of Finance will review on a monthly basis, and for approving journal entries.	OIG Concur	A-50 Complete
25			2012-744060-03	OIG Focused Review	6/17/2012	Journal entries are not independently approved	The OIG noted that journal entries must be properly approved before entry into the accounting system. OIG referred for OCE follow-up to determine if corrective action was taken.	8/20/2012	Accept CAP LSLA reported that actions taken included hiring a Chief Financial Officer (CFO) to make required fiscal related corrective actions. The CFO will have responsibility for preparing the bank reconciliations, which the Director of Finance will review on a monthly basis, and for approving journal entries.	OIG Concur	A-50 Complete
26	CA	Inland Counties Legal Services, Inc.	2012-805230-01	SRF	8/13/2012	Internal Controls over cash accounts were not adequate.	OIG noted that grantee management accepted the finding and stated that a new controller had been hired. Referred to OCE for follow-up to ensure that controls over cash accounts have been implemented.		Under Review OCE is reviewing documents submitted by ICLS to assess for sufficiency of actions taken.		OCE is reviewing documents submitted by ICLS to assess for sufficiency of actions taken.

\*SRF = Summary Report Form completed by IPA.

\*\*CAP = Corrective Action Plan submitted by Grantee appears appropriate to cure deficiency.

\*\*\*CA Closed = Corrective Action taken was sufficient.

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
27			2012-805230-02	SRF	8/13/2012	Policies and procedures for use of the accounting software and preparing transactions and reconciliations was not adequately documented. The new controller did not expend a significant effort to understand the system.	OIG noted that grantee management stated that they would strive to have that accounting manual updated in 2012 by the new controller. Referred to OCE for follow-up needed to determine if accounting manual was updated.		Under Review OCE is reviewing documents submitted by ICLS to assess for sufficiency of actions taken.		
28			2012-805230-03	SRF	8/13/2012	Client did not obtain all necessary documentation from subrecipients to provide reasonable assurance that federal awards were properly administered and to ensure that performance goals were achieved.	OIG noted that grantee stated that full charge bookkeeper had been hired to review monthly subgrantee submissions & that subgrantees have been notified of their deficiencies. Referred to OCE for follow-up to ensure on-going implementation.		Accept CAP This issue was addressed via follow-up correspondence with grantee in which ICLS submitted documentation regarding improved/increased oversight of subgrantee activities.		Open pending resolution of #26 and #27. This issue was addressed via follow-up correspondence with grantee.
29	MT	Montana Legal Services Association	2012-927000-01	SRF	6/17/2012	Client did not fully comply with grant condition requiring minimum level of client-eligible representation on Board of Trustees: 5 required, 2 currently filled.	OIG referral noted that this appears to be an on-going issue that needs LSC oversight.		Accept CAP OCE has been following up with the program on a quarterly basis to assess progress towards coming into compliance.		OCE has been following up with the program on a quarterly basis to assess progress towards coming into compliance.

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
30	WY	Legal Aid of Wyoming, Inc.	2012-951050-01	SRF	6/17/2012	Audit Adjustments	OIG noted that , according to the IPA, the misstatements were caused by human error and no review of the year end accrual entries prepared was performed. OIG also noted that grantee management did issue response to remedy the problem. Referred to OCE for follow-up to determine whether corrective actions were taken.	3/18/2013	Accept CAP OCE contacted the program to suggest additional training take place for fiscal staff. This issue was not raised in 2012 AFS so assumed to be resolved.	Action Review	OIG Disagrees.
31			2012-951050-02	SRF	6/17/2012	Restrictions on Legal Assistance to Aliens	OIG noted that the IPA stated that turnover among attorneys in some grantee offices was the primary cause. OIG noted that grantee management did issue response to remedy the problem. Referred to OCE for follow-up as this was a prior finding.	7/31/2012	Accept CAP LAWyoming reported that an staff training had been held on July 18-20, 2012 which covered, among other items, 1626 screening and documentation requirements.	OIG Concur	A-50 Complete
32	NY	Legal Aid Services of Mid-New York	2013-233150-01	SRF	3/14/2013	Nine case files exceeded 125% of the current official Federal Poverty Income Guidelines. One of these nine case files did not contain the income waiver that is required by the Organization's governing body.	OIG reported that the IPA noted 9 case files exceeded 125% of the current Poverty Income Guidelines. 1 case file did not have an income waiver from the grantee's board. OIG noted that grantee mgmt. stated that the staff involved would review the requirements of 1611 & refresher training offered to all staff. Referred to OCE for follow-up to ensure corrective action taken.	3/18/2013	Accept CAP The program provided information confirming that the staff member in question had met with his supervisor to discuss the oversight (see email of July 23, 2012) and that the program had conducted a mandatory training session in October 2012 at which included "Income Eligibility Training."	OIG Concur	A-50 Complete

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
33	MO	Legal Aid of Western Missouri	2013-526010-01	SRF	6/27/2013	Initial testing and follow-up testing showed that the vast majority of the organization's staff members comply with LSC timekeeping requirements. There are, however, a small number of staff members who are not in compliance.	OIG reported that grantee mgmt. fully understands the nature of the requirement and will take necessary steps to ensure that all staff is in compliance. OIG further noted that grantee mgmt. states that upon being informed by the IPA of the issue; they took action to address the issue. Referred to OCE for follow-up to ensure corrective action taken.		Under Review		Compliance Review was conducted in November 2013. This issue was noted and will be addressed, as necessary in the Draft Report.
34	ND	Legal Services of North Dakota	2013-535007-01	SRF	6/26/2013	LSND had over 10% LSC fund balance carryover in 2011. LSND did not request a waiver from LSC in 2012.	OIG reported that grantee did not expend this money in 2012 but intended to utilize it in 2013 and 2014 to help offset significant population adjustment cuts. Referred to OCE for follow-up to ensure compliance.	11/26/2013	CA Closed Per OCE records - the grantee submitted a late request, due to change in personnel, which was granted with admonishment to be timely in the future.	Action Review	OIG Disagrees
35	AL	Legal Services Alabama, Inc.	2013-601037-01	SRF	10/3/2013	One difference was noted for payroll time entry used for cost allocation purposes	OIG referred this as a repeat finding which requires OCE follow-up.		Under Review		OCE has noted this deficiency in its risk assessment chart.
36	KY	Appalachian Research and Defense Fund of Kentucky	2013-618030-01	SRF	9/10/2013	For the second straight year, there was a prior period adjustment required	OIG noted that, for the second straight year, there was a prior period adjustment required due to improper recording of unearned grant revenue. Referred to OCE for follow-up to ensure corrective action is taken.		Under Review LSC will continue to provide this grantee with any necessary technical assistance and training.		OCE conducted an onsite Technical Assistance Review in October 2012 and an onsite Compliance Review in Spring

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
37			2013-618030-02	SRF	9/10/2013	The Organization does not have a formal written policy that was effectively communicated to staff	OIG reported that time keeping requirements were not met because the grantee lacked a formal written policy which was effectively communicated to staff. Grantee management stated that they would implement policies. Referred to OCE for follow-up to ensure corrective action is taken.		Under Review LSC will continue to provide this grantee with any necessary technical assistance and training.		2013. OCE is continuing to work with and provide technical assistance to this program.
38			2013-618030-03	OIG Focused Review	10/3/2013	Time keeping requirements were not met in that the grantee lacked a formal written policy which was effectively communicated to staff.	OIG noted that grantee management stated that the grantee would develop a written time keeping requirements policy in accordance with Legal Services Corporation regulations and ensure that the policy is effectively communicated to staff. Referred to OCE for follow-up to ensure corrective action is taken.		Under Review LSC will continue to provide this grantee with any necessary technical assistance and training.		
39	AZ	DNA Peoples Legal Services	2013-703068-01	SRF	6/26/2013	NUMEROUS MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR THE FINANCIAL STATEMENTS TO BE CORRECT AT YEAR-END.	OIG noted that , for the year audited, numerous material audit adjustments were required for the financial statement to be correct at year-end. The unadjusted general ledger was not materially correct under generally accepted accounting principles. Referred to OCE for follow-up to ensure corrective action is taken as this was a repeat finding.		Under Review OCE has been maintaining close contact with this grantee and will carefully monitor the 2013 AFS for signs of continued deficiencies.		OCE conducted an onsite Follow up Review in July 2013 to assess the program's steps towards improving fiscal and internal control systems. Based on July 2013 visit, it has been

Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
40			2013-703068-02	OIG Focused Review	10/3/2013	For the year audited, numerous material audit adjustments were required for the financial statement to be correct at year-end. Thus, the unadjusted general ledger was not materially correct under accounting principles generally accepted in the USA.	OIG referral noted that DNA Accounting and Finance Office will implement fiscal year end closeout procedures and establish key deadlines dates to process and closeout financial transactions prior to the fiscal year ending. Referred to OCE for follow-up to ensure corrective action is taken.		Under Review OCE has been maintaining close contact with this grantee and will carefully monitor the 2013 AFS for signs of continued deficiencies.		determined that the program had made significant improvements to its fiscal systems and processes.
41	NM	New Mexico Legal Aid	2013-732010-01	SRF	6/26/2013	Improper Board Composition	OIG noted that this was repeat finding from 2011. The ED and the Human Resources Director have been working with Board members and management staff to identify potential new client members and qualified appointing organizations willing to nominate them. Referred to OCE for follow-up to ensure corrective action is taken.		Under Review LSC will be working to develop an oversight/follow-up mechanism for all grantees who do not comply with Board Composition requirements.		LSC will be looking at the issue of Board Composition during 2014.
42	CA	Inland Counties Legal Services, Inc.	2013-805230-01	SRF	6/26/2013	Policies & procedures for use of the accounting software and preparation of monthly, quarterly and annual transactions & reconciliations were not adequately documented. There were also account reconciliations that were not updated or thoroughly analyzed.	OIG noted that grantee management stated that continual turnover of key accounting personnel resulted in the condition. Grantee had stated that they would have the accounting manual updated by 2012. Referred to OCE for follow-up to ensure corrective action is taken as this was a prior year finding.		Accept CAP ICLS submitted a revised/updated accounting manual containing the requested policies and procedures.		Open pending resolution of # 43

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Status of OIG Referrals from Audited Financial Statements FYE 6/30/11 thru 6/30/13

		Grantee Name	Referral Number	Originator	Date of Referral	OIG's Finding Description	OIG's Justification for Referral	Mgmt. Response Date	OCE's Determination	OIG Assessment of OCE Determination	Status of Referral
43			2013-805230-02	OIG Focused Review	6/27/2013	The grantee did not maintain effective oversight over its retirement plan. The grantee did not always obtain signed payroll deduction forms authorizing payroll deductions to repay retirement plan loans and the form was outdated.	OIG noted that grantee management stated that they will develop a written protocol/checklist of actions necessary when a plan administrator leaves the program to be included in the accounting manual being updated. Referred to OCE for follow-up to ensure corrective action is taken.		OPEN		OCE is reviewing documents submitted by ICLS to assess for sufficiency of actions taken.
44	MT	Montana Legal Services Association	2013-927000-01	SRF	9/10/2013	Client did not fully comply with grant condition regarding representation on Board of Trustees.	OIG noted that this was a prior year finding, remains unresolved. Referred to OCE for follow-up to ensure corrective action is taken.		OPEN		OCE has been following up with the program on a quarterly basis to assess progress towards coming into compliance. LSC will be working to develop an oversight/follow up mechanism for all grantees who do not comply with Board Composition requirements.

# **403(b) Plan Performance Memo**



OFFICE OF HUMAN RESOURCES

## MEMORANDUM

**TO:** The Audit Committee  
**FROM:** Traci L. Higgins  
**DATE:** January 10, 2014  
**SUBJECT:** LSC 403(b) Thrift Plan – 4th Quarter 2013 Update

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### 403 (b) Plan Performance

Through December 31, 2013, LSC's funds fared well. The YTD returns of twenty of our funds improved between 3.5 and 14 percentage points over the YTD returns through September 30<sup>th</sup>. Nuveen Real Estate and Prudential Jennison Natural Resources, two funds that have had lackluster performance all year, continued to struggle, with Nuveen down 1 percentage point and Prudential Jennison up one 1 percentage point. One of our bond funds held steady, a second declined by 2 percentage points, and the third was up 3.5 percentage points.

In early December, our advisor reported that three of our funds (Goldman Sachs and Lord Abbett, both mid-cap blend funds, and American Century, a bond fund) had category rankings that are below our preferred levels for one-, three-, and five-year returns. With the release of the December 30<sup>th</sup> Principia Mutual Fund performance report, he now reports that the rankings of all three funds have improved and his concerns have diminished. In addition, he notes that the absolute YTD returns for the two equity funds are "actually very good." He will continue to monitor these funds, but at this time, Mesirow Financial, our Plan Fiduciary, has not placed these funds on a watch list and is not recommending any changes. A report detailing performance through December 30<sup>th</sup> is attached.

### 403 (b) Plan Distributions

There was a total of \$229,762.46 in distributions during the fourth quarter, with a roll-over of a former employee accounting for more than \$209,000 of the total. Additional activity related to mandatory cash-outs for two temporary employees who did not vest, a minimum distribution of \$9,500, and a \$10,000 employee loan.

Please let me know if you have any questions or require additional information.

## **IV. Operations & Regulations Committee**

# OPERATIONS & REGULATIONS COMMITTEE

January 23, 2014

## Agenda

### Open Session

1. Approval of agenda
2. Approval of minutes of the Committee's meeting on October 20, 2013
3. Update on rulemakings for 45 CFR Part 1614—Private Attorney Involvement and 45 CFR Part 1613—Restrictions on Legal Assistance with Respect to Criminal Proceedings and the Tribal Law and Order Act of 2010, Title II of Public Law 111-211
  - Ron Flagg, General Counsel
  - Stefanie Davis, Assistant General Counsel
4. Consider and act on 45 CFR Part 1626—Restrictions on Legal Assistance to Aliens
  - a) Final Rule and Program Letter to replace the current appendix regarding documentation
  - b) Public comment
    - Ron Flagg, General Counsel
    - Stefanie Davis, Assistant General Counsel
5. Consider and act on review of Management's report on implementation of the Strategic Plan 2012-2016, as provided by section VI (3) of the Committee Charter
  - Jim Sandman, LSC President
6. Consider and act on Management's annual report regarding FY 2013 implementation of new enforcement mechanisms
  - Jim Sandman, LSC President

7. Consider and act on amendments to LSC's Employee Handbook.
  - a) Elimination of requirement for Board approval of revisions to the Employee Handbook
  - b) Elimination of section 2.5 regarding Audit Committee investigations of employee complaints
    - Ron Flagg, General Counsel
8. Discussion of Committee's evaluations for 2013 and the Committee's goals for 2014
9. Other public comment
10. Consider and act on other business
11. Consider and act on adjournment of meeting



**Draft Minutes of October 20, 2013  
Meeting**

**Legal Services Corporation  
Meeting of the Operations & Regulations Committee**

**Open Session**

**DRAFT**

**Sunday, October 20, 2013**

Committee Chairman Charles N.W. Keckler convened an open session meeting of the Legal Services Corporation's ("LSC") Operations and Regulations Committee ("the Committee") at 1:30 p.m. on Sunday, October 20, 2013. The meeting was held at the Renaissance Pittsburgh Hotel, 107 Sixth Street, Pittsburgh, Pennsylvania 15222.

The following Committee members were present:

Charles N.W. Keckler, Chairman  
Robert J. Grey, Jr. (by telephone)  
Harry J.F. Korrell, III  
Laurie I. Mikva  
John G. Levi, *ex officio*

Other Board members present:

Sharon L. Browne  
Victor B. Maddox  
Martha L. Minow  
Father Pius Pietrzyk  
Julie A. Reiskin  
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Lynn Jennings	Vice President for Grants Management
Richard L. Sloane	Chief of Staff and Special Assistant to the President
Rebecca Fertig	Special Assistant to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Wendy Rhein	Chief Development Officer
Stefanie Davis	Assistant General Counsel, Office of Legal Affairs (OLA)
David L. Richardson	Comptroller and Treasurer
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director of Media Relations, (GRPA)
Janet LaBella	Director, Office of Program Performance
Jeffrey E. Schanz	Inspector General
Thomas Coogan	Assistant Inspector General for Investigations, Office of the Inspector General

Lora M. Rath	Director, Office of Compliance and Enforcement (OCE)
Allan J. Tanenbaum	Non-Director Member, LSC's Finance Committee
Bernie Brady	LSC Travel Coordinator
Terry Brooks	American Bar Association
Chuck Greenfield	National Legal Aid and Defenders Association (NLADA)
Don Saunders	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chairman Keckler noted the presence of a quorum and called the meeting to order.

### **MOTION**

Ms. Mikva moved to approve the agenda. Mr. Korrell seconded the motion.

### **VOTE**

The motion passed by voice vote.

### **MOTION**

Ms. Mikva moved to approve the minutes of the Committee meeting of July 22, 2013. Mr. Korrell seconded the motion.

### **VOTE**

The motion passed by voice vote.

Committee Chairman Keckler introduced Ms. Davis, who is assisting with the Committee's regulatory matters. Ms. Davis provided an update on rulemakings for 45 CFR Part 1626, restrictions on legal assistance to aliens, and 45 CFR Part 1614, private attorney involvement, and answered Committee members' questions.

Next, Ms. Davis presented the rulemaking options paper and draft Notice of Proposed Rulemaking (NPRM) for 45 CFR Part 1613, restrictions on legal assistance in criminal proceedings. The Committee members offered several edits to the draft rule, and Ms. Davis answered Committee members' questions.

### **MOTION**

Mr. Korrell moved to recommend to the Board approval of publication of the draft NPRM on 45 CFR Part 1613, as amended. Ms. Mikva seconded the motion.

**VOTE**

The motion passed by voice vote.

Next, Mr. Flagg briefed the Committee on updating population data for grants serving migratory and other agricultural workers, and answered Committee members' questions. President Sandman then led a discussion on plans for the Committee's annual review of LSC's implementation of the Strategic Plan for 2012 – 2016.

Committee Chairman Keckler invited public comments and received none.

There was no other business to consider.

**MOTION**

Mr. Levi moved to adjourn the meeting. Ms. Mikva seconded the motion.

**VOTE**

The motion passed by voice vote.

The Committee meeting adjourned at 2:45 p.m.

# **Restrictions on Legal Assistance to Aliens**

## **Final Rule Part 1626**

**LEGAL SERVICES CORPORATION**

**45 CFR Part 1626**

**Restrictions on Legal Assistance to Aliens**

**AGENCY:** Legal Services Corporation

**ACTION:** Final rule with request for comments.

**SUMMARY:** This final rule updates the Legal Services Corporation (LSC or Corporation) regulation on legal assistance to aliens. The rule implements four statutory changes regarding aliens eligible for legal assistance from LSC recipients that have been enacted since the pertinent provisions of the existing regulation were last revised in 1997. Those changes are described in more detail in the Supplementary Information section of this preamble.

**DATES:** Effective Date: [INSERT DATE OF PUBLICATION IN FEDERAL REGISTER].

Comment Date: Comments on the proposed Program Letter replacing the Appendix to Part 1626 are due [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Stefanie K. Davis, Assistant General Counsel, Legal Services Corporation, 3333 K Street NW, Washington, DC 20007, (202) 295-1563 (phone), (202) 337-6519 (fax), [1626rulemaking@lsc.gov](mailto:1626rulemaking@lsc.gov).

**SUPPLEMENTARY INFORMATION:**

**I. General Authorities, Impetus for Rulemaking, and Existing Rules**

LSC's current appropriation restrictions, including those governing the assistance that may be provided to aliens, were enacted in 1996 and have been reincorporated annually with amendments. Section 504(a)(11) of the FY 1996 LSC appropriation prohibits the Corporation from providing funds to any person or entity (recipient) that provides legal assistance to aliens other than those covered by statutory exceptions. Sec. 504(a)(11), Pub. L. 104-134, Title V, 110 Stat. 1321, 1321-54 (1996).

In subsequent years, Congress expanded eligibility to discrete categories of aliens. In 1997, Congress passed the Kennedy Amendment, which allowed LSC recipients to use non-LSC funds to provide related legal assistance to aliens who were battered or subjected to extreme cruelty in the United States by family members. Sec. 502(a)(2)(C), Pub. L. 104-208, Div. A, Title V, 110 Stat. 3009, 3009-60 (1996). Congress limited the type of assistance that recipients could provide to "legal assistance directly related to the prevention of, or obtaining relief from, the battery or cruelty described in" regulations issued pursuant to VAWA (hereinafter "related assistance"). Sec. 502(b)(2), Pub. L. 104-208, Div. A, Title V, 110 Stat. 3009-60. Congress renewed the Kennedy Amendment in the FY 1998 reincorporation and modification of the LSC appropriation restrictions. Sec. 502(a)(2)(C), Pub. L. 105-119, Title V, 111 Stat. 2440, 2511 (1997). Thereafter, LSC's annual appropriation has incorporated the FY 1998 restrictions by reference. See, e.g., Pub. L. 113-6, Div. B, Title IV, 127 Stat. 198, 268 (2013) (LSC FY 2013 appropriation).

The next expansions of eligibility came through the passage of the Victims of Trafficking and Violence Protection Act of 2000 (TVPA) and its progeny. Pub. L. 106-386, 114 Stat. 1464 (2000) (22 U.S.C. 7101 note). Through the TVPA, Congress directed the Board of Directors of LSC, along with Federal benefits granting agencies, to "expand

benefits and services to victims of severe forms of trafficking in persons in the United States, without regard to the immigration status of such victims.” Sec. 107(b)(1)(B), Pub. L. 106-386, 114 Stat. 1475 (22 U.S.C. 7105(b)(1)(B)). Congress passed the Trafficking Victims Protection Reauthorization Act (TVPRA) in 2003, which made certain family members of victims of severe forms of trafficking (“derivative T-visa holders”) eligible to receive legal services from LSC funding recipients. Sec. 4(a)(2)(B)(i), Pub. L. 108-193, 117 Stat. 2875, 2877 (2003) (22 U.S.C. 7105(b)(1)(B)).

In January 2006, Congress passed the Violence Against Women and Department of Justice Reauthorization Act of 2005 (VAWA 2005). VAWA 2005 further amended section 502(a)(2)(C) of the FY 1998 LSC appropriation to expand the categories of aliens to whom recipients may provide related assistance by adding aliens who (1) are victims of sexual assault or trafficking in the United States; or (2) qualify for U-visas under section 101(a)(15)(U) of the Immigration and Nationality Act (INA). Sec. 104, Pub. L. 109-162, 119 Stat. 2960, 2978 (2006). The U-visa provision of the INA allows aliens who are victims of one or more of the crimes listed therein and who may assist in law enforcement investigations or prosecutions related to such crimes, or who are family members of such victims, to remain in the United States for a limited period. 8 U.S.C. 1101(a)(15)(U). Additionally, VAWA 2005 removed the Kennedy Amendment’s restriction on the use of LSC funds to provide representation to aliens who are eligible for services under VAWA 2005. Sec. 104(a)(1)(A), Pub. L. 109-162, 119 Stat. 2979-80. The amended text of section 502 is not codified, but the pertinent portion is available at <http://www.lsc.gov/about/lsc-act-other-laws/violence-against-women-act-public-law-109-162-2006>.



The final expansion of eligibility occurred in 2007. The FY 2008 LSC appropriation amended section 504(a)(11) of the FY 1996 LSC appropriation to extend eligibility for assistance to forestry workers admitted to the United States under the H-2B temporary worker provision in section 101(a)(15)(H)(ii)(b) of the INA. Sec. 540, Pub. L. 110-161, Div. B, Title V, 121 Stat. 1844, 1924 (2007).

LSC last revised Part 1626 in 1997. After the alienage restrictions were enacted in 1996, LSC adopted an interim rule to implement the restrictions. 61 FR 45750, Aug. 29, 1996. While this rule was pending for comment, Congress passed the Kennedy Amendment. LSC subsequently revised Part 1626 to implement the Kennedy Amendment. 62 FR 19409, Apr. 21, 1997, amended by 62 FR 45755, Aug. 29, 1997. In 2003, LSC added a list of documents establishing the eligibility of aliens for legal assistance from LSC grant recipients as an appendix to Part 1626. 68 FR 55540, Sept. 26, 2003. The appendix has not been changed since 2003.

After 1997, LSC apprised recipients through program letters of certain statutory changes expanding alien eligibility for legal assistance provided by LSC funding recipients. Program Letter 02-5 (May 15, 2002) (TVPA); Program Letter 05-2 (Oct. 6, 2005) (TVPRA; superseded Program Letter 02-5); Program Letter 06-2 (Feb. 21, 2006) (VAWA 2005). This final rule incorporates the policies set forth in Program Letters 05-2 and 06-2. Both letters will be superseded upon publication of this final rule and will be removed from the “Current Program Letters” page of LSC’s website.

## **II. Procedural Background**

As a result of the numerous amendments to the alien eligibility provisions of the FY 1996 LSC appropriation, the Corporation determined that rulemaking to update Part

1626 was appropriate. On April 14, 2013, the Operations and Regulations Committee (the Committee) of the LSC Board of Directors (the Board) recommended that the Board authorize rulemaking to conform Part 1626 to statutory authorizations. On April 16, 2013, the Board authorized the initiation of rulemaking.

Pursuant to the LSC Rulemaking Protocol, LSC staff prepared a proposed rule amending Part 1626 with an explanatory rulemaking options paper. On July 22, 2013, the Committee recommended that the Board approve the proposed rule for notice and comment rulemaking. On July 23, 2013, the Board approved the proposed rule for publication in the Federal Register for notice and comment. LSC published the notice of proposed rulemaking (the NPRM) in the Federal Register on August 21, 2013. 78 FR 51696, Aug. 21, 2013. The comment period remained open for sixty days and closed on October 21, 2013.

On January 23, 2014, the Committee considered the draft final rule and recommended that the Board approve its publication. On January 25, 2014, the Board approved the final rule for publication.

Comment [A1]: Placeholder for Board action.

All of the comments and related memos submitted to the LSC Board regarding this rulemaking are available in the open rulemaking section of LSC's website at <http://www.lsc.gov/about/regulations-rules/open-rulemaking>. After the effective date of the rule, those materials will appear in the closed rulemaking section at <http://www.lsc.gov/about/regulations-rules/closed-rulemaking>

### III. Discussion of Comments and Regulatory Provisions

LSC received fifteen comments in response to the NPRM. Eight comments were submitted by LSC funding recipients, four were submitted by non-LSC funded non-profit

organizations, and three were submitted by individuals. All of the comments are posted on the rulemaking page of LSC's website: [www.lsc.gov/about/regulations-rules](http://www.lsc.gov/about/regulations-rules).

Most commenters supported the revisions to conform Part 1626 to the statutes expanding eligibility for legal services to certain crime victims, victims of severe forms of trafficking, and H-2B forestry workers. LSC received the greatest number of comments in response to the three issues the Corporation specifically sought comment on: the distinction between the VAWA 2005 and TVPA definitions of "trafficking," the geographic location of the predicate activity for eligibility, and the geographic location of the victim.

#### **Organizational Note**

In the final rule, definitions that the proposed rule placed in section 1626.4(c) have been moved to section 1626.2. As a result, paragraphs (d) through (g) of section 1626.4 have been relabeled as paragraphs (c) through (f). In the following discussion of the comments and the changes to the proposed rule, the relabeled paragraphs will be referred to by the number to be used in the final rule, except where the proposed rule is explicitly referenced.

#### **Specific Areas in Which LSC Requested Comments**

1. LSC specifically sought comment on whether the VAWA term "trafficking" differed from the TVPA/TVPRA/INA term "severe forms of trafficking," and, if so, how the terms are different and what evidence LSC recipients should rely on in distinguishing between these two terms.

LSC received seven comments in response to this request. Of the seven, one observed a trend of linking the VAWA and INA definitions of trafficking to the TVPA

term “severe forms of trafficking” and suggested that the term “severe forms of trafficking” should control all uses of the term “trafficking.” The other six commenters generally agreed that the VAWA 2005 term “trafficking” differs from the term “severe forms of trafficking” used in the TVPA and the INA. All six of those commenters believed that “trafficking” as used in VAWA 2005 is a broader term than the TVPA’s “severe forms of trafficking.” This belief applied to both the plain term “trafficking” in VAWA 2005 and the qualifying crime of trafficking for purposes of U-visa eligibility under section 101(a)(15)(U) of the INA. One commenter noted that “the term ‘trafficking’ was included in the U-visa provisions to cover forms of human trafficking” in which persons were being trafficked, but would have difficulty meeting the “severe forms of trafficking” standard to obtain eligibility for benefits under the TVPA. By making trafficking a crime for which individuals could qualify for related legal assistance or a U-visa, the commenter continued, Congress extended “protection and help [to] both the trafficking victims who could meet the severe forms test and those who could not.”

Commenters differed, however, in how they believed LSC should account for the difference in definitions. Five commenters recommended that LSC adopt VAWA 2005’s broader term “trafficking” over the TVPA’s “severe forms of trafficking.” A sixth commenter asserted that in determining eligibility, “a LSC funded organization should be able to rely on the applicable state statute which would make the applicant eligible for a U visa or the federal statute which defines ‘severe form of trafficking,’ whichever is broader. Moreover, LSC funded organizations should be able to rely on any evidence that supports the applicable definition in a particular case.”

In order to qualify for a U-visa, an alien must be a victim of at least one of the types of criminal activity listed in section 101(a)(15)(U)(iii) of the INA. The listed crimes, which include “trafficking,” must “violate[] the laws of the United States or occur[] in the United States (including in Indian country and military installations) or the territories and possessions of the United States[.]” 8 U.S.C. 1101(a)(15)(U)(i)(IV). Neither the INA nor VAWA 2005 defines the term “trafficking.”

The TVPA also fails to define “trafficking,” although it does define and use the terms “severe forms of trafficking in persons” and “sex trafficking.” 22 U.S.C. 7102. The TVPA defines “sex trafficking” as “the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act.” 22 U.S.C. 7102(9). “Severe forms of trafficking in persons” means (a) “sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age;” or (b) “the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.” 22 U.S.C. 7102(8). The TVPA does not reference state, tribal, or territorial laws that criminalize trafficking.

LSC agrees with the commenters that the VAWA term “trafficking,” incorporating as it does crimes that would constitute trafficking if they violated state or federal law, is broader than both “sex trafficking” and “severe forms of trafficking in persons” as defined in the TVPA. Indeed, “trafficking” as used in VAWA 2005 would include both sex trafficking and severe forms of trafficking in persons, as both are defined as crimes by a federal law, the TVPA. For purposes of eligibility for services

under section 1626.4, LSC will retain the proposed definitions of “victim of trafficking” and “victim of severe forms of trafficking” with minor revisions to track the relevant statutes more closely. The reason for using these definitions is that victims of trafficking under VAWA 2005 and victims of severe forms of trafficking under the TVPA are eligible for differing types of legal assistance. Trafficking victims eligible under VAWA may receive legal assistance related to battery, cruelty, sexual assault, or trafficking and other specified crimes, while victims of severe forms of trafficking under the TVPA may receive any legal assistance that is not otherwise restricted and is within the recipient’s priorities. It is therefore important to retain the distinction between the two in order to ensure that individuals receive the legal assistance that is appropriate for their basis of eligibility.

LSC also sought comment on the types of evidence that recipients should rely on to distinguish between victims of trafficking under VAWA 2005 and victims of severe forms of trafficking under the TVPA. Only one commenter responded to this request, stating that the organization was unclear about what kind of information LSC sought. The commenter also stated that “recipients should be able to rely on the definition in the statute that is applicable to the crime involved and evidence that meets that definition.”

In response to this comment, LSC has revised proposed section 1626.4(e), renumbered as section 1626.4(d) in the final rule, to separate the evidence that may be presented by individuals eligible for legal assistance under VAWA 2005 from forms of evidence that may be presented by victims of severe forms of trafficking under the TVPA. For individuals who claim eligibility based on being a victim of trafficking under VAWA 2005, section 1626.4(d)(2) incorporates the list used in proposed section

1626.4(e). LSC notes that this list is nonexclusive, and that recipients may accept other types of credible evidence. Evidence may also include an application for a U-visa or evidence that the individual was granted a U-visa.

Section 1626.4(d)(3) sets forth the types of evidence that are unique to victims of severe forms of trafficking. These forms of evidence include a certification letter issued by the U.S. Department of Health and Human Services (HHS) or, in the case of a minor victim of severe forms of trafficking, an interim or final eligibility letter issued by HHS. Recipients may also call the HHS trafficking verification line at (202) 401-5510 or (866) 401-5510 to confirm that HHS has issued an alien a certification letter. HHS is the only federal agency authorized to certify victims of severe forms of trafficking to receive public benefits or to issue eligibility letters to minors. It is important to note that minors do not need to have an eligibility letter to be eligible for services. Recipients only need to determine that a minor meets the definition of a victim of severe forms of trafficking in 22 U.S.C. 7105(b)(1)(C).

2. LSC specifically sought comment on the geographic location in which the predicate activity takes place.

LSC proposed to interpret the VAWA 2005 phrase “victim of trafficking in the United States” and the TVPA phrase “victim of severe forms of trafficking in the United States” to require that an alien be trafficked into or experience trafficking within the United States to be eligible for legal assistance from LSC funding recipients. LSC believed that this interpretation was necessary because LSC read the qualifier “in the United States” to apply to the activity of trafficking, rather than to the victim of trafficking.

With regard to the geographical restriction as it applied to trafficking under VAWA 2005, LSC received eight comments. One commenter simply stated that LSC's interpretation was correct. Seven commenters disagreed with LSC's proposed interpretation, arguing in all instances that "in the United States" modified "victim of trafficking" or "victim of severe forms of trafficking," rather than just "trafficking." Of the commenters who disagreed with LSC's interpretation, four linked the VAWA 2005 language to the language in section 7105(b)(1)(B) of the TVPA authorizing LSC and federal benefits granting agencies to expand benefits and services to "victims of severe forms of trafficking in the United States[.]" These commenters understood the phrase "in the United States" to "refer to the location of the victim, rather than the location of the abuse," and relied on the heading of section 7105(b), "Victims in the United States," in support of their reading. One commenter noted that trafficking is a qualifying crime for U-visa eligibility, and that section 101(a)(15)(U) of the INA does not require that an alien have been a victim of one of the qualifying crimes within the United States to be eligible to receive a U-visa. Two commenters noted that VAWA 2005 authorizes the use of LSC funds to provide legal assistance to both "victims of sexual assault or trafficking in the United States" and aliens who qualify for a U-visa, which they asserted meant that even if LSC's interpretation were correct, LSC funding recipients could still provide assistance to aliens who were victims of sexual assault or trafficking outside the United States because both crimes are qualifying crimes under section 101(a)(15)(U)(iii). The last commenter opposing LSC's interpretation observed that the VAWA 2005 amendments to section 502 made that section "internally inconsistent." The commenter remarked that VAWA 2005 created two categories of eligibility – one for victims of battery, extreme



cruelty, sexual assault, or trafficking “in the United States,” and one for aliens qualified for U-visa status, which specifically contemplates that qualifying crimes are those that “violated the laws of the United States or occurred in the United States (including in Indian country and military installations) or the territories and possessions of the United States[.]” 8 U.S.C. 1101(a)(15)(U)(i)(IV). Because trafficking is a qualifying crime for U-visa eligibility, the commenter continued, VAWA 2005 appears to treat trafficking inconsistently. Finally, the commenter noted that by treating trafficking as requiring activity to occur in the United States, but not placing the same requirement on sexual assault and domestic violence, which are also qualifying crimes for U-visa eligibility, the regulation is unnecessarily internally inconsistent.

The same seven commenters likewise opposed LSC’s proposed interpretation of the TVPA term “victims of severe forms of trafficking in the United States.” Most of the commenters pointed to the plain language of the TVPA and the INA in support of their argument. First, they noted that the TVPA definition of “severe form of trafficking in persons” does not include a geographical limitation to trafficking activities that occur in the United States. Second, they assert that the title of section 107(b) of the TVPA, “Victims in the United States,” makes clear that it is the victims, rather than the activities, that must be in the United States. 22 U.S.C. 7105(b). Finally, they relied on the INA criteria for T-visa eligibility. In order to qualify for a T-visa, an alien must be a victim of a severe form of trafficking in persons; must be willing to cooperate with law enforcement, unable to cooperate due to physical or psychological trauma, or be under the age of 18; and must be “physically present in the United States . . . on account of such trafficking, including physical presence on account of the alien having been allowed

entry into the United States for participation in investigative or judicial processes associated with an act or a perpetrator of trafficking[.]” 8 U.S.C. 1101(a)(15)(T).

LSC has considered all comments and has reviewed the relevant section of the INA, section 101(a)(15)(T). Section 101(a)(15)(T)(i)(II) requires that to qualify for a T visa, an alien must be a victim of severe forms of trafficking and be “physically present in the United States, American Samoa, or the Commonwealth of the Northern Mariana Islands, or at a port of entry thereto, on account of such trafficking, including physical presence on account of the alien having been allowed entry into the United States for participation in investigative or judicial processes associated with an act or a perpetrator of trafficking[.]” 8 U.S.C. 1101(a)(15)(T)(i)(II). The United States Citizenship and Immigration Service’s (USCIS) information page for T nonimmigrant status reflects this language in a simplified form, stating that in order to be eligible for a T-visa, an alien must be “in the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or at a port of entry due to trafficking[.]” Victims of Human Trafficking: T Nonimmigrant Status, [www.uscis.gov/humanitarian/victims-human-trafficking-other-crimes/victims-human-trafficking-t-nonimmigrant-status](http://www.uscis.gov/humanitarian/victims-human-trafficking-other-crimes/victims-human-trafficking-t-nonimmigrant-status) (emphasis added). The INA clearly requires that a victim of severe forms of trafficking be present in the United States as a result of trafficking activity in order to qualify for immigration relief, but it does not require that the trafficking itself occur within the United States.

It would be inconsistent with the plain language of the INA, VAWA 2005, and the TVPA and its progeny to require that an alien have been trafficked into or within the United States to qualify for legal assistance from an LSC funding recipient. For this reason, and for the reasons stated by the commenters, LSC is revising the language in

proposed section 1626.4(d)(1) to remove the requirement that an alien have been subjected to trafficking activity in the United States in order to be eligible to receive legal assistance from an LSC recipient.

LSC is also making two technical amendments to proposed section 1626.4(d). The first is to rename proposed section 1626.4(d) “Relationship to the United States,” and section 1626.4(d)(1) “Relation of activity to the United States.” LSC is making these changes to reflect that although the criminal activity giving rise to eligibility under VAWA does not need to occur in the United States, the crime must have violated the laws of the United States. The second change is to restate in section 1626.4(d)(1) the language from section 101(a)(15)(U)(i)(IV) of the INA that a listed crime must have violated the laws of the United States or occurred within the United States in order to be a qualifying crime for purposes of U-visa eligibility.

3. LSC specifically sought comment regarding whether an alien must be physically present in the United States to receive legal assistance.

LSC proposed that aliens eligible to receive legal assistance under one of the anti-abuse statutes would be eligible for such assistance regardless of whether they were present in the United States. LSC reasoned that the anti-abuse statutes, viewed collectively, did not require an alien to be present in the United States to be eligible to receive legal assistance. LSC received eight comments on this issue. Seven commenters agreed with LSC’s proposed position. One commenter opposed.

The seven commenters responding in support of LSC’s position generally noted that the position was consistent with section 101(a)(15)(U) of the INA, which contemplates that an alien who qualifies for U-visa relief may have been a victim of a

qualifying crime that occurred outside the United States. One commenter pointed out that Congress amended VAWA to allow eligible victims to file petitions for relief from outside the United States. Another commenter remarked that victims of abuse may find themselves outside the United States for reasons related to the abuse if suffered here, and that the legal assistance provided by an LSC funding recipient may be essential to ensuring that the victims are able to petition successfully for legal status.

The commenter opposing LSC's proposal first argued that LSC is improperly "tying the removal of geographical presence in with the new applicability of assistance to aliens receiving U visas." The commenter believed that the ability of aliens who were victims of qualifying crimes that occurred outside the United States to apply for U-visa relief from outside the United States "has no bearing on territorial requirements for individuals receiving assistance from the VAWA amendments." Secondly, the commenter argued that allowing recipients to represent aliens not present in the United States would significantly increase the case work of LSC recipients and would likely lead to the expenditure of scarce resources in pursuit of frivolous petitions for immigration relief. None of the LSC recipients who commented on the NPRM indicated that they were unable to serve adequately aliens eligible under the anti-abuse statutes or were otherwise compromising their representation of other eligible clients.

LSC continues to believe that the proposed language is consistent with USCIS's interpretation of the U-visa provisions and with Congressional intent in removing the requirement that an alien have been a victim of battery, extreme cruelty, or sexual abuse in the United States. As discussed in the preceding section, however, the VAWA 2005 amendment to section 502(a)(2)(C) of the FY 1998 LSC appropriation is internally

inconsistent with respect to whether victims of trafficking must be in the United States in order to be eligible for benefits. This is because the U-visa provision of the INA, which includes trafficking as a qualifying crime, contemplates that the trafficking may occur outside the United States, see 8 U.S.C. 1101(a)(15)(U)(i)(IV) (“the criminal activity described in clause (iii) violated the laws of the United States or occurred in the United States . . .”), while the amendment to section 502(a)(C) uses the phrase “victim of . . . trafficking in the United States.” Sec. 104(a), Pub. L. 109-162, 119 Stat. 2960, 2979.

Because the modifier “in the United States” must be given some meaning, LSC is interpreting the VAWA 2005 term “victim of . . . trafficking in the United States” to mean that an alien who is seeking legal assistance as a victim of trafficking under VAWA does not need to show that the trafficking activity occurred in the United States, but must be present in the United States to be eligible for assistance. This reading is consistent with the reading that LSC is applying to the term “victim of severe forms of trafficking in the United States” in the TVPA.

Section 101(a)(15)(T)(i)(II) of the INA, discussed above, requires a victim of severe forms of trafficking to be present in the United States on account of such trafficking in order to be eligible for a T-visa. “On account of such trafficking” includes, but is not limited to, having been allowed entry to assist law enforcement in the investigation and prosecution of an act or perpetrator of trafficking. 8 U.S.C. 1101(a)(15)(T)(i)(II). LSC believes that this language also includes a victim of severe forms of trafficking abroad who flees into the United States to escape the trafficking. Under these circumstances, the victim is in the United States “on account of such trafficking,” and would be eligible for LSC-funded legal assistance.

Based on the comments received and the subsequent review of the INA, LSC is modifying the language in proposed section 1626.4(d), renumbered as section 1626.4(c), to reflect the distinction between eligibility for victims of trafficking who qualify for a U-visa and those who are eligible under VAWA or under the TVPA. LSC will add subsection 1626.4(c)(2), “Relationship of alien to the United States,” to describe the circumstances under which an alien must be present in the United States to be eligible for legal assistance under the anti-abuse statutes. Section 1626.4(c)(2)(i) will state that victims of battery, extreme cruelty, or sexual abuse, or who are qualified for a U-visa, do not need to be present in the United States to receive legal assistance from LSC funding recipients. Section 1626.4(c)(2)(ii) will address victims of severe forms of trafficking, who must be present in the United States on account of such trafficking to be eligible for LSC-funded legal assistance. Finally, Section 1626.4(c)(2)(iii) will address victims of trafficking under VAWA, who only need to be present in the United States to be eligible for assistance.

### **General Comments**

Comments not directed at a specific question or section of the regulations are discussed below.

#### Establishing Requirements for Recipient Compliance with VAWA 2005

One commenter expressed concern that the regulatory language used to expand eligibility to the categories of aliens covered by VAWA 2005 was too weak. The commenter stated that VAWA 2005 and its subsequent reauthorization acts generally contain provisions requiring DHS to issue regulations and entities receiving funding through VAWA 2005 to take certain actions within prescribed time limits after passage

of the statute. The commenter recommended that LSC revise the final rule to require that recipients

- Include in their next funding or renewal of funding applications a copy of their written plans for implementing the changes called for in the final rule;
- Identify and consult with domestic violence, sexual assault, and victim services programs working to serve immigrant crime victims in the recipient's service area; and
- Submit with each funding application a copy of the recipient's plan implementing section 1626.4, including a statement of the work the recipient has done to conduct outreach to, consult with, and collaborate with victim services providers with expertise providing assistance to underserved populations.

VAWA 2005 amended section 502 of the FY 1996 LSC appropriation to authorize LSC recipients to provide legal assistance, using LSC funds or non-LSC funds, to alien victims of battery, extreme cruelty, sexual assault, or trafficking in the United States, and aliens qualified for a U-visa. VAWA 2005 does not require LSC to undertake any actions to implement the expanded authority, nor does it require LSC funding recipients to provide legal assistance to the new categories of eligible aliens. Because VAWA 2005 places no obligations on either LSC or its recipients and contains no timeframes within which they must take action, LSC will not place implementation requirements on its recipients.

#### Publication of Interlineated Statute

One commenter recommended that LSC should publish an interlineated statute showing the changes to section 502 of the FY 1996 LSC appropriation made by VAWA 2005 and republish an updated version each time it is amended. LSC publishes interlineated versions of the relevant statutes on the LSC website (<http://www.lsc.gov/about/lsc-act-other-laws/lsc-appropriations-acts-committee-reports>) and updates the page as necessary to reflect changes to the statutes. LSC believes that its practice of posting the interlineated statutes on its website addresses the commenter's recommendation and is sufficient to address changes to the laws affecting LSC and its recipients until the Corporation can undertake any necessary rulemaking.

#### Correcting Incorrect References

One commenter noted that the NPRM incorrectly referred to the "Customs and Immigration Service," rather than the agency's proper name, "Citizenship and Immigration Service." The references have been corrected.

#### Extension of the Comment Period

Four commenters recommended that LSC extend the comment period to allow other interested organizations the opportunity to comment. The commenters were three LSC funding recipients and one national non-profit. Commenters stated that they had learned of the rulemaking shortly before the close of the comment period and that they believed the complex nature of the issues raised by the rulemaking required additional time to develop proper responses.

LSC does not believe an extension of the comment period is warranted. The comment period was open for sixty days, and recipients were advised of the rulemaking via email the day the NPRM was published in the Federal Register. For the three specific



questions on which LSC sought comment, commenters overwhelmingly reached the same conclusion. On the other issues for which comments were received, commenters generally made the same recommendation. None of the four commenters requesting an extension identified any specific issue they intended to address if given additional time to respond. For these reasons, LSC does not believe it is necessary to reopen the comment period.

### **Section-by-Section Discussion of Comments and the Final Rule**

#### **Proposed 1626.2 Definitions.**

**1. Comment:** One commenter stated that the list of anti-abuse statutes in section 1626.2(f) was incomplete. The commenter recommended adding the battered spouse waiver in the Immigration and Nationality Act (INA), 8 U.S.C. 1186a(c)(4)(C), the 2013 VAWA reauthorization, and the 2005, 2008, and 2013 reauthorizations of the TVPA to the list.

**Response:** As a matter of law, LSC does not have the authority to extend eligibility for legal assistance provided by LSC funding recipients to aliens eligible for the battered spouse waiver under 8 U.S.C. 1186a(c)(4)(C). Of the statutes reauthorizing VAWA and the TVPA, only the 2005 VAWA reauthorization and the TVPRA of 2003 affected the eligibility of certain aliens to receive legal assistance from LSC funded providers. LSC will revise the references to VAWA and the TVPA to indicate that LSC considers those statutes, as amended, as the anti-abuse statutes.

LSC is making several changes to section 1626.2. LSC is moving the definitions of “battered or extreme cruelty,” “victim of sexual assault or trafficking,” “victim of severe forms of trafficking,” and “qualifies for immigration relief” to section 1626.2 from

proposed section 1626.4(c) to consolidate definitions in Part 1626 for ease of reference and deleting proposed section 1626.4(c). LSC believes that removing the definitions from the operational text of section 1626.4 will improve the readability and comprehensibility of the rule.

With respect to the definition of “battered or extreme cruelty,” LSC is reinstating the definition used in existing subsection 1626.2(f). LSC determined that the cross-reference to agency regulations defining the term did not clarify or add anything to the existing definition and could result in confusion if agencies differed in their definitions of the term.

The Corporation is also inserting a definition for the term “certification.” “Certification” is a term created by the TVPA and is defined at 22 U.S.C. 7105(b)(1)(E). Certification refers to the determination made by the Secretary of HHS that an individual was subjected to severe forms of trafficking, is willing to provide all reasonable assistance to law enforcement in the investigation or prosecution of a trafficker, and has either filed a bona fide application for a T-visa that has not been rejected or has been granted continued presence to assist law enforcement by DHS.

LSC is making a technical amendment to the definition of “victim of sexual assault.” In the NPRM, proposed section 1626.4(c)(2)(i) defined “a victim of sexual assault” as an individual “subjected to any conduct included in the definition of sexual assault or sexual abuse in VAWA, including but not limited to sexual abuse, aggravated sexual abuse, abusive sexual contact, or sexual abuse of a minor or ward[.]” However, the term “sexual abuse” is not defined in VAWA, and the VAWA definition of “sexual assault” does not track the examples provided in the proposed definition. To avoid

confusion, LSC is revising the definition to remove the reference to a definition of “sexual abuse” in VAWA and adopt by incorporation the VAWA definition of “sexual assault.”

Finally, LSC is alphabetizing the definitions in section 1626.2 for ease of reference.

Proposed 1626.3 Prohibition.

LSC received no comments on the proposed technical corrections to this section.

Proposed 1626.4 Aliens eligible for assistance under anti-abuse laws.

As stated earlier in this preamble, LSC is deleting proposed section 1626.4(c) and moving the definitions contained therein to section 1626.2. Proposed subsections 1626.4(d) through (g) will be renumbered as subsections 1626.4(c) through (f) in the final rule.

Proposed 1626.4(a)(2) Legal assistance to victims of severe forms of trafficking and certain family members.

Paragraph (a)(2) incorporates the policies established in Program Letter 02-5 and Program Letter 05-2. Individuals eligible for legal assistance under the TVPA and the 2003 TVPRA include individuals applying for certification as victims of severe forms of trafficking and certain family members seeking immigration relief under section 101(a)(15)(T)(ii) of the INA (8 U.S.C. 1101(a)(15)(T)(ii)).

Proposed 1626.4(b)(2) Types of cases constituting “related legal assistance.”

1. Comment: One commenter suggested that LSC include within “related legal assistance” assistance ensuring that clients are protected by the privacy and confidentiality provisions of VAWA 2005 and are able to access the protections

and benefits of education laws, including access to post-secondary educational grants and loans. According to the commenter, “a significant component of effective representation of sexual assault victims and domestic violence victims in many cultural communities is ensuring privacy and confidentiality.” Additionally, “access to educational benefits and remedies under education laws to address the subsequent problems that stem from the abuse and accommodations sexual assault survivors may need in the educational context” is an integral part of helping immigrant victims of sexual assault to move on with their lives, to stay in school, and to settle successfully in the United States.

By email dated November 25, 2013, LSC sought additional information from the commenter explaining the types of related legal assistance the commenter believed LSC recipients could provide in the context of VAWA confidentiality and privacy provisions. The commenter responded by email on December 13, 2013 with examples of assistance. The examples included “preventing discovery of shelter records or mental health records of a victim in a custody, protection order, or criminal court proceeding,” “assistance with change of identity for crime victims who are witnesses eligible to participate in victim protection programs,” and keeping information about the victim’s immigration status and information contained in a victim’s application for immigration relief under VAWA, 8 U.S.C. 1101(a)(15)(T), or 8 U.S.C. 1101(a)(15)(U), out of a family court case.

Response: LSC will retain the language in the proposed rule. LSC intended the examples of “related legal assistance,” including the list in the parenthetical, to be

illustrative rather than exhaustive. LSC understands that there may be types of assistance, including assistance protecting confidentiality and privacy rights or ensuring access to education, that may constitute “related legal assistance.” The key factor for recipients to consider in determining whether a requested service is “related legal assistance” is the connection between the assistance and the purposes for which assistance can be given: escaping abuse, ameliorating the effects of the abuse, or preventing future abuse. To the extent that ensuring clients are protected by the privacy and confidentiality provisions of VAWA and the protections and benefits of education laws is necessary to help the clients escape, ameliorate the effects of, or prevent future abuse, legal assistance to secure those protections and benefits would constitute “related legal assistance.”

Proposed 1626.4(c) Definitions of Categories of Eligible Aliens Under Anti-Abuse Statutes.

As stated in the discussion of section 1626.2, LSC is deleting this section and moving the definitions to section 1626.2.

Proposed 1626.4(e) Evidentiary support.

1. Comment: LSC received four comments regarding the types of evidence that recipients may consider in support of a showing that an alien is eligible for legal assistance under one of the anti-abuse statutes. All of the comments supported the use of the list of evidentiary types taken directly from VAWA.

Response: LSC will retain the proposed text of section 1626.4(e) with respect to types of evidentiary support.

2. Comment: One commenter recommended that LSC revise proposed paragraphs (e) and (f) to “clearly state that where programs may represent individuals without regard to their citizenship or immigration status . . . programs are not required to inquire into the citizenship or immigration status of these clients.” Another commenter similarly suggested that LSC should include language in the final rule shifting the eligibility focus at intake from citizenship or eligible alien status to victimization.

Response: LSC will retain the language of the proposed rule. VAWA 2005 authorizes, rather than requires, LSC funds to be used to represent victims of battery, extreme cruelty, sexual assault, and trafficking, or aliens who are qualified for a U-visa. Recipients are responsible for setting their own priorities and may choose not to prioritize the types of assistance that are authorized under VAWA 2005. LSC believes that recipients should retain the discretion to conduct their intake processes in the ways that they determine are the most effective at identifying clients who are eligible for services and whose cases are within the recipients’ priority areas.

LSC reminds recipients that Advisory Opinion AO-2009-1008 addressed the question whether recipients must determine the immigration status of aliens who qualify for assistance under one of the anti-abuse statutes. In that opinion, the Office of Legal Affairs stated that once a recipient determined that an individual has a legal need that would qualify for the exceptions of the anti-abuse statutes to the alienage requirement, the recipient does not need to inquire into the citizenship or immigration status of that individual. The final rule does not affect the validity of the conclusion stated in AO-2009-1008.

3. Comment: Two commenters recommended revising the examples of changes in eligibility in section 1626.4(e). One recommended including examples of when an alien's eligibility for legal assistance may change from eligibility under an anti-abuse statute to eligibility by reason of the alien's immigration status and vice versa in the preamble to the final rule. The other recommended removing or revising the examples in section 1626.4. The commenter believed that the examples provided in proposed section 1626.4(e) were "problematic" because they suggested that an individual whose application for status was rejected would subsequently be deemed ineligible to receive legal assistance under the anti-abuse statutes or they were too vague about which component of DHS made the determination of ineligibility and at which stage of review the determination of ineligibility was made. The commenter also opined that the requirement in the draft rule and in Program Letter 06-2 that recipients terminate representation of an individual once DHS issued a final denial of the individual's petition for a U-visa is without basis in law. The commenter reasoned that the VAWA 2005 amendment to section 502 of the FY 1996 LSC appropriation based eligibility for services on an individual's "qualifying" for a U-visa, which the commenter stated "arguably applies when there is a need for corrected documents or there is after-acquired evidence."

Response: LSC is removing the examples from the text of the regulation. However, LSC wishes to clarify two points in response to the comments. The existing regulation defines "rejected" as "an application that has been denied by the Department of Homeland Security (DHS) and is not subject to further administrative

appeal. In the example of the “final denial” of a petition for a U-visa, LSC did not intend to create ambiguity and should have used the regulatory term “rejected.”

With respect to subsequent eligibility, LSC did not intend the examples to suggest that an individual whose application for status was rejected because of insufficient or incomplete evidence would be ineligible for related legal assistance at a later date if the individual returned with additional evidence that he or she was a victim of battery or extreme cruelty, sexual assault, trafficking, or one of the qualifying crimes for a U-visa. The example was intended only to explain how an individual’s eligibility for services may change when the application in connection with which the individual qualified for services is rejected.

LSC is sensitive to the difficulties that alien victims of abuse may have in developing and documenting credible evidence of the abuse. For purposes of eligibility, however, LSC’s policy is that once the petition for a U-visa upon which an individual was determined to be eligible for services has been rejected and no further avenues of appeal are available for that petition, the individual must be deemed not qualified for a U-visa and the recipient must terminate representation consistent with applicable rules of professional responsibility unless there is another basis upon which the alien can be found eligible. The individual may be found eligible for services based on qualifying for a U-visa at a later time if the individual can provide additional evidence supporting his or her claim for eligibility.

LSC is removing the statement at the end of proposed section 1626.4(e) that recipient staff should review the evidence presented at intake to support an individual’s basis for eligibility under the anti-abuse statutes. Upon further



consideration, LSC determined that this sentence was unduly prescriptive about how recipients assess eligibility and appeared to set up a different rule for reviewing eligibility under the anti-abuse statutes. Recipients should have mechanisms in place for evaluating a client's continued eligibility for services, regardless of the basis of eligibility

Proposed 1626.4(f) Recordkeeping.

1. Comment: Two commenters opposed the requirement in proposed paragraphs (f)(1) and (f)(2) that if an alien provides a visa or visa application as evidence to support his eligibility for legal services under the anti-abuse statutes, the recipient must keep a copy of the document in its files. One commenter noted that the requirement was a change in LSC policy, which currently does not require applicants to keep copies of immigration documents to prove alien eligibility. The other commenter stated that such a requirement is contrary to "motivations and the direction of the evolution of federal VAWA confidentiality law." The commenter described the confidentiality provisions of VAWA as protecting not only the information contained within a VAWA, T, or U visa application, but also as preventing a third party from obtaining information about the existence of such applications except in certain carefully circumscribed cases.

Response: LSC agrees with these comments. LSC will replace proposed subparagraph (f) with language substantially similar to existing subsection (b): "Recipients are not required by § 1626.12 to maintain records regarding the immigration status of clients represented pursuant to this section." The Corporation will include a sentence in the final rule stating that if an alien presents an immigration

document as evidence of eligibility under the anti-abuse statutes, recipients shall document eligibility under the anti-abuse statutes by making a note in the client's file stating that the recipient has seen the visa or the application for a visa that supports the recipient's claim for eligibility and identifying the type of document, the applicant's alien registration number ("A number"), the date of the document, and the date of the review. The note should be signed by the staff member who reviewed the document. LSC understands the confidentiality concerns that this approach may raise; however, recipients must be able to document the basis for an individual's eligibility. In the event an alien presents an immigration document, LSC believes that documenting the basis for eligibility by recording the type of immigration document presented is reasonable and accommodates the commenters' concern.

Proposed section 1626.4(g) Changes in basis for eligibility.

Because LSC is deleting paragraph (c), this subsection will be relocated to paragraph (f). No other changes will be made to this subsection.

Proposed 1626.5 Aliens eligible for assistance based on immigration status.

1. Comment: LSC received four comments regarding proposed section 1626.5(e). The proposed change to this section updated the reference to withholding of removal under section 243(h) of the INA to section 241(b)(3) of the INA to reflect the transfer of the provision from one section of the INA to the other. The comments were substantially similar in their recommendation and rationale. The commenters recommended that persons granted withholding of deportation under prior section 243(h) of the INA should not be removed from the regulation because some persons

are still subject to deportation proceedings or orders of deportation and cannot obtain withholding of removal under section 241(b)(3) of the INA.

Response: LSC made this change to the rule to reflect an update to the INA. Further research showed that Congress intended individuals with orders of exclusion or deportation to be treated the same as individuals with orders of removal. In the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), Congress recharacterized the actions of deportation (expulsion from the United States) and exclusion (barring from entry into the United States) into a single action – removal. Sec. 304, Pub. L. 104-208, Div. C, Tit. III, 110 Stat. 3009-589 (1996) (8 U.S.C. 1229a) (establishing “removal proceedings” as the proceedings in which an immigration judge would decide the admissibility or deportability of an alien); see also 8 U.S.C. 1229(e)(2) (defining “removable” to mean that an alien is either inadmissible under section 212 of the INA or deportable under section 237 of the INA); Sec. 308, Pub. L. 104-208, Div. C, Tit. III, 110 Stat. 3009-614–3009-625 (amending various sections of the INA to change references to “deportation” or “exclusion” to “removal”). Section 309(d)(2) of IIRIRA explicitly states that for carrying out the purposes of the INA, “any reference in law to an order of removal shall be deemed to include a reference to an order of exclusion and deportation or an order of deportation.” Sec. 309(d)(2), Pub. L. 104-208, Div. C, Tit. III, 110 Stat. 3009-627 (8 U.S.C. 1101 note).

LSC does not believe that, when Congress passed IIRIRA, it intended to bar individuals granted withholding of deportation under prior section 243(h) of the INA from continued eligibility for legal services from an LSC funding recipient. Rather,

the various provisions in IIRIRA consolidating “deportation” and “exclusion” under the umbrella of “removal,” combined with the deeming provision in section 309(d)(2), suggest that Congress intended the rights, remedies, and obligations attending deportation and exclusion to carry over to removal. Consequently, LSC accepts the comment and will revise section 1626.5(e) to restore the references to individuals who received withholding of deportation under prior INA section 243(h).

2. Comment: The same four commenters recommended that LSC include in section 1626.5 “withholding of removal under the Convention Against Torture (CAT)” and “deferral of removal under CAT” as bases for eligibility. Their reasons for the recommendation were twofold. First, withholding and deferral of removal under the CAT are “extremely similar” to withholding of deportation or removal under either prior section 243(h) or current section 241(b) of the INA because each type of withholding is intended to prevent an individual from being involuntarily returned to a country where his or her life or freedom would be endangered. The second reason was a practical one – that individuals may not have documentation specifying which type of withholding of removal they have received. The commenters stated that USCIS uses the same code for all three types of withholding.

Response: LSC is sensitive to the fact that individuals who have obtained withholding of removal under the CAT may need legal assistance in much the same way that individuals who have received withholding of removal under section 243(h) of the INA or deportation under prior section 241(b) of the INA do. However, Congress has not authorized LSC to extend eligibility to individuals who have obtained withholding of removal under the CAT. Because LSC has neither the authority nor

the discretion to extend eligibility for LSC-funded legal assistance to these individuals, LSC will retain the text from the proposed rule.

LSC is making a technical amendment to section 1626.5(c). The first sentence of the section states that an alien who has been granted asylum by the Attorney General under Section 208 of the INA is eligible for assistance. LSC is inserting the phrase “or the Secretary of DHS” to reflect the fact that Section 208 of the INA, 8 U.S.C. 1158, has been amended to give the Secretary of DHS the authority to grant asylum, in addition to the Attorney General. Sec. 101(a)(1), (2), Pub. L. 109-13; 119 Stat. 231, 302 (2005).

Proposed 1626.6 Verification of citizenship.

No comments were received on the proposed changes to this section.

Proposed 1626.7 Verification of Eligible Alien Status.

LSC received comments on the proposal to remove the appendix to Part 1626 and publish the contents as a program letter or equivalent document, which will be discussed in the section on the appendix. LSC received no comments on the other proposed changes to this section.

Proposed 1626.8 Emergencies.

No comments were received on the proposed changes to this section.

Proposed 1626.11 H-2 Forestry and Agricultural Workers.

1. Comment: LSC received two comments in response to the proposed revisions to section 1626.11. LSC proposed to amend section 1626.11 to add H-2B forestry workers as a new category of aliens eligible for legal assistance from LSC funding recipients, consistent with the FY 2008 LSC appropriation’s amendment to section

504(a)(11)(E) of the FY 1996 LSC appropriation. Both comments supported the amendment, stating that the ability to represent H-2A agricultural and H-2B forestry workers enables recipients to engage more fully in investigating and enforcing labor laws, particularly wage and conditions laws. One commenter recommended that Congress should act to expand eligibility for LSC-funded legal assistance to “all low-income workers, regardless of their immigration status.”

Response: LSC appreciates the comments in support of the revisions to section 1626.11.

LSC is making technical amendments to sections 1626.11(a) and (b). The original version of section 1626.11 stated that agricultural workers “admitted under the provisions of 8 U.S.C. 1101(a)(15)(h)(ii)” were eligible for legal assistance related to certain issues arising under the workers’ employment contracts. 53 FR 40194, 40196, Oct. 19, 1988 (NPRM); 54 FR 18109, 18112, Apr. 27, 1989 (final rule). This language omitted the full relevant text of the statute that made nonimmigrant workers “admitted to, or permitted to remain in the United States under,” 8 U.S.C. 1101(a)(15)(h)(ii)(A) eligible for legal services. Sec. 305, Pub.L. 99-603, 100 Stat. 3359, 3434 (1986) (emphasis added). Congress used the same “admitted to, or permitted to remain in” language when it expanded eligibility to H-2B forestry workers. Sec. 540, Pub. L. 110-161, Div. B, Title V, 121 Stat. 1844, 1924 (2007). This same omission was made in the NPRM for this rule. 78 FR 51696, 51704, Aug. 21, 2013. The omission of this language was an oversight and LSC is amending sections 1626.11(a) and (b) to include it.

Proposed Appendix to Part 1626 – Examples of Documents and Other Information  
Establishing Alien Eligibility for Representation by LSC Programs.

1. Comment: LSC received seven comments in response to the proposal to remove the appendix to Part 1626 and instead publish the list of documents establishing alien eligibility as program letters or equivalent policy documents. Six commenters supported the proposal, and one commenter objected. The six commenters supporting the proposal agreed with LSC's assessment that the frequently changing nature of immigration documents and forms requires a more flexible means of disseminating up-to-date information to LSC recipients than the formal rulemaking procedure allows. One of the comments in support, however, recommended that LSC publish the initial program letter for public comment and establish a comment and feedback procedure for issuance of subsequent program letters. The desire for notice and comment was reflected in the one comment opposing the proposal. The commenter opposing the removal of the appendix asserted that experienced immigration practitioners are often in the best position to understand fully the types of documentation that can adequately demonstrate an eligible alien status. The commenter stated that because rulemaking is the only way to ensure an opportunity for public comment and obtaining public comment is consistent with LSC's policy of engaging in open dialogue with its stakeholders, LSC should continue publishing the list of documentary evidence as the Appendix to Part 1626.

Response: LSC agrees that practitioner input is essential to ensuring that the list of documents and other evidence of alien eligibility is complete, accurate, and useful. As stated in the preamble to the NPRM, LSC is publishing the initial program letter

replacing the Appendix to Part 1626 under the LSC Rulemaking Protocol. The Rulemaking Protocol requires the Corporation to provide a comment period of at least thirty days for any regulatory changes that occur through notice and comment rulemaking. 67 FR 69762, 69764, Nov. 19, 2002. LSC does not intend that removal of the list of documents from the regulation will limit the ability of recipients to provide input into future versions of the list.

The program letter replacing the Appendix to Part 1626 is being published for public comment along with this Final Rule. The comment period will be open for thirty days from the date of publication in the Federal Register.

**List of Subjects in 45 CFR Part 1626**

**Aliens, Grant programs-law, Legal services, Migrant labor, Reporting and recordkeeping requirements**

**For the reasons discussed in the preamble, the Legal Services Corporation proposes to revise 45 CFR part 1626 to read as follows:**

**PART 1626—RESTRICTIONS ON LEGAL ASSISTANCE TO ALIENS**

**Sec.**

1626.1 Purpose.

1626.2 Definitions.

1626.3 Prohibition.

1626.4 Aliens eligible for assistance under anti-abuse laws.

1626.5 Aliens eligible for assistance based on immigration status.

1626.6 Verification of citizenship.

1626.7 Verification of eligible alien status.



1626.8 Emergencies.

1626.9 Change in circumstances.

1626.10 Special eligibility questions.

1626.11 H-2 forestry and agricultural workers.

1626.12 Recipient policies, procedures, and recordkeeping.

**AUTHORITY:** 42 U.S.C. 2996g(e).

**§ 1626.1 Purpose.**

This part is designed to ensure that recipients provide legal assistance only to citizens of the United States and eligible aliens. It is also designed to assist recipients in determining the eligibility and immigration status of persons who seek legal assistance.

**1626.2 Definitions.**

(a) *Anti-abuse statutes* means the Violence Against Women Act of 1994, Pub. L. 103-322, 108 Stat. 1941, as amended, and the Violence Against Women and Department of Justice Reauthorization Act of 2005, Pub. L. 109-162, 119 Stat. 2960 (collectively referred to as “VAWA”); Section 101(a)(15)(U) of the INA, 8 U.S.C. 1101(a)(15)(U); and the incorporation of these statutory provisions in section 502(a)(2)(C) of LSC’s FY 1998 appropriation, Pub. L. 105-119, Title V, 111 Stat. 2440, 2510 as incorporated by reference thereafter; the Victims of Trafficking and Violence Protection Act of 2000, Pub. L. 106-386, 114 Stat. 1464 (“TVPA”), as amended; and Section 101(a)(15)(T) of the Immigration and Nationality Act (“INA”), 8 U.S.C. 1101(a)(15)(T).

(b) *Battered or subjected to extreme cruelty* includes, but is not limited to, being the victim, of any act or threatened act of violence, including any forceful detention, which results or threatens to result in physical or mental injury. Psychological or sexual abuse or

exploitation, including rape, molestation, incest (if the victim is a minor), or forced prostitution may be considered acts of violence. Other abusive actions may also be acts of violence under certain circumstances, including acts that, in and of themselves, may not initially appear violent but that are a part of an overall pattern of violence.

(c) *Certification* means the certification prescribed in 22 U.S.C. 7105(b)(1)(E).

(d) *Citizen* means a person described or defined as a citizen or national of the United States in 8 U.S.C. 1101(a)(22) and Title III of the Immigration and Nationality Act (INA), Chapter 1 (8 U.S.C. 1401 *et seq.*) (citizens by birth) and Chapter 2 (8 U.S.C. 1421 *et seq.*) (citizens by naturalization) or antecedent citizen statutes.

(e) *Eligible alien* means a person who is not a citizen but who meets the requirements of § 1626.4 or § 1626.5.

(f) *Ineligible alien* means a person who is not a citizen and who does not meet the requirements of § 1626.4 or § 1626.5.

(g) *On behalf of* an ineligible alien means to render legal assistance to an eligible client that benefits an ineligible alien and does not affect a specific legal right or interest of the eligible client.

(h) *Qualifies for immigration relief under section 101(a)(15)(U) of the INA* means:

- (i) A person who has been granted relief under that section;
- (ii) A person who has applied for relief under that section and who the recipient determines has evidentiary support for such application; or
- (iii) A person who has not filed for relief under that section, but who the recipient determines has evidentiary support for filing for such relief.

A person who “qualifies for immigration relief” includes any person who may apply for primary U visa relief under subsection (i) of section 101(a)(15)(U) of the INA or for derivative U visa relief for family members under subsection (ii) of section 101(a)(15)(U) of the INA (8 U.S.C. 1101(a)(15)(U)). Recipients may provide assistance for any person who qualifies for derivative U visa relief regardless of whether such a person has been subjected to abuse.

(i) *Rejected* refers to an application for adjustment of status that has been denied by DHS and is not subject to further administrative appeal.

(j) *Victim of severe forms of trafficking* means any person described at 22 U.S.C. 7105(b)(1)(C).

(k) *Victim of sexual assault or trafficking* means:

(1) *A victim of sexual assault* subjected to any conduct included in the definition of sexual assault in VAWA, 42 U.S.C. 13925(a)(29); and

(2) *A victim of trafficking* subjected to any conduct included in the definition of “trafficking” under law, including, but not limited to, local, state, and federal law, and T-visa holders regardless of certification from the U.S. Department of Health and Human Services (HHS).

(l) *United States*, for purposes of this part, has the same meaning given that term in 8 U.S.C. 1101(a)(38) of the INA.

### **§ 1626.3 Prohibition.**

Recipients may not provide legal assistance for or on behalf of an ineligible alien. For purposes of this part, legal assistance does not include normal intake and referral services.

**§ 1626.4 Aliens eligible for assistance under anti-abuse laws.**

(a) Subject to all other eligibility requirements and restrictions of the LSC Act and regulations and other applicable law:

(1) A recipient may provide related legal assistance to an alien who is within one of the following categories:

(i) An alien who has been battered or subjected to extreme cruelty, or is a victim of sexual assault or trafficking in the United States, or qualifies for immigration relief under section 101(a)(15)(U) of the INA (8 U.S.C. 1101(a)(15)(U)); or

(ii) An alien whose child, without the active participation of the alien, has been battered or subjected to extreme cruelty, or has been a victim of sexual assault or trafficking in the United States, or qualifies for immigration relief under section 101(a)(15)(U) of the INA (8 U.S.C. 1101(a)(15)(U)).

(2) A recipient may provide legal assistance, including but not limited to related legal assistance, to:

(i) an alien who is a victim of severe forms of trafficking of persons in the United States, or

(ii) an alien classified as a non-immigrant under section 101(a)(15)(T)(ii) of the INA (8 U.S.C. 1101(a)(15)(T)(ii) regarding others related to the victim).

For purposes of this part, aliens described in subsections (i) and (ii) include individuals seeking certification as victims of severe forms of trafficking and certain family members applying for immigration relief under 8 U.S.C. 1101(a)(15)(T)(ii).

(b) (1) *Related legal assistance* means legal assistance directly related

(i) To the prevention of, or obtaining relief from, the battery, cruelty, sexual assault, or trafficking;

(ii) To the prevention of, or obtaining relief from, crimes listed in section 101(a)(15)(U)(iii) of the INA (8 U.S.C. 1101(a)(15)(U)(iii));

(iii) To an application for relief:

(A) Under Section 101(a)(15)(U) of the INA (8 U.S.C. 1101(a)(15)(U)); or

(B) Under section 101(a)(15)(T) of the INA (8 U.S.C. 1101(a)(15)(T)).

(2) Such assistance includes representation in matters that will assist a person eligible for assistance under this part to escape from the abusive situation, ameliorate the current effects of the abuse, or protect against future abuse, so long as the recipient can show the necessary connection of the representation to the abuse. Such representation may include immigration law matters and domestic or poverty law matters (such as obtaining civil protective orders, divorce, paternity, child custody, child and spousal support, housing, public benefits, employment, abuse and neglect, juvenile proceedings and contempt actions).

(c) *Relationship to the United States.* (1) *Relation of activity to the United States.* An alien is eligible under this section if the activity giving rise to eligibility violated a law of the United States, regardless of where the activity occurred, or occurred in the United States (including in Indian country and military installations) or the territories and possessions of the United States.

(2) *Relationship of alien to the United States.* (i) An alien defined in § 1626.2(b), (h), or (k)(1) need not be present in the United States to be eligible for assistance under this section.

(ii) An alien defined in § 1626.2(j) must be present in the United States on account of such trafficking to be eligible for assistance under this section.

(iii) An alien defined in § 1626.2 (k)(2) must be present in the United States to be eligible for assistance under this section.

(d) *Evidentiary support.* (1) *Intake and subsequent evaluation.* A recipient may determine that an alien is qualified for assistance under this section if there is evidentiary support that the alien falls into any of the eligibility categories or if the recipient determines there will likely be evidentiary support after a reasonable opportunity for further investigation. If the recipient determines that an alien is eligible because there will likely be evidentiary support, the recipient must obtain evidence of support as soon as possible and may not delay in order to provide continued assistance.

(2) *Documentary evidence.* Evidentiary support may include, but is not limited to, affidavits or unsworn written statements made by the alien; written summaries of statements or interviews of the alien taken by others, including the recipient; reports and affidavits from police, judges, and other court officials, medical personnel, school officials, clergy, social workers, other social service agency personnel; orders of protection or other legal evidence of steps taken to end abuse; evidence that a person sought safe haven in a shelter or similar refuge; photographs; documents or other evidence of a series of acts that establish a pattern of qualifying abuse.

(3) *Victims of severe forms of trafficking.* Victims of severe forms of trafficking may present any of the forms of evidence listed in (d)(2) or any of the following:

(i) A certification letter issued by the Department of Health and Human Services (HHS).

(ii) Verification that the alien has been certified by calling the HHS trafficking verification line, (202) 401-5510 or (866) 401-5510.

(iii) An interim eligibility letter issued by HHS, if the alien was subjected to severe forms of trafficking while under the age of 18.

(iv) An eligibility letter issued by HHS, if the alien was subjected to severe forms of trafficking while under the age of 18.

(e) *Recordkeeping.* Recipients are not required by § 1626.12 to maintain records regarding the immigration status of clients represented pursuant to this section. If a recipient relies on an immigration document for the eligibility determination, the recipient shall document that the alien presented an immigration document by making a note in the client's file stating that a staff member has seen the document, the type of document, the client's alien registration number ("A number"), the date of the document, the date of the review, and containing the signature of the staff member that reviewed the document.

(f) *Changes in basis for eligibility.* If, during the course of representing an alien eligible pursuant to § 1626.4(a)(1), a recipient determines that the alien is also eligible under § 1626.4(a)(2) or § 1626.5, the recipient should treat the alien as eligible under that section and may provide all the assistance available pursuant to that section.

**§ 1626.5 Aliens eligible for assistance based on immigration status.**

Subject to all other eligibility requirements and restrictions of the LSC Act and regulations and other applicable law, a recipient may provide legal assistance to an alien who is present in the United States and who is within one of the following categories:

- (a) An alien lawfully admitted for permanent residence as an immigrant as defined by section 101(a)(20) of the INA (8 U.S.C. 1101(a)(20));
- (b) An alien who is either married to a United States citizen or is a parent or an unmarried child under the age of 21 of such a citizen and who has filed an application for adjustment of status to permanent resident under the INA, and such application has not been rejected;
- (c) An alien who is lawfully present in the United States pursuant to an admission under section 207 of the INA (8 U.S.C. 1157) (relating to refugee admissions) or who has been granted asylum by the Attorney General or the Secretary of DHS under section 208 of the INA (8 U.S.C. 1158).
- (d) An alien who is lawfully present in the United States as a result of being granted conditional entry pursuant to section 203(a)(7) of the INA (8 U.S.C. 1153(a)(7), as in effect on March 31, 1980) before April 1, 1980, because of persecution or fear of persecution on account of race, religion, or political opinion or because of being uprooted by catastrophic natural calamity;
- (e) An alien who is lawfully present in the United States as a result of the Attorney General's withholding of deportation or exclusion under section 243(h) of the INA (8 U.S.C. 1253(h), as in effect on Apr. 16, 1996) or withholding of removal pursuant to section 241(b)(3) of the INA (8 U.S.C. 1231(b)(3)); or
- (f) An alien who meets the requirements of § 1626.10 or § 1626.11.



**§ 1626.6 Verification of citizenship.**

(a) A recipient shall require all applicants for legal assistance who claim to be citizens to attest in writing in a standard form provided by the Corporation that they are citizens, unless the only service provided for a citizen is brief advice and consultation by telephone, or by other non-in-person means, which does not include continuous representation.

(b) When a recipient has reason to doubt that an applicant is a citizen, the recipient shall require verification of citizenship. A recipient shall not consider factors such as a person's accent, limited English-speaking ability, appearance, race, or national origin as a reason to doubt that the person is a citizen.

(1) If verification is required, a recipient may accept originals, certified copies, or photocopies that appear to be complete, correct, and authentic of any of the following documents as evidence of citizenship:

- (i) United States passport;
- (ii) Birth certificate;
- (iii) Naturalization certificate;
- (iv) United States Citizenship Identification Card (INS Form I-197 or I-197);

or

(v) Baptismal certificate showing place of birth within the United States and date of baptism within two months after birth.

(2) A recipient may also accept any other authoritative document, such as a document issued by DHS, by a court, or by another governmental agency, that provides evidence of citizenship.

(3) If a person is unable to produce any of the above documents, the person may submit a notarized statement signed by a third party, who shall not be an employee of the recipient and who can produce proof of that party's own United States citizenship, that the person seeking legal assistance is a United States citizen.

**§ 1626.7 Verification of eligible alien status.**

(a) An alien seeking representation shall submit appropriate documents to verify eligibility, unless the only service provided for an eligible alien is brief advice and consultation by telephone, or by other non-in-person means, which does not include continuous representation of a client.

(1) As proof of eligibility, a recipient may accept originals, certified copies, or photocopies that appear to be complete, correct, and authentic, of any documents establishing eligibility. LSC will publish a list of examples of such documents from time to time, in the form of a program letter or equivalent.

(2) A recipient may also accept any other authoritative document issued by DHS, by a court, or by another governmental agency, that provides evidence of alien status.

(b) A recipient shall upon request furnish each person seeking legal assistance with a current list of documents establishing eligibility under this part as is published by LSC.

**§ 1626.8 Emergencies.**

In an emergency, legal services may be provided prior to compliance with § 1626.4, § 1626.6 and § 1626.7 if:

(a) An applicant cannot feasibly come to the recipient's office or otherwise transmit written documentation to the recipient before commencement of the representation required by the emergency, and the applicant provides oral information to establish

eligibility which the recipient records, and the applicant submits the necessary documentation as soon as possible; or

(b) An applicant is able to come to the recipient's office but cannot produce the required documentation before commencement of the representation, and the applicant signs a statement of eligibility and submits the necessary documentation as soon as possible; and

(c) The recipient informs clients accepted under paragraph (a) or (b) of this section that only limited emergency legal assistance may be provided without satisfactory documentation and that, if the client fails to produce timely and satisfactory written documentation, the recipient will be required to discontinue representation consistent with the recipient's professional responsibilities.

**§ 1626.9 Change in circumstances.**

If, to the knowledge of the recipient, a client who was an eligible alien becomes ineligible through a change in circumstances, continued representation is prohibited by this part and a recipient must discontinue representation consistent with applicable rules of professional responsibility.

**§ 1626.10 Special eligibility questions.**

(a) (1) This part is not applicable to recipients providing services in the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, or the Republic of the Marshall Islands.

(2) All citizens of the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands residing in the United States are eligible to receive legal assistance provided that they are otherwise eligible under the Act.

(b) All Canadian-born American Indians at least 50% Indian by blood are eligible to receive legal assistance provided they are otherwise eligible under the Act.

(c) Members of the Texas Band of Kickapoo are eligible to receive legal assistance provided they are otherwise eligible under the Act.

(d) An alien who qualified as a special agricultural worker and whose status is adjusted to that of temporary resident alien under the provisions of the Immigration Reform and Control Act ("IRCA") is considered a permanent resident alien for all purposes except immigration under the provisions of section 302 of 100 Stat. 3422, 8 U.S.C. 1160(g). Since the status of these aliens is that of permanent resident alien under section 1101(a)(20) of Title 8, these workers may be provided legal assistance. These workers are ineligible for legal assistance in order to obtain the adjustment of status of temporary resident under IRCA, but are eligible for legal assistance after the application for adjustment of status to that of temporary resident has been filed, and the application has not been rejected.

(e) A recipient may provide legal assistance to indigent foreign nationals who seek assistance pursuant to the Hague Convention on the Civil Aspects of International Child Abduction and the Federal implementing statute, the International Child Abduction Remedies Act, 42 U.S.C. 11607(b), provided that they are otherwise financially eligible.

**§ 1626.11 H-2 agricultural and forestry workers.**

(a) Nonimmigrant agricultural workers admitted to, or permitted to remain in, the United States under the provisions of 8 U.S.C. 1101(a)(15)(h)(ii)(a), commonly called H-2A agricultural workers, may be provided legal assistance regarding the matters specified in paragraph (c) of this section.

(b) Nonimmigrant forestry workers admitted to, or permitted to remain in, the United States under the provisions of 8 U.S.C. 1101(a)(15)(h)(ii)(b), commonly called H-2B forestry workers, may be provided legal assistance regarding the matters specified in paragraph (c) of this section.

(c) The following matters which arise under the provisions of the worker's specific employment contract may be the subject of legal assistance by an LSC-funded program:

- (1) Wages;
- (2) Housing;
- (3) Transportation; and
- (4) Other employment rights as provided in the worker's specific contract under

which the nonimmigrant worker was admitted.

**§ 1626.12 Recipient policies, procedures and recordkeeping.**

Each recipient shall adopt written policies and procedures to guide its staff in complying with this part and shall maintain records sufficient to document the recipient's compliance with this part.

Dated: January XX, 2014

Stefanie K. Davis

Assistant General Counsel

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## **DRAFT Program Letter [#]**

**TO:** All LSC Program Directors

**FROM:** James J. Sandman, President

**DATE:** [     ], 2014

**SUBJECT:** Alien Eligibility under LSC Regulation Part 1626

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LSC published a final rule revising 45 C.F.R. Part 1626, “Restrictions on Legal Assistance to Aliens,” on January XX, 2014. Revised Part 1626 was published without the Appendix, which is being replaced by this Program Letter and an accompanying chart describing the categories of aliens eligible for legal assistance from LSC recipients and containing a non-exhaustive list of examples of acceptable documentation showing eligibility under Part 1626. These documents should be read together with Part 1626 in making eligibility determinations.

### **Documentation**

The documents identified as acceptable to establish eligibility fall into one of two categories: 1) documents regarding the immigration status of an alien; or 2) documents providing evidence that the alien has experienced qualifying abuse or otherwise meets the requirements of 45 C.F.R. § 1626.4 regarding the Violence Against Women Act (VAWA) and other anti-abuse statutes.

### **Special Considerations**

Victims of trafficking are covered by different provisions of 45 C.F.R. § 1626.4 depending on the nature of the trafficking activity. Recipients should determine whether an alien is a victim of trafficking under VAWA or section 101(a)(15)(U) of the Immigration and Nationality Act, or a victim of severe forms of trafficking under the Trafficking Victims Protection Act, 22 U.S.C. § 7101 et seq. The facts of an alien’s situation may indicate that the alien is eligible for assistance under one or more of these statutes.

Eligibility for assistance based on qualifying for a U-visa or being a victim of severe forms of trafficking requires consideration of other statutory factors in addition to the qualifying crime. See 8 U.S.C. § 1101(a)(15)(U); 22 U.S.C. § 7105(b)(1)(C). Recipients must document that an alien meets all relevant statutory factors.

### **Additional Resources**

If you have any questions or concerns regarding this Program Letter or for further guidance, please contact LSC General Counsel Ronald S. Flagg. Additional information regarding the documentation contained in the chart can be found at the U.S. Customs and Immigration Service website (<http://www.uscis.gov>) and at the Anti-Trafficking in Persons Division of the Office of Refugee Resettlement within the Department of Health and Human Services website (<http://www.acf.hhs.gov/programs/orr/programs/anti-trafficking>).



ALIEN ELIGIBILITY FOR REPRESENTATION BY LSC-FUNDED PROGRAMS

Alien Category	Statutory Authorization	Regulatory Authorization of Eligibility in 45 CFR part 1626	Verification Documents
Lawful Permanent Resident	8 U.S.C. 1101(a)(20)	§ 1626.5(a)	(1) Alien Registration Receipt Card: Form I-551 or Form I-151; <i>or</i> (2) Memorandum of Creation of Record of Lawful Permanent Residence: Form I-181 with approval stamp; <i>or</i> (3) Passport bearing immigrant visa or stamp indicating admission for lawful permanent residence; <i>or</i> (4) Order granting residency or adjustment of status; <i>or</i> (5) Permit to Reenter the United States: Form I-327; <i>or</i> (6) Arrival/Departure Record: CBP Form I-94 with stamp indicating admission for lawful permanent residence; <i>or</i> (7) Any verification of lawful permanent residence in the U.S. to include any one of the following: authoritative document from the United States Immigration and Naturalization Service (INS); <sup>1</sup> or the Department of Homeland Security (DHS), including online or email verification.
Spouse of a U.S. citizen, or a parent of a U.S. citizen, or an unmarried child under 21 of U.S. citizen; <i>and</i> who has filed an application for adjustment of status to lawful permanent resident	8 U.S.C. §§ 1158(b)(3), 1255, 1255a, 1259	§ 1626.5(b)	(1) Proof of filing of a qualifying application for adjustment of status to permanent residency, which may include one or more of the following: a fee receipt or an online or email printout showing that the application was filed with the INS prior to 2003, U.S. Citizenship and Immigration Service (USCIS), the Department of Homeland Security (DHS), or the immigration court; <i>or</i> a filing stamp showing that the application was filed; <i>or</i> a grant of a fee waiver for such application, a biometrics appointment notice indicating such pending application, a printout from the USCIS

<sup>1</sup> For any immigration status document obtained prior to March 1, 2003.



			<p>online service, or a copy of the application accompanied by a notarized statement signed by the alien that such form was filed; <i>and</i></p> <p>(2) Proof of relationship to U.S. citizen, which may include one or more of the following: a copy of the person’s marriage certificate accompanied by proof of the spouse’s U.S. citizenship; <i>or</i> a copy of the birth certificate, baptismal certificate, adoption decree, or other document demonstrating the individual is under the age of 21, accompanied by proof that the individual’s parent is a U.S. citizen; <i>or</i> a copy of Petition for Alien Relative: Form I-130, or Petition for American, Widow(er) or Special Immigrant: Form I-360 containing information demonstrating the individual is related to such U.S. citizen, accompanied by proof of filing.</p>
Asylee	8 U.S.C. § 1158	§ 1626.5(c)	<p>(1) Arrival/Departure Record: Form I-94 or passport stamped “asylee” or “§ 208”; <i>or</i></p> <p>(2) Order granting asylum from INS<sup>2</sup>, DHS, immigration judge, the Board of Immigration Appeals (BIA), or federal court; <i>or</i></p> <p>(3) Refugee Travel Document : Form I-571; <i>or</i></p> <p>(4) Employment Authorization Card: Form I-688B<sup>3</sup> or Employment Authorization Document: Form I-766 coded “8 CFR § 274a.12(a)(5)(asylee)” or “A5”; <i>or</i></p> <p>(5) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online or email verification</p>
Refugee	8 U.S.C. § 1157	§ 1626.5(c)	<p>(1) Arrival/Departure Record: Form I-94 or passport stamped “refugee” or “§ 207”; <i>or</i></p> <p>(2) Employment Authorization Card: Form I-688B<sup>4</sup> or Employment Authorization Document: Form I-766 coded “8 CFR § 274a.12(a)(3)(refugee)” or “A3” or “8 CFR § 274a.12(a)(4)(paroled refugee)” or “A4”;</p>

<sup>2</sup> *Supra* note 1.

<sup>3</sup> Dated before April 3, 2009.

<sup>4</sup> *Supra* note 3.

			<p><i>or</i></p> <p>(3) Refugee Travel Document: Form I-571;</p> <p><i>or</i></p> <p>(4) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online or email verification</p>
Individual Granted Withholding of Deportation, Exclusion, or Removal	8 U.S.C. § 1231(b)(3) (withholding of removal); former INA section 243(h) (withholding of deportation or exclusion)	§ 1626.5(e)	<p>(1) Arrival/Departure Record: Form I-94 stamped “§243(h)” or “§241(b)(3)”;</p> <p><i>or</i></p> <p>(2) Order granting withholding of deportation/deferral of removal from DHS, U.S. Immigration and Customs Enforcement (ICE), immigration court, BIA, or federal court;</p> <p><i>or</i></p> <p>(3) Temporary Resident Card: Form I-688<sup>5</sup> or Employment Authorization Document: Form I-766 coded “8 CFR § 274a.12(a)(10)(withholding of deportation)” or “A10”;</p> <p><i>or</i></p> <p>(4) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online email verification</p>
Conditional Entrant	8 U.S.C. 1153(a)(7) <sup>6</sup>	§ 1626.5(d)	<p>(1) Arrival/Departure Record: Form I-94 or passport stamped “conditional entrant”; <i>or</i></p> <p>(2) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online or email verification</p>
Special Agricultural Worker Temporary Resident	8 U.S.C. 1160	§ 1626.10(d)	<p>(1) Temporary Resident Card: Form I-688<sup>7</sup>, I-688A, Employment Authorization Card: Form I-688B<sup>8</sup>, or Employment Authorization Document: Form I-766 indicating issuance under INA § 210 (or under 8 C.F.R. § 274a.12(a)(2) or coded “A2,” with other evidence indicating eligibility under INA § 210);</p> <p><i>or</i></p> <p>(2) Any verification of lawful presence in the U.S. or other</p>

<sup>5</sup> *Supra* note 3.

<sup>6</sup> As in effect prior to April 1, 1980.

<sup>7</sup> *Infra* note 3.

<sup>8</sup> *Infra* note 3.

			authoritative document from INS or DHS, including online or email verification
H-2A Temporary Agricultural Worker	8 U.S.C. § 1101(a)(15)(H)	§ 1626.11(a)	(1) Arrival/Departure Record: Form I-94 or passport stamped “H-2A”; <i>or</i> (2) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online or email verification
H-2B Temporary Non-Agricultural Worker	8 U.S.C. § 1101(a)(15)(H)	§ 1626.11(b)	(1) Arrival/Departure Record: Form I-94 or passport stamped “H-2B” and evidence that the worker is employed in forestry; <i>or</i> (2) Any verification of lawful presence in the U.S. or other authoritative document from INS or DHS, including online or email verification
Aliens subjected to battery, extreme cruelty, sexual assault, or trafficking	Pub. L. 104-208, Div. A, Tit. V, § 502(a)(2)(C), 110 Stat. 2009, 3009-60; Pub. L. 109-162, § 164, 119 Stat. 2960, 2978.	§ 1626.4(c)(1), (c)(2)	(1) A decision or other authoritative document from INS, DHS, USCIS, immigration judge, BIA, federal or state court finding or verifying that a person has been a victim of the qualifying abuse; <i>or</i>  (2) An affidavit or unsworn written statement made by the alien; a written summary of a statement or interview of the alien taken by others, including the recipient; a report or affidavit from police, judges, and other court officials, medical personnel, school officials, clergy, social workers, other social service agency personnel; an order of protection or other legal evidence of steps taken to end the qualifying abuse; evidence that a person sought safe haven in a shelter or similar refuge from the qualifying abuse; photographs; documents or other evidence of a series of acts that establish a pattern of qualifying abuse; <i>or</i>  (3) An application for administrative or judicial relief including an assertion that the applicant has been a victim of the qualifying abuse, but only <i>if</i> such application is accompanied or supplemented by any of the evidence described in the preceding paragraph (2).
Victims of severe forms of trafficking	22 U.S.C. § 7105(b)(1)(B)	§ 1626.4(c)(3)	(1) An affidavit or unsworn written statement made by the alien; a written summary of a statement or interview of the alien taken by others, including the recipient; a report or affidavit from police, judges, and other court officials, medical personnel, school officials, clergy, social workers, other social service agency personnel; an order of

			<p>protection or other legal evidence of steps taken to end the severe forms of trafficking; evidence that a person sought safe haven in a shelter or similar refuge from the severe forms of trafficking; photographs; documents or other evidence of a series of acts that establish a pattern of severe forms of trafficking; <i>or</i></p> <p>(2) An application for administrative or judicial relief including an assertion that the applicant has been a victim of severe forms of trafficking, but only <i>if</i> such application is accompanied or supplemented by any of the evidence described in the preceding paragraph (1); <i>or</i></p> <p>(3) Certification letter from the U.S. Department of Health and Human Services (HHS); <i>or</i></p> <p>(4) Telephonic verification of certification by calling the HHS trafficking verification line, (202) 401-5510, or (866) 401-5510.</p>
Minor victims of severe forms of trafficking	22 U.S.C. § 7105(b)(1)(B)	§ 1626.4(c)(3)	<p>(1) Eligibility letter from HHS; <i>or</i></p> <p>(2) Interim Eligibility Letter from HHS; <i>or</i></p> <p>(3) An affidavit or unsworn written statement made by the alien; a written summary of a statement or interview of the alien taken by others, including the recipient; a report or affidavit from police, judges, and other court officials, medical personnel, school officials, clergy, social workers, other social service agency personnel; an order of protection or other legal evidence of steps taken to end severe forms of trafficking; evidence that the alien sought safe haven in a shelter or similar refuge from severe forms of trafficking; photographs; documents or other evidence of a series of acts that establish a pattern of severe forms of trafficking; <i>or</i></p>
Certain family members of	22 U.S.C. § 7105(b)(1)(B)	§ 1626.4(c)(3)	(1) Application for Immediate Family Member of T-1 Recipient:

<p>victims of severe forms of trafficking (“derivative T-visa holders”)</p>			<p>Form I-914, Supplement A; <i>or</i></p> <p>(2) Notice of Action: Form I-797, visa, Arrival/Departure Form: Form I-94, or passport stamped T-2, T-3, T-4, or T-5, or T-6; <i>or</i></p> <p>(3) Employment Authorization Card: Form I-688B or Employment Authorization Document: Form I-766 coded “(c)(25)”;<i> or</i></p> <p>(4) Documentary evidence showing that the primary applicant for immigration relief is a victim of severe forms of trafficking as described above; and credible evidence showing that the alien is a qualified family member of the primary applicant.</p>
<p>Aliens qualified for a U-visa</p>	<p>Pub. L. 109-162, § 164, 119 Stat. 2960, 2978; 8 U.S.C. § 1101(a)(15)(U).</p>	<p>§ 1626.4(c)(4)</p>	<p>(1) Petition for U Nonimmigrant Status: Form I-918; <i>or</i></p> <p>(2) Petition for Immediate Family Member of U-1 Recipient: Form I-918, Supplement A; <i>or</i></p> <p>(3) Notice of Action: Form I-797, visa, Arrival/Departure Record: Form I-94, or passport stamped U-1, U-2, U-3, U-4, or U-5; <i>or</i></p> <p>(4) Employment Authorization Card: Form I-688B or Employment Authorization Document: Form I-766 coded “(a)(19)” (principal) or “(a)(20)” (derivative); <i>or</i></p> <p>(5) A decision or other authoritative document from INS, DHS, USCIS, immigration judge, BIA, federal or state court finding or verifying that a person qualifies for a U-visa; <i>or</i></p> <p>(6) An affidavit or unsworn written statement made by the alien; a written summary of a statement or interview of the alien taken by others, including the recipient; a report or affidavit from police, judges, and other court officials, medical personnel, school officials, clergy, social workers, other social service agency personnel; an order of protection or other legal evidence of steps taken to end the qualifying abuse; evidence that the alien sought safe haven in a shelter or similar refuge from the qualifying abuse; photographs; documents or other evidence of a series of acts that establish a pattern of qualifying abuse;</p>

			<p><i>or</i></p> <p>(7) An application for administrative or judicial relief including an assertion that the applicant qualifies for a U-visa, but only <i>if</i> such application is accompanied or supplemented by any of the evidence described in the preceding paragraph (6); <i>or</i></p> <p>(8) Documentary evidence showing that the primary applicant for immigration relief qualifies for a U-visa as described above; and credible evidence showing that the alien is a qualified family member of the primary applicant.</p>
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# **Strategic Plan Implementation Update**

**Actions to Implement LSC's Strategic Plan**  
**Annual Report to the Operations and Regulations Committee**  
**January 2014**

Following is an overview of actions LSC has undertaken to date to implement the three goals and related initiatives identified in LSC's 2012-2016 Strategic Plan.

**Goal No. 1: Maximize the Availability, Quality, and Effectiveness of Legal Services**  
**(Strategic Plan pp. 5-11)**

- **Initiative One: Identify, promote, and spread best practices in meeting the civil legal needs of the poor**
  - Highlighted best practices at quarterly board meetings and White House forums, and, for the first time, captured board presentations on video and posted links to them on LSC's website and included links in *LSC Updates*.
  - Updated, improved, and added content to the "LSC Resource Information" portion of LSC website ([lri.lsc.gov](http://lri.lsc.gov)), which includes many examples of best practices from LSC grantees and other sources.
  - Issued and publicized the report of LSC's Pro Bono Task Force, which identified numerous practices for increasing the use of pro bono lawyers to expand access to justice.
  - Convened a national Summit on the Use of Technology to Expand Access to Justice and issued a report on the Summit's recommendations. The report charts a path toward using technology to provide some form of assistance to every low-income person with a significant civil legal need. LSC is currently publicizing the report. White papers written in preparation for the Summit were published in the *Harvard Journal of Law and Technology*.
  - Convened "brainstorming" sessions at LSC's annual Technology Initiative Grant conference.
  - Presented on best practices at the largest conferences for legal aid providers – the Equal Justice Conference and the annual conference of the National Legal Aid and Defenders Association.



- Began process for updating the “technology baselines” for LSC grantees – that is, LSC’s recommendations for the basic technology that all grantees should have.
  - Used Technology Initiative Grants to replicate and expand successful technology projects developed with prior TIGs.
- **Initiative Two: Develop meaningful performance standards and metrics**
    - Continued progress on the data collection and analysis project funded by the Public Welfare Foundation. Created an inventory of existing measurement tools used in legal aid to identify best practices. Conducted a comprehensive survey of LSC grantees regarding their current and desired use of data to improve service delivery, to enhance program management, and to build an effective case for funding. Currently formulating recommendations for improved data collection and analysis by LSC and developing a tool kit that grantees will be able to customize for their own operations and needs.
    - Completed comprehensive, multi-year trend analysis of Grant Activity Reports, allowing comparisons of cases closed by each LSC grantee against median for all grantees and against results for each other grantee. In 2013, each grantee received its trend analysis with comparisons to national medians. In 2014, each grantee will have access to results for all other grantees, allowing comparisons to programs with similar funding, staffing, and settings (e.g., rural programs, urban programs, programs serving Native Americans, etc.).
    - Hired Operations Research Analyst, reporting to the Vice President for Grants Management, increasing LSC’s ability to analyze its performance and that of its grantees.
    - Began a business process analysis of LSC’s collection and use of all information collected from grantees, which will facilitate the development of performance standards and metrics.
    - Analyzed number of cases closed with Private Attorney Involvement by LSC grantees and followed up with grantees showing substantially fewer cases closed than LSC medians.
    - Analyzed changes in numbers of cases closed between the first six months of 2012 and the first six months of 2013, and followed up with programs showing unexpectedly large decreases.

- Awarded a Technology Initiative Grant to Prairie State Legal Services to help measure the effectiveness and impact of legal services in Illinois and to inform strategies for delivering services across the state.
  
- **Initiative Three: Provide legal practice and operational support to improve measurably the quality of civil legal services to the poor**
  - Used “Program Quality Visits” by the Office of Program Performance to educate grantees about best practices and to provide practical advice about improving legal practice and program operations.
  
  - Collected useful practice and operational tips on the LSC Resource Information section of LSC’s website.
  
  - Hosted and facilitated quarterly webinars featuring staff of the Federal Trade Commission’s Bureau of Consumer Protection. The webinars, developed exclusively for LSC grantees, provide substantive training on consumer protection issues relevant to legal aid programs and identify free resources for grantees to access. Participation in the webinars grew from 44 in February 2013, to 135 in June, to 165 in November.
  
  - Used Technology Initiative Grants to promote improvements in practice and service delivery. For example,
    - A grant to Idaho Legal Aid Services provides for development of a Web-based virtual law office. This project (consisting of a practice management platform, e-signature software, video conferencing, video court appearance software, hybrid Voice Over Internet Protocol (VOIP) phones, and scanners) integrates existing technologies to help legal aid attorneys serve rural clients more efficiently.
  
    - A grant to Legal Aid Services of Northeastern Minnesota will improve the effectiveness of pro bono attorneys by creating a set of settlement checklists and client interview guides that have been optimized for mobile platforms like smartphones and tablets. These resources offer new support for attorneys in the field who are helping low-income clients with matters that are outside the attorneys’ usual areas of expertise.
  
  - Launched LSC Tech Blog, providing a channel for technology leadership in the legal services community. Blog is growing in popularity; in its first month, the blog netted close to a quarter of visits to main LSC web site.

- **Other Activities to Promote Goal 1:**

- Expanded outreach to members of Congress to increase prospects for LSC's funding.
- Revamped and improved LSC's formal budget request to Congress, LSC's Annual Report, and LSC's Fact Book to make a stronger case for funding.
- Made substantial progress in closing out GAO Recommendations, reducing a potential impediment to LSC funding.
- Participated in the federal government's Legal Aid Interagency Roundtable and enhanced relationships with federal government agencies serving the clients of LSC grantees. These activities improved grantees' prospects for funding from government agencies, increased the agencies' understanding of the civil legal needs of low-income people, and helped the agencies design their activities with the legal needs of low-income people in mind.
- Worked for enactment of the Hurricane Sandy Disaster Relief Appropriations Act, including funding for LSC. Established a grant program using the appropriated funds and distributed \$874,041 to four LSC grantees. LSC made additional Sandy-related grants totaling \$295,379 using existing disaster relief resources.
- Initiated rulemaking to amend LSC's Private Attorney Involvement regulations to facilitate the provision of pro bono legal services to clients of LSC grantees. Conducted two workshops to obtain input from the field and others.
- Conducted 11 training webinars for new Executive Directors of LSC grantees in 2012 and 2013. The webinars, conducted by LSC's Office of Compliance and Enforcement, promote compliance with LSC regulations and requirements and reduce the risk of activities that could threaten LSC funding.
- Successfully aligned LSC's Basic Field Grants with the Census Bureau's most recent estimates of the location of the poverty population adjustments. Congress adopted LSC's proposed process for implementing the census adjustment.
- Eliminated a backlog of requests for legal opinions in the Office of Legal Affairs, permitting more timely issuance of program visit reports with recommendations for improvements in grantee service delivery and operations.
- Adopted a strategic plan for the Office of Information Technology that is linked to LSC's strategic plan. The plan will facilitate the development of performance standards and

metrics, and will improve communication with and training opportunities for LSC grantees.

**Goal No. 2: Become a Leading Voice for Access to Justice and Quality Legal Assistance in the United States (Strategic Plan pp. 11-15)**

- **Initiative One: Provide a comprehensive communications program around a compelling message**
  - Participated in the creation of a “communications hub,” funded by the Public Welfare Foundation and the Kresge Foundation, which is using survey research and communications expertise to expand public awareness of the role and importance of civil legal aid in the United States. Jim Sandman serves on the hub’s advisory committee. This project is a collaboration with a number of stakeholders, including the National Center for State Courts and the U.S. Department of Justice’s Access to Justice Initiative.
  - Overhauled LSC’s communications strategy. Revised the annual budget submission to Congress, LSC’s annual report, and *LSC Updates* to present a compelling case for legal aid and to communicate LSC’s commitment to innovation, collaboration, strong management, and prudent stewardship of public funds.
  - Expanded the use of video, charts, graphics, and social media in LSC’s communications. Expanded LSC’s Twitter followers from 1,200 to more than 2,600. Created a Facebook page.
  - Grew LSC’s “story bank” documenting grantees’ successes in serving clients from ten to more than 1,000 stories, organized by state and by congressional district to facilitate targeted communications with local connections.
  - Obtained media coverage in both national and local markets. Expanded the use of targeted press releases for local markets.
  - The Chairman and the President sought and accepted opportunities to speak to broad audiences – such as law students, the House of Delegates of the American Bar Association, the City Club of Cleveland, the Harvard Club of New York, law firms, the College of Law Practice Management, bar associations, and state-wide access-to-justice convenings.
  - Improved consistency of messaging across all of LSC’s communications outlets.

- **Initiative Two: Build a business case for funding civil legal services**
  - Developed a library of studies of the economic benefits of legal aid for communities and for government. Cited the results of these studies in LSC’s budget request to Congress for FY 2014 (pp. 1-2).
  - Began exploring possible data collection and analysis by LSC on the economic benefits achieved for clients and communities by LSC grantees.
  - Conducted surveys of grantees to obtain evidence of the impact of funding reductions on client service. Publicized the results and used them in support of funding requests.
  
- **Initiative Three: Recruit and enlist new messengers and sources of funds to increase private support for civil legal services**
  - Worked with the Conference of Chief Justices and began working with the National Association of Women Judges to encourage judges to address the access to justice crisis in America.
  - Convened panels of justices and judges to address access to justice at quarterly board meetings. Began posting videos of the panel presentations on LSC’s website. Linked to the videos in *LSC Updates*.
  - LSC President addressed incoming state and local bar presidents at the ABA Annual Meeting to encourage them to include access to justice in their leadership priorities.
  - Worked with individual judges on access to justice issues.
  - Worked with the Legal Aid Interagency Roundtable to expand sources of funding for legal aid using grants by federal agencies that serve clients of legal aid programs. Had some identifiable successes, particularly with Department of Labor reentry program grants.
  - Worked with the Public Welfare Foundation to encourage private foundations to provide support for civil legal aid. Reviewed and provided input into *Natural Allies: Philanthropy and Civil Legal Aid*, PWF’s new brochure. LSC grantees report using the brochure successfully to solicit funding from foundations that have not previously funded legal aid.

- **Initiative Four: Institutional advancement and grantee development support**
  - Recruited and hired LSC's first Chief Development Officer in 2013.
  - Created a case statement for fundraising for LSC's 40<sup>th</sup> anniversary.
  - Identified specific projects for which to seek support (e.g., fellowships, technology, leadership training).
  - Built a database of donor prospects (currently over 500).
  - Identified candidates for honorary committees and advisory groups.
  - Registered LSC as an approved fundraiser in states requiring registration.
  - Developed policies and procedures for gift acceptance.
  - Secured contributions or pledges of more than \$500,000 in 2013, the first year that LSC has engaged in private fundraising.
  - LSC's Chief Development Officer led a well-attended session on using social media to expand development for legal aid at the national Management Information Exchange Fundraising Conference.
  
- **Initiative Five: Enhanced strategic collaboration**
  - Worked closely with the Department of Justice's Access to Justice Initiative and the Legal Aid Interagency Roundtable to expand awareness of civil legal aid in federal government agencies and to increase sources of funding for legal aid using grants by federal agencies that serve clients of legal aid programs. LSC President is a member of the roundtable.
  - Established good working relationships with state IOLTA programs and state bar foundations funding civil legal aid. Consulted with state funders on data collection and reporting, grant applications, and legal aid program oversight.
  - Collaborated regularly with the American Bar Association's leadership, Standing Committee on Legal Aid and Indigent Defendants, Standing Committee on Pro Bono and Public Service, and Resource Center for Access to Justice Initiatives.

- LSC President participated in and spoke at multiple annual convenings of state Access to Justice leaders.
- Coordinated regularly with the Conference of Chief Justices.
- Established relationship with the National Association of Women Judges.
- Participated in the establishment of the legal aid communications hub.
- Established relationships with private foundations funding civil legal aid.

**Goal No. 3: Ensure Superior Fiscal Management (Strategic Plan pp. 15-17)**

- Established regular schedule of meetings between management and the Office of Inspector General (OIG) to maximize communication, coordination, and collaboration. LSC's President and the Inspector General meet every two weeks. LSC's Vice President for Grants Management, Director of the Office of Program Performance, and Director of the Office of Compliance and Enforcement (OCE) meet monthly to share information.
- Improved sharing of investigation information between management and OIG to expedite investigations, avoid duplicative work, and provide early notice to management of potential problems with grantees.
- Improved sharing of information between OIG and management that is relevant to grant applications, grant terms, and special grant conditions.
- Audit Committee initiated regular reviews of status of audits and investigations and of referrals from OIG to OCE.
- Initiated a more integrated approach to grants management, making information about grantees more accessible across the organization and educating staff about grantee information resources.
- Planned training by OCE for OIG staff on grantee case management systems.
- Expanded involvement by OCE in review of grant applications.
- Initiated focused review of grant applicants' fiscal practices and operations. Developed a scoring system for the reviews. Incorporated fiscal reviews into LSCGrants database.

- Hired Fiscal Compliance Specialists.
- Began using outside reviewers in the grant application process to ensure objectivity in the process.
- Began rotating review of grant applications by Program Counsel to ensure objectivity in the process.
- Revised conflict-of-interest policy for LSC staff to require disclosure of relationships, past and present, with LSC grantees.
- Increased the use of special grant conditions to address fiscal concerns.
- Obtained GAO approval of risk assessment criteria for identifying grantees for program visits.
- Began overhaul of grants management system, including a business process analysis, to improve access to and management of all information LSC maintains on grantees.
- Conducted training for LSC managers on compliance with procurement and contracting policies.
- Conducted 11 training webinars for new Executive Directors of LSC grantees in 2012 and 2013 addressing compliance with LSC's Accounting Guide.



# **Employee Handbook Updates**



OFFICE OF LEGAL AFFAIRS

## MEMORANDUM

**TO:** Operations & Regulations Committee  
**FROM:** Ronald S. Flagg, Vice President and General Counsel  
**DATE:** January 10, 2014  
**SUBJ:** Revisions to the Employee Handbook

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This memorandum addresses two proposed revisions to the LSC Employee Handbook: (1) elimination of the requirement for Board approval of revisions to the Employee Handbook; and (2) elimination of section 2.5 regarding Audit Committee investigations of employee complaints.

The Employee Handbook was adopted by the LSC Board of Directors on April 28, 2007. The Handbook consists of the personnel policies and practices of LSC. It is intended to standardize the administration of personnel policies. It covers a broad and highly detailed spectrum of policies and practices, such as the status of LSC employees as employees-at-will; hiring procedures, such as the posting of position announcements and the period of time announcements will remain open; policies regarding attendance and alternative work schedules; salary administration procedures, such as the treatment of travel time; payroll procedures, such as timekeeping procedures; and employee relations policies such as policies regarding professional licenses, electronic equipment use, dress code and severe weather.

1. Elimination of the Requirement for Board Approval of Revisions to the Employee Handbook

Section 1 of the Employee Handbook, entitled Applicability of Handbook, includes two one-sentence paragraphs addressing modifications to the Handbook:

The Handbook may be altered and amended as indicated below with the exception of the at-will status of employees which can be changed only by approval of the Board of Directors.

Major provisions of this Handbook relating to personnel actions or policies may be suspended, modified, amended, waived or departed from only with the approval of the Board of Directors except as enumerated below.<sup>1</sup>

Management believes that the requirement of Board approval for modification of “major provisions of this Handbook relating to personnel actions or policies” should be eliminated for several reasons. First, the personnel policies and practices covered by the Handbook relate to the day-to-day management and administration of LSC. They are the sorts of policies and practices that, in other for-profit and non-profit corporations, are typically determined by management, not the Board of Directors. Second, specific details of the policies and practices in the Handbook, may require change due to a host of factors, such as changes in employment laws, changes in employment market conditions, and changes in “best practices” in the numerous areas covered by the Handbook. Requiring Board approval for such modifications makes change unnecessarily cumbersome. Finally, the reference to “major” provisions is vague. Reasonable people could differ over whether a particular employment policy is “major.”

For these reasons, management proposes that the two above-quoted provisions be deleted from the Handbook and be replaced by the following provision:

Provisions of this Handbook may be suspended, modified, amended, waived or departed from only with the approval of the President and the Inspector General, and, as necessary, bargaining with the IFPTE Local 135. If the President and Inspector General are unable to agree on a modification,

- (1) the modification may be limited in its application to
  - (a) employees of LSC, not including employees of the OIG, or
  - (b) employees of the OIG,

or

- (2) either the President or Inspector General may refer the issue to the Board of Directors for decision.

The reference to IFPTE Local 135 refers to mandatory subjects of bargaining with our union. A red-lined version of Section 1 of the Handbook reflecting this proposed change is appended hereto as Attachment A.

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<sup>1</sup> The exceptions referenced here relate solely to “personnel actions and/or the implementation of personnel policies involving minor matters in the Management and Administration offices”; the exceptions do not relate to modification of the policies and procedures set forth in the Employee Handbook:

Personnel actions and/or the implementation of personnel policies involving minor matters in the Management and Administration offices may be suspended, modified, waived or departed from subject to the independent discretion of the President. Personnel actions and/or the implementation of personnel policies involving minor matters in the Office of the Inspector General may be suspended, modified, waived or departed from subject to the independent discretion of the IG.

## 2. Elimination of Section 2.5 Regarding Audit Committee Investigations of Employee Complaints

Section 2.5 of the Employee Handbook, entitled “Audit Committee Review of Complaints or Concerns Regarding Accounting, Internal Controls, and Auditing Issues,” provides employees who have complaints or concerns regarding accounting, internal controls, and auditing issues an avenue for providing information or complaints to the Board’s Audit Committee, as an alternative to providing such information to the Office of Inspector General. A copy of Section 2.5 is appended hereto as Attachment B.

On October 1, 2012, the Board amended the Audit Committee charter to, among other things, eliminate the Committee’s responsibility for reviewing complaints or concerns regarding accounting, internal controls and auditing issues from employees, as outlined in Section 2.5 of the Employee Handbook. Accordingly, management recommends that Section 2.5 be eliminated from the Handbook to conform to the Board’s 2012 action on this topic. Relatedly, management is also recommending to the Governance Committee at its January 2014 meeting adoption of a new comprehensive Whistleblower Policy that encourages LSC Board members, officers, and employees to report unlawful and unethical activity without fear of retaliation and provides procedures for reporting and investigating such activity, including complaints relating to accounting, internal controls and auditing issues.

# ATTACHMENT A PROPOSED AMENDMENT TO EMPLOYEE HANDBOOK SECTION 1

## Applicability of Handbook

The Legal Services Corporation (LSC) is an equal opportunity employer committed to the consistent application of personnel policies and practices to assure that all employees are provided equal employment opportunity.

This Employee Handbook consists of the personnel policies and practices of LSC. It is intended to standardize the administration of personnel policies and is presented as a matter of information only. The statements appearing in the Handbook are guidelines, and as such, are subject to revision at any time, except as otherwise specified herein. Further LSC reserves the right to interpret and apply these guidelines as it deems appropriate to specific circumstances.

None of the statements in this Handbook is to be construed as a contract. None of the benefits or policies in this Handbook is intended by reason of their publication to confer any rights or privileges upon an employee, or to entitle an employee to be, or remain, employed by LSC.

It is the responsibility of each and every member of management to administer these policies in a consistent and impartial manner. It is the responsibility of all staff to become thoroughly familiar with the policies contained in this Handbook, and to conduct themselves in a manner which is consistent with these principles.

~~The Handbook may be altered and amended as indicated below with the exception of the at-will status of employees which can be changed only by approval of the Board of Directors.~~

~~Major provisions of this Handbook relating to personnel actions or policies may be suspended, modified, amended, waived or departed from only with the approval of the Board of Directors except as enumerated below the President, and the Inspector General, and as necessary, bargaining with the IFPTE Local 135. If the President and Inspector General are unable to agree on a modification,-~~

~~(1) the modification may be limited in its application to~~

~~(a) employees of LSC, not including employees of the OIG, or~~

~~(b) employees of the OIG,~~

~~or~~

(2) either the President or Inspector General may refer the issue to the Board of Directors for decision.

Personnel actions and/or the implementation of personnel policies involving minor matters in the Management and Administration offices may be suspended, modified, waived or departed from subject to the independent discretion of the President. Personnel actions and/or the implementation of personnel policies involving minor matters in the Office of the Inspector General may be suspended, modified, waived or departed from subject to the independent discretion of the IG.

When the requirements of the Handbook are suspended, modified, amended, waived or departed from, the facts, details, and reason for the action will be documented. The Office of Human Resources will retain all such documentation. It is the intent of LSC upon occurrence of such actions that affect employees to notify all staff in writing as soon as practicable of the amendments, suspensions, waivers or modifications to or departures from the policies and procedures set forth herein. Replacement pages will be prepared, issued and distributed to staff for insertion in the Handbook as soon as possible following the approval of revised policies.

Pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, the Inspector General (IG) has full authority to select, appoint and employ such officers and employees as may be necessary to carry out the functions, powers and duties of the OIG. Such authority is to be exercised in conformity with applicable laws and regulations of LSC including the provisions of this Handbook. The IG may delegate to LSC's Office of Human Resources such personnel actions within his authority as the IG may determine. Whenever an LSC official or office other than the Board of Directors is designated in this Handbook as the decision-maker for a personnel matter, the IG will replace such official or office with respect to OIG personnel.

The revised policies contained in this Handbook replace and supersede all previous versions of LSC personnel policies.

**ATTACHMENT B  
EMPLOYEE HANDBOOK SECTION 2.5**

**2.5 Audit Committee Review of Complaints or Concerns Regarding Accounting, Internal Controls, and Auditing Issues**

The Board of Directors has provided that employees with complaints or expressions of concern regarding accounting, internal controls, and auditing issues may, in addition to the avenues for providing information or complaints to the Office of Inspector General, also contact the Board's Audit Committee directly, should they choose to do so. Such complaints or concerns (hereinafter referred to as complaints) should be transmitted to the chairman of the committee at the following address:

Victor Maddox  
Chairman, LSC Audit Committee  
Fultz Maddox Hovious & Dickens PLC  
101 South Fifth Street, Suite 2700  
Louisville, KY 40202  
Fax: (502) 588-2020  
Email: vmaddox@fmhd.com

Confidentiality, if requested, will be protected to the extent possible. Complaints may be made anonymously. A complaint filed with the Audit Committee will be handled as follows:

Step 1: Upon receipt of a complaint, the chairman of the committee within 10 days will determine whether the complaint warrants committee action and is within the jurisdiction of the committee to address and will forward a copy of the complaint and his determination to members of the committee.

Step 2: If the reported matter involves an alleged violation of law, rule, or regulation; mismanagement; gross waste of funds; abuse of authority; a substantial danger to the public health and safety; or other serious wrongdoing, the Chairman will also transmit the complaint to the OIG.

Step 3: If the Chairman's determination is that the complaint is not appropriate for or does not warrant committee action, the Chairman may refer the complaint to the OIG, close it without action, or refer the complainant to the LSC grievance process for a more appropriate procedure.

Step 4: If the Chairman's determination is that the complaint warrants committee action, or upon the request of any committee member that the committee consider a complaint that the Chairman has not scheduled for consideration, the

Chairman shall call a meeting of the committee to consider the complaint or place it on the agenda for the next scheduled meeting of the committee.

Step 5: In considering a complaint, the committee may request the OIG to investigate and report on the matter, it may conduct its own fact-finding including asking Management for information on the matter, or it may take such other action as it deems appropriate. Fact-finding by the committee will be conducted in consultation with the OIG to avoid conflicts, duplication of effort, and to coordinate any concurrent inquiries. If the committee determines that the complaint is valid and action by the Board is warranted, it shall recommend such action for consideration by the Board at the next scheduled Board meeting, or in special session if circumstances warrant.

Step 6: The committee will resolve all complaints filed with it, either by closing, referral, or recommendation for action, within 60 days of receipt or at the next scheduled Board meeting, whichever is later, unless OIG investigation or fact-finding is still on-going. If the complaint is closed or referred, the Chairman of the Audit Committee will so notify the complainant. If action is recommended, the committee will resolve the matter promptly, no later than the Board meeting following completion of the investigation or fact-finding.

Step 7: Following Board action, all documents related to the complaint will be given to the LSC ethics officer, with copies provided to the OIG. The ethics officer will maintain records of all complaints and their disposition and will notify the complainant of any action taken on the complaint.

Nothing in these procedures is intended to limit, be inconsistent with, or in any way be in derogation of the authorities and responsibilities of the Inspector General pursuant to the Inspector General Act of 1978, as amended, and statutes and regulations governing LSC.



# **Committee Evaluation**

## **SUMMARY OF 2013 OPERATIONS AND REGULATIONS COMMITTEE EVALUATION RESPONSES**

### **All members strongly agreed that:**

- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee has adequate resources to support its function.

### **Members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Committee responded effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### **Some members disagreed that:**

- Their comments are heard and valued.

### **Members liked:**

- Meetings are productive and focused on moving the Corporation forward
- Meetings are informative
- Appreciate the way Chairman runs meetings, takes and considers input, expresses appreciation for the opinions and work of others, and keeps us on task.
- Great support from OLA

### **Ideas for Improvement:**

- Some decisions might need to be structured (with options etc.) for efficiency

### **Future Focus:**

- PAI rule 2014 priority; need to activate operational mandate guided by the risk matrix, and begin revision of the rulemaking protocol
- Same areas of focus

## **V. Delivery of Legal Services Committee**

# DELIVERY OF LEGAL SERVICES COMMITTEE

January 24, 2014

## Agenda

### Open Session

1. Approval of Agenda
2. Approval of minutes of the Committee's meeting on September 20, 2013
3. Approval of minutes of the Committee's meeting on October 21, 2013
4. Discussion of Committee's evaluations for 2013 and the Committee's goals for 2014
5. Panel presentation and Committee discussion of LSC's Performance Criteria, Performance Area Four, Criterion 1. Board Governance—fiscal and financial oversight
  - **AnnaMarie Johnson**, Executive Director, Nevada Legal Services
  - **Paul Larsen**, former Board Chair, Nevada Legal Services
  - **Steve Gottlieb**, Executive Director, Atlanta Legal Aid Society
  - **Mike Nations**, Chair, Audit Committee, Atlanta Legal Aid Society
  - **Lynn Jennings**, Vice President for Grants Management, Legal Services Corporation (*Moderator*)
6. Public comment
7. Consider and act on other business
8. Consider and act on motion to adjourn the meeting

**Draft Minutes of September 20, 2013  
Meeting**

**Legal Services Corporation  
Meeting of the Promotion and Provision for the Delivery of  
Legal Services Committee**

**Open Session**

**DRAFT**

**Friday, September 20, 2013**

Co-Chair Father Pius Pietrzyk convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Promotion and Provision for the Delivery of Legal Services Committee ("the Committee") at 2:37 p.m. on Friday, September 20, 2013. The meeting was held in the John N. Erlenborn Conference Room, Legal Services Corporation, 3333 K Street, N. W., Washington, D. C. 20007.

The following Committee members were present:

Father Pius Pietrzyk, Co-Chair  
Gloria Valencia-Weber, Co-Chair  
Sharon L. Browne  
Victor B. Maddox  
Julie A. Reiskin

John G. Levi, *ex officio*

Other Board members present:

None

Also attending were:

James J. Sandman	President
Rebecca Fertig	Special Assistant to the President
Lynn Jennings	Vice President for Grants Management
Janet LaBella	Director, Office of Program Performance
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel and Corporate Secretary
Laurie Tarantowicz	Assistant Inspector General and Legal Counsel, Office of the Inspector General

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Co-Chair Father Pius called the meeting to order.

**MOTION**

Ms. Browne moved to approve the agenda. Ms. Reiskin seconded the motion.

**VOTE**

The motion passed by voice vote.

**MOTION**

Ms. Reiskin moved to approve the minutes of the Committee's meeting of July 22, 2013. Ms. Browne seconded the motion.

**VOTE**

The motion passed by voice vote.

Committee Co-Chair Father Pius gave a brief introduction on the proposed revisions to the Committee charter and invited comments and further proposed revisions. Committee Co-Chair Father Pius offered to incorporate the Committee members' edits into a revised draft for Committee and Board approval at the October meeting in Pittsburgh.

There was no new business to consider.

**MOTION**

Mr. Maddox moved to adjourn the meeting. Ms. Browne seconded the motion.

**VOTE**

The motion passed by voice vote.

The Committee meeting adjourned at 3:01 p.m.

**Draft Minutes of October 21, 2013  
Meeting**



**Legal Services Corporation  
Meeting of the Promotion and Provision for the Delivery of  
Legal Services Committee**

**Open Session**

**DRAFT**

**Monday, October 21, 2013**

Co-Chair Father Pius Pietrzyk convened an open session meeting of the Legal Services Corporation's ("LSC") Promotion and Provision for the Delivery of Legal Services Committee ("the Committee") at 3:30 p.m. on Monday, October 21, 2013. The meeting was held at the Renaissance Pittsburgh Hotel, 107 Sixth Street, Pittsburgh, Pennsylvania 15222.

The following Committee members were present:

Father Pius Pietrzyk, Co-Chair  
Gloria Valencia-Weber, Co-Chair  
Sharon L. Browne  
Victor B. Maddox  
Julie A. Reiskin  
John G. Levi, *ex officio*

Other Board members present:

Harry J.F. Korrell, III  
Martha L. Minow  
Laurie I. Mikva

Also attending were:

James J. Sandman	President
Richard L. Sloane	Chief of Staff and Special Assistant to the President
Rebecca Fertig	Special Assistant to the President
Lynn Jennings	Vice President for Grants Management
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel & Corporate Secretary
David Richardson	Comptroller/Treasurer
Wendy Rhein	Chief Development Officer
Jeffrey Schanz	Inspector General
Thomas Coogan	Assistant Inspector General for Investigations, Office of the Inspector General

David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General
Carol Bergman	Director, Office of Government Relations and Public Affairs (GRPA)
Carl Rauscher	Director of Media Relations, GRPA
Lora M. Rath	Deputy Director, Office of Compliance and Enforcement
Janet LaBella	Director, Office of Program Performance
Allan J. Tanenbaum	Non-Director Member, Finance Committee (General Counsel, Equicorp Partners)
Don Saunders	National Legal Aid and Defenders Association (NLADA)
Terry Brooks	American Bar Association Standing Committee on Legal Aid and Indigent Defendants (SCLAID)
Katia Garrett	District of Columbia Bar Foundation
Alex Gulotta	Legal Aid Justice Center
Yvonne Mariajimenez	Neighborhood Legal Services of Los Angeles County
Anita Santos-Singh	Philadelphia Legal Assistance
Sam Milkes	Pennsylvania Legal Aid Network
Susan Lucas	Pennsylvania Legal Aid Network
Dveer Segal	Villanova University School of Law
Kathleen D. Wilkerson	Chancellor-Philadelphia Bar Association
Catherine Carr	CLS Philadelphia
Chet Harhut	Pennsylvania Legal Aid Network

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Co-Chairman Father Pius called the meeting to order.

### **MOTION**

Ms. Browne moved to approve the agenda. Committee Co-Chair Valencia Weber seconded the motion.

### **VOTE**

The motion passed by voice vote.

Committee Co- Chair Father Pius invited comments and suggestions on proposed revisions to the Committee charter.

### **MOTION**

Ms. Browne moved to recommend the revised Committee charter to the Board for approval. Committee Co-Chair Valencia-Weber seconded the motion.

## **VOTE**

The motion passed by voice vote.

Committee Co-Chair Valencia-Weber introduced the LSC Performance Criteria panel presentation. Ms. LaBella, panel moderator, introduced the panelists: Yvonne Mariajimenez, Deputy Director of Neighborhood Legal Services of Los Angeles County, Alex Gulotta, Director of the Legal Aid Justice Center, and Katia Garrett, Director of the District of Columbia Bar Foundation. Ms. Labella provided an overview of LSC's Performance Criteria. She was followed by Ms. Mariajimenez who discussed her experience serving on the advisory committee that provided the grantee perspective on how to revise the LSC Performance Criteria. Mr. Gulotta, having participated in a number of program quality visits with LSC's Office of Program Performance, shared his experience with using the LSC Performance Criteria during his program visits. Ms. Mariajimenez then discussed how her program uses the LSC Performance Criteria internally. Ms. Garrett described how the D.C. Bar Foundation, a grant making organization, uses LSC's Performance Criteria as a reference tool. Ms. LaBella and the panelists answered Committee members' questions.

Committee Co-Chair Father Pius invited public comment and received none.

There was no new business to consider.

## **MOTION**

Committee Co-Chair Valencia-Weber moved to adjourn the meeting. Ms. Browne seconded the motion.

## **VOTE**

The motion passed by voice vote.

The Committee meeting adjourned at 5:05 p.m.

# **Committee Evaluation**

## **SUMMARY OF 2013 DELIVERY OF LEGAL SERVICES COMMITTEE EVALUATION RESPONSES**

### **All members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.

### **Mixed responses (some agreed/some disagreed) that:**

- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responded effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Their comments are heard and valued.

### **Members liked:**

- Input from members
- Meaningful discussion about performance criteria
- Discussions on recent changes to the charter
- The committee is collegial
- Knowledgeable panelists

### **Ideas for Improvement:**

- Less time on panels; more time discussing recommendations to improve delivery of legal services
- More substantive discussion on the evaluation of grantee quality by the Corporation.
- More time for discussion and interaction

### **Future Focus:**

- More engagement with client board members
- Client engagement, how priorities are set, how satisfaction surveys are done, what metrics are really meaningful to clients
- Grantee board member trainings
- Implementing new charter

# **Performance Criteria: Board Governance Panelist Bios & Performance Criteria 4**

**Delivery of Legal Services Committee**  
**January 24, 2014**  
**Grantee Board Fiscal Oversight Panel Presentation Bios**

**Steve Gottlieb, Executive Director, Atlanta Legal Aid Society**

Steve Gottlieb has been the Executive Director of the Atlanta Legal Aid Society since 1980. During this time, Atlanta Legal Aid created a dozen special projects designed to serve particularly vulnerable populations, including persons with AIDS and cancer, children at Children's Hospital of Atlanta, homeowners subject to predatory mortgage lending, disabled persons unnecessarily institutionalized, and seniors including residents of nursing homes and personal care homes. The program has expanded each project through targeted fund raising. During Mr. Gottlieb's tenure, Atlanta Legal Aid also began its first private bar campaign and now raises approximately \$1.6 million through this campaign annually. The program also created an endowment now worth almost \$4 million. In 1988, Atlanta Legal Aid hosted an informal meeting of various legal aid fund raising staff from around the country which led to the creation of The Fundraising Project, initially housed at Atlanta Legal Aid's offices. The Fundraising Project has since merged with Management Information Exchange and continues its national yearly legal aid fund raising training, which Mr. Gottlieb has participated in on numerous occasions. In 2010, he was honored during The Fundraising Project's 20<sup>th</sup> anniversary celebration in Atlanta, Georgia.

**Michael T. Nations, Partner, Nations, Toman & McKnight LLP**

Michael T. Nations is a partner in the Atlanta business litigation firm Nations, Toman & McKnight LLP. Mr. Nations graduated from Duke University in 1967. He and his wife, Mary Jane (also a Duke graduate), served together as Peace Corps Volunteers for two years in Venezuela. Mr. Nations then attended Harvard Law School, graduating cum laude in 1973.

Mr. Nations was involved with the Atlanta Legal Aid Society for many years as a volunteer attorney. He has been a member of the Board of Directors of the Society for about fifteen years, and he served as President of the organization in 2007. He is currently a member of the Executive Committee and Chairman of the Audit Committee. For many years, Mr. Nations has served as a Vice-Chair of Atlanta legal Aid's Annual Campaign, which is focused on raising funds from the private bar. He is currently serving on the Capital Campaign Committee, which is raising funds for the purchase and renovation of a new headquarters building for Atlanta Legal Aid. In addition, he serves as Board Liaison to the Atlanta Legal Aid Society's Investment Committee, which oversees the management of the Society's endowment fund.

In 2009, Mr. Nations was appointed by the Supreme Court of Georgia as a Trustee of the Georgia Bar Foundation, which distributes throughout the state funds collected through the IOLTA (Interest on Lawyer Trust Accounts) program.

**AnnaMarie Johnson, Executive Director, Nevada Legal Services**

AnnaMarie Johnson is a 1985 graduate of the University of North Dakota School of Law. She was introduced to the concept of legal services during law school when she worked for one of

the UND's several law school clinics. The desire to work for legal services continued upon graduation and she was fortunate to find work with Mid-Minnesota Legal Assistance shortly after graduation. Ms. Johnson founded MMLA's Indian Law Project that served the Mille Lacs Reservation in 1987. She has worked in Indian Legal Services since then. In 1997, Ms. Johnson went to work for DNA-People's Legal Services, first as an attorney with DNA's Native American Protection and Advocacy Project assisting developmentally disabled clients and then as an administrator at DNA. In 2004, Ms. Johnson moved to Las Vegas, Nevada, and began working at Nevada Legal Services as the Director of Litigation. She became the Executive Director of NLS in 2008.

**Paul Larsen, Shareholder, Gaming and Regulatory Law Department, Lionel Sawyer & Collins**

Paul Larsen is the former president of the board of Nevada Legal Services. Mr. Larsen is a shareholder in the Gaming and Regulatory Law Department at Lionel Sawyer & Collins. He practices primarily in the areas of administrative law and government regulation. He has practiced before the Public utilities Commission, the State Department of Taxation, as well as various city and county governing boards and state agencies.

Mr. Larsen has taught classes at the University of Nevada, Las Vegas (UNLV), University of Nevada (UNR) and the College of Southern Nevada (CSN) on cash transaction reporting and money laundering regulations for casinos. He is also a frequent speaker on land use and zoning issues, and was managing editor of the Nevada Environmental Law Handbook and a contributing author to the *Nevada Gaming Law Handbook*. Paul is a past member of the board of directors of Nevada Partners, a non-profit entity which helps people transition from welfare to work through job training and education.

Paul received his J.D. from the university of Oregon in 1989, and his B.A. from the University of Oregon in 1986.



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## **PERFORMANCE AREA FOUR. Effectiveness of governance, leadership and administration.**

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Performance Area Four establishes that the program should be led and managed effectively with high-quality administrative systems, procedures and performance. Good leadership and strong internal operations increase the likelihood of effective services, and decrease the risk that effective program services will be adversely affected by organizational problems.

**Criterion 1. Board governance.** The program has effective board oversight and involvement in major policy decisions, including board members who are each committed to the program and its mission, and a board that holds program management accountable for effective performance in the areas delineated by these Criteria. The board also meets its affirmative responsibility to help develop resources for the program, promote awareness of the program, enhance its effectiveness and influence, and protect and defend the interests of the organization.<sup>20</sup>

**Criterion 2. Leadership.** The program has effective leadership which establishes and maintains a shared sense of vision and mission, and emphasizes excellence, innovation, and achievement of goals and objectives.<sup>21</sup>

**Criterion 3. Overall management and administration.** The program is well managed and administered including: an effective management structure; processes and systems to ensure compliance with all funder requirements and state and federal law; capacity to address problems quickly and effectively; effective utilization of technology; effective administrative procedures; competent personnel; allocation of appropriate resources to management functions; and periodic evaluations of administrative operations.<sup>22</sup>

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<sup>20</sup> ABA Standard 1.1 (on Overall Functions and Responsibilities of the Governing Body)  
ABA Standard 1.1-1 (on Governing Body Oversight of the Provider)  
ABA Standard 1.1-2 (on Prohibition Against Interference in the Representation of Clients)  
ABA Standard 1.1-3 (on Fiscal Matters)  
ABA Standard 1.1-4 (on Relations with the Chief Executive)  
ABA Standard 1.1-5 (on Serving as a Resource to the Provider)  
ABA Standard 1.1-6 (on Resource Development)  
ABA Standard 1.2 (on Governing Body Members' Responsiveness to the Communities Served)  
ABA Standard 1.2-1 (on Individual Members' Commitment to the Provider)  
ABA Standard 1.2-2 (on Board Members from the Communities Served by the Provider)  
ABA Standard 1.2-3 (on Training of Members of the Governing Body)  
ABA Standard 1.2-4 (on Governing Body Members' Conflicts of Interest)  
ABA Standard 1.3 (on Governing Body Communication with Low Income and Legal Communities)

<sup>21</sup> ABA Standard 1.1-4 (on Relations with the Chief Executive)  
ABA Standard 2.12 (on Institutional Stature and Credibility)

<sup>22</sup> ABA Standard 2.10 (on Effective Use of Technology)  
ABA Standard 2.11 (on Provider Evaluation)  
See generally Section 5 of the ABA Standards, Standards for Internal Systems and Procedure (5.1 - 5.5)  
See generally Section 6 of the ABA Standards, Standards for Quality Assurance (6.1 - 6.6)

**Criterion 4. Financial administration.** The program has and follows financial policies, procedures, and practices that comport with applicable requirements of the American Institute of Certified Public Accountants, federal, state, and local government, and the program's funding sources, and conducts effective budget planning and oversight.<sup>23</sup>

**Criterion 5. Human resources administration.** The program maintains effective human resources administration, including compliance with all applicable laws.<sup>24</sup>

**Criterion 6. Internal communication.** The program maintains effective intra-staff and staff-management communications and relations.

**Criterion 7. General resource development and maintenance.** To the extent possible, and consistent with the program's mission, the program seeks to maintain and expand its base of funding, with the goal of increasing the quality and quantity of the program's services to eligible clients. The program also coordinates with and where possible utilizes outside resources such as academic institutions, social service organizations, foundations, corporations, organized bar associations, members of the private bar, and other institutions and individuals to supplement its efforts. The program works to increase the overall resources devoted to the legal problems of the eligible client population.<sup>25</sup>

**Criterion 8. Coherent and comprehensive delivery structure.** Overall, the program management maintains a delivery structure and approach that effectively utilizes and integrates staff, private attorneys, and other components; emphasizes innovation and creativity in delivery; is informed by current information concerning delivery research; is well-suited to meeting the most pressing legal needs of the service area; and, given available resources, constitutes an effective and economical balancing of expenditures on the various functions and activities described in the four Performance Areas.<sup>26</sup>

**Criterion 9. Participation in an integrated legal services delivery system.** The program participates in, and seeks to expand and improve, statewide (and regional if relevant) legal assistance delivery systems to achieve equal access to justice and to meet the civil legal needs for low-income persons in the state.<sup>27</sup>

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<sup>23</sup> ABA Standard 1.1-3 (on Fiscal Matters)

<sup>24</sup> While the ABA Standards listed below are cited in support of effective human resources administration, they reflect values that are important to the operation of the program as a whole.

ABA Standard 2.4 (on Cultural Competence)  
ABA Standard 2.5 (on Staff Diversity)  
ABA Standard 6.1 (on Characteristics of Staff)

<sup>25</sup> ABA Standard 1.1-6 (on Resource Development)  
ABA Standard 2.3 (on Participation in Statewide and Regional Systems)

<sup>26</sup> ABA Standard 2.2 (on Delivery Structure)

<sup>27</sup> ABA Standard 2.3 (on Participation in Statewide and Regional Systems)

**Criterion 1. Board governance.** The program has effective board oversight and involvement in major policy decisions, including board members who are each committed to the program and its mission, and a board that holds program management accountable for effective performance in the areas delineated by these criteria. The board also meets its affirmative responsibility to help develop resources for the program, promote awareness of the program, enhance its effectiveness and influence, and protect and defend the interests of the organization.

**Indicators**

**Areas of Inquiry**

The board is involved in major policy decisions, aware of issues in and performance of the program, while leaving day to day management of program operations to program management personnel. The board effectively evaluates the chief executive officer.

How are major policy decisions made? Is the board supportive of the program? Are its individual members? Do board members and officers understand the major issues at stake for the program? Are board members aware of and accurate in their perception of the requirements of the program's funding sources? Is the board aware of any major problems or issues within the program? How does the board exercise its oversight of program operations? Are board decisions appropriately documented in board minutes? Does the board exercise judgment independent of the executive director, where appropriate? How frequently does the board evaluate the executive director? Do board members assist effectively in fundraising and development activity? Is the board membership diverse and representative of the service area?

The board as a whole, and members individually, are committed to the program and its mission, are free from organizational or personal conflicts, attend meetings regularly, and as appropriate, assist in fundraising and development activity.

As a whole, the board is appropriately diverse and representative of the various geographical areas and low-income populations served by the program.

Are client board members actively engaged in board decision making?

The board effectively promotes and expands the reach and influence of the program in the communities it serves, and develops additional resources for the program.

Does the board have a policy or practice that effectively deals with conflicts of interest or potential conflicts of interest? Is the policy or practice in writing? Are organizational or individual conflicts addressed quickly and effectively?

The board exercises effective financial oversight.

Does the board meet its external responsibilities as delineated in this criterion?

Are board members given appropriate orientation and continuing training, including training on the role of the board, potential conflicts of interest, and on fiscal, fiduciary, and other responsibilities?

Does the board have a policy or practice regarding length of service on the board?

What is the level of attendance at board meetings?

What systems and procedures does the board have to ensure effective financial oversight?

**Criterion 2. Leadership.** The program has effective leadership which establishes and maintains a shared sense of vision and mission, and emphasizes excellence, innovation, and achievement of goals, and objectives.

**Indicators**

Key program staff, starting with the executive director or chief executive officer, are recognized as the program leaders. They frame a vision and inspire a culture of energy, creativity, innovation, excellence, and achievement, built on trust, confidence, integrity, and loyalty.

The program provides opportunities for the development of a diverse group of leaders.

The program has a succession plan.

**Areas of Inquiry**

Starting with the chief executive officer, are there recognized, positive, and effective leaders in the program?

Is there a shared sense of vision and mission? Is it expressed in written form? Are staff aware of it?

Does the program leadership effectively inspire creativity and innovation, trust, confidence, integrity, and loyalty?

Does the program provide opportunities for staff to develop and exercise leadership skills?

Does the program have a clear and reasonable succession plan? Is it written?

**Criterion 3. Overall management and administration.** The program is well managed and administered including: an effective management structure; processes and systems to ensure compliance with all funder requirements and state and federal law; a capacity to address problems quickly and effectively; effective utilization of technology; effective administrative procedures; competent personnel; allocation of appropriate resources to management functions; and periodic evaluations of administrative operations.

Indicators	Areas of Inquiry
The program devotes appropriate resources to management.	Is there evidence of unusual disruption, such as frequent or repeated changes in procedures, key personnel, board, or other basic operations?
The program has a management structure that effectively uses middle managers.	How are decisions made in the program? Are there clear procedures and policies? Is decision-making authority clear when delegated? Is decision-making timely and effective? Do staff members know to whom to go for decisions?
The program has experienced, capable, and diverse management and administrative staff.	Is there evidence of effective periodic evaluation? Are evaluations linked to the program's goals, vision or strategic initiatives?
The program provides effective training, supervision, and evaluation of management and administrative staff.	Is there any evidence of non-compliance with federal, state or funder requirements?
The program undertakes periodic evaluation of management operations.	Are problems addressed promptly? Are there sufficient resources allocated to management and administration? Are they excessive?
The program makes major decisions in a way that incorporates relevant information and input.	Does management provide effective leadership and management training and support to mid-level supervisors and personnel engaged in administration and management?
The program devotes appropriate resources to establish and maintain its technological infrastructure.	Does the program foster an environment that emphasizes continuous learning, constructive evaluation and feedback, improvement, and excellence?
The program has developed and regularly updates an emergency plan to enable the program to maintain operations and to minimize disruption in the event of an emergency.	Has the program made considered choices regarding the proportionality of non-advocacy staff as compared to casehandlers, consistent with program resources, number of casehandlers, and type of work?
The program has a plan for providing client services in the event of a disaster or emergency affecting its client community.	Does the program have a policy for the use of its technology? Does the program use technology effectively to enhance the efficiency of program operations and service delivery?

*Performance Area Four — Criterion 3*

**Areas of Inquiry**

Does the program have a plan in the event of an emergency or disaster?

- For preserving files, equipment and computer data bases?
- For communication between staff and management?
- For the relocation of the program's work sites?

Does the program attempt to coordinate with state/local emergency preparedness entities?

Does the program have a plan for providing client services in the event of a disaster or emergency affecting the client population?

**Criterion 4. Financial administration.** The program has and follows financial policies, procedures, and practices that comport with applicable requirements of the American Institute of Certified Public Accountants, federal, state, and local government, and the program's funding sources, and conducts effective budget planning and oversight.

**Indicators**

The program has sufficient, capable, trained and effective staff dedicated to financial administration.

The program has detailed written policies and procedures describing its financial operations which comply with all applicable requirements. The program follows such policies and procedures.

Annual program audits do not reveal any significant problems or issues; where such items have been identified, the program addresses them effectively and promptly.

The program issues accurate financial statements on a timely basis.

**Areas of Inquiry**

Do past audits or outside reports and evaluations reflect problems? Have any such problems been addressed? Is there any evidence of failure to comply with applicable funder or governmental requirements?

Is the budget consistent with the program's mission, goals, and objectives? Does the program effectively adhere to its budget?

Are there systems and procedures in place to ensure periodic and effective financial oversight by management?

Does the program engage in financial planning beyond the current year?

Does the program use up-to-date technology to enhance efficient financial operations?

**Criterion 5. Human resources administration.** The program maintains effective human resources administration, including compliance with all applicable laws.

**Indicators**

The program has sufficient, capable, trained, and effective professional staff assigned to human resources administration.

The program has a capable, culturally competent, and diverse staff.

The program's hiring, supervision, promotion, compensation, and termination policies comply with applicable laws, are efficient, and serve the mission, goals, and priorities of the organization.

The program periodically assesses salaries and employee benefits.

The program maintains and follows clear, uniform and consistent personnel practices, based upon written policies.

The program conducts periodic effective evaluations of all staff, addressing areas where improvement is required and, where appropriate, using such evaluations as part of a comprehensive personnel development strategy.

The program maintains accurate and timely personnel files, and protects the confidentiality of personnel records as required by applicable law and contract.

In its personnel administration, services, and activities, the program avoids any discrimination, harassment or other improper conduct prohibited by law, and promotes equal employment opportunity.

The program effectively retains quality staff and avoids undesirable rates of turnover.

Staff relationships are professional, collegial, and positive.

**Areas of Inquiry**

What are the recruitment policies of the program?

What are the program's fringe benefits and retention policies, such as a loan repayment assistance program, retirement plans, health insurance, and other benefits?

Does the program regularly review its salary structure and benefits?

Does the program periodically review its human resources plans and policies?

What is the current composition of the staff?

Is the current composition of the program staff diverse in terms of experience, gender, race, and disability status?

Does the program conduct annual evaluations of its entire staff? Do such evaluations include setting goals for staff? Is there a system for tracking whether such goals are met?

Does the program evaluate internal and external factors related to turnover and recruitment procedures in recent hirings? Does the program experience a high level of turnover or employee grievances?

Does the program provide promotion opportunities?

Is there cultural competency training for all staff? Have they attended?

What is the recent history and current status of staff morale? Relations with management? Relations among attorneys and casehandling units? Relations between categories of staff, such as between attorneys and paralegals, attorneys and secretaries?



**Indicators**

The program does not have serious intra-staff problems which negatively affect program performance.

To the extent that there are or have been serious morale or other internal personnel problems, the program is addressing or has addressed them effectively, and is taking or has taken appropriate steps to prevent their recurrence.

**Areas of Inquiry**

Does management create and sustain an environment that values and supports a diverse workforce?

What has been the role of management in promoting improved relations to aid better service delivery?

- Among branch offices or units?
- With central administration?
- Between the board and staff?

**Criterion 6. Internal communication.** The program maintains effective intra-staff and staff-management communications and relations.

**Indicators**

The program has systems and procedures for ensuring regular communication among all staff. The program has procedures for obtaining input on significant decisions, and for resolving complaints and problems effectively and timely.

Decisions are quickly and effectively communicated to all those affected by them.

Maximum use of technology is made to facilitate and enhance internal communication.

**Areas of Inquiry**

Is there evidence of regular and consistent efforts to communicate effectively within the program?

Do staff feel there is effective communication? Do there appear to be any problems caused by the absence of effective communication?

Do staff feel that their input is sought on significant decisions?

How does the program use technology to facilitate and enhance communication?

Does the program resolve employee complaints and problems effectively and timely?

**Criterion 7. General resource development and maintenance.** To the extent possible, and consistent with the program's mission, the program seeks to maintain and expand its base of funding, with the goal of increasing the quality and quantity of the program's services to eligible clients. The program also coordinates with and where possible utilizes outside resources such as academic institutions, social service organizations, foundations, corporations, organized bar associations, members of the private bar, and other institutions and individuals to supplement its efforts. The program works to increase the overall resources devoted to the legal problems of the eligible client population.

**Indicators**

**Areas of Inquiry**

The program has sufficient, capable, trained and effective staff dedicated to resource development, or uses outside professional development assistance as appropriate.

Has the program made reasonable efforts to expand its funding base? Has it been successful?

The program makes reasonable efforts at and has success in expanding its funding base, has considered and attempted to secure funding from sources successfully accessed by Legal Services programs, stays abreast of and pursues new opportunities, is innovative in trying to develop new sources, and analyzes and evaluates whether the requirements of a prospective funding source are consistent with the program's mission, goals, priorities, objectives, and strategies.

Is the executive director or fundraiser aware of the options that are available and is there a strategy to seek funds? Have creative approaches and opportunities been developed? Are the results reasonable?

The program has attempted to develop, and to the extent possible, has effective relationships with other major institutional resources in the service area that are involved or might be able to provide some support in the provision of legal assistance to eligible clients, as well as help in expanding program funding.

Is the program coordinating development efforts with other community organizations and agencies serving the low-income population? To the extent it does not, is this a deliberate choice based upon careful analysis of the relative value, or lack thereof, of such joint action?

Does the program employ a development professional, or have access to other professional development assistance? How effectively does it staff its development efforts?

**Criterion 8. Coherent and comprehensive delivery structure.** Overall, the program management maintains a delivery structure and approach that effectively utilizes and integrates staff, private attorneys, and other components; emphasizes innovation and creativity in delivery; is informed by current information concerning delivery research; is well-suited to meeting the most pressing legal needs of the service area; and, given available resources, constitutes an effective and economical balancing of expenditures on the various functions and activities described in the four Performance Areas.

**Indicators**

The program has a reasonable, thoughtful and effective overall delivery system, which utilizes and integrates staff, private attorneys, volunteers, branch offices, outreach, and alternative delivery methods, and which strikes an effective balance on key issues such as specialization, experience of staff, use of attorneys and paralegals, and other major design choices.

The program's choices about allocation of resources to competing activities and functions are reasonable and balanced, and consistent with its mission, goals, priorities, objectives, and strategies.

**Areas of Inquiry**

Does the program have in place and regularly use systems to gauge the efficiency and effectiveness of its overall delivery system?

Is there evidence of actual assessment of efficiency and effectiveness?

Is there evidence of change as a result of that assessment?

Is there evidence of experimentation and innovation?

**Criterion 9. Participation in an integrated legal services delivery system.** The program participates in, and seeks to expand and improve, statewide (and regional if relevant) legal assistance delivery systems to achieve equal access to justice and to meet the civil legal needs for low-income persons in the state.

**Indicators**

The program participates in statewide (and regional if relevant) efforts to provide low-income persons in the state with equal access to a full range of civil legal assistance services in all forums.

The program participates in local, statewide (and regional if relevant) efforts to maximize the effective use of available human and financial resources and to increase such resources to better address the civil legal needs of the state's low-income populations.

The program coordinates with other providers, the bar, law schools, and other relevant entities in seeking to ensure that support is provided to advocates and managers, including training, dissemination and exchange of information, and communication and coordination among practitioners in key areas of law and practice.

The program participates in statewide planning and oversight activities to achieve an integrated statewide delivery system, and coordinates and collaborates with other civil legal aid providers, private attorneys, government and corporate attorneys, the organized bar, courts and court personnel, law schools, and other public and private entities that provide legal and other social services to low-income persons.

**Areas of Inquiry**

Does the program participate in statewide (and regional if relevant) oversight activities to achieve an integrated statewide delivery system?

Is the program engaged in statewide efforts (and regional efforts if relevant) to achieve the availability of a full range of civil legal assistance in all available forums?

Is the program engaged in statewide efforts (and regional efforts if relevant) to eliminate barriers to access and provide meaningful services to low-income persons in the state?

Is the program engaged in statewide efforts (and regional efforts if relevant) to utilize existing financial and human resources effectively and efficiently?

Is the program engaged in statewide efforts (and regional efforts if relevant) to increase potential sources of funding, including financial resources, volunteer and in-kind resources?

Is the program engaged in statewide efforts (and regional efforts if relevant) to provide support to advocates and managers, including training, dissemination and exchange of information, and communication and coordination among practitioners in key areas of law and practice?

As part of its efforts to expand access, provide a full range of services, maximize resources, and ensure support within the state, does the program coordinate and collaborate with other civil legal aid providers, private attorneys, government and corporate attorneys, the organized bar, courts and court personnel, law schools, and other public and private entities that provide legal and social services to low-income persons?

## **VI. Governance & Performance Review Committee**

# **GOVERNANCE AND PERFORMANCE REVIEW COMMITTEE**

**January 24, 2014**

## **Agenda**

### **OPEN SESSION**

1. Approval of agenda
2. Approval of minutes of the Committee's meeting of October 20, 2013
3. Report on Public Welfare Foundation grant and LSC research agenda
  - Presentation by Jim Sandman, President
  - Presentation by David Bonbright, Keystone Accountability
4. Discussion of President's evaluation for 2013
5. Discussion of renewal of President's contract
6. Discussion of the Inspector General's evaluation for 2013
7. Discussion of Board evaluations
  - Staff Report on 2013 Board & Committee Evaluations
  - Discussion of Governance & Performance Committee Evaluation
8. Report on progress in implementing GAO recommendations
  - Presentation by Carol Bergman, Director of Government Relations & Public Affairs

- Consider and act on Performance Management Process (GAO recommendation 12)
  - Presentation by Jim Sandman, President

9. Consider and act on LSC's Whistleblower Policy

- Presentation by Ron Flagg, General Counsel & Corporate Secretary

10. Consider and act on proposed amendment to LSC Bylaw section 5.02(a)

- Presentation by Ron Flagg, General Counsel & Corporate Secretary

11. Consider and act on other business

12. Public comment

13. Consider and act on motion to adjourn meeting



# **Draft Minutes of October 20, 2013**

**Legal Services Corporation  
Meeting of the Governance and Performance Review Committee**

**Open Session**

**DRAFT**

**Sunday, October 20, 2013**

Committee Chair Martha L. Minow convened an open session meeting of the Legal Services Corporation's ("LSC") Governance and Performance Review Committee ("the Committee") at 2:26 p.m. on Sunday, October 20, 2013. The meeting was held at the Renaissance Pittsburgh Hotel, 107 Sixth Street, Pittsburgh, Pennsylvania 15222.

The following Committee members were present:

Martha L. Minow, Chair  
Sharon L. Browne  
Charles N.W. Keckler  
Julie A. Reiskin  
John G. Levi, ex officio

Other Board members present:

Robert J. Grey, Jr. (by telephone)  
Harry J.F. Korrell, III  
Victor B. Maddox  
Laurie I. Mikva  
Father Pius Pietrzyk  
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Lynn Jennings	Vice President for Grants Management
Wendy Rhein	Chief Development Officer
Richard L. Sloane	Chief of Staff and Special Assistant to the President
Rebecca Fertig	Special Assistant to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Carol A. Bergman	Director, Office of Government Relations and Public Affairs
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs
Jeffrey E. Schanz	Inspector General
David Maddox	Assistant Inspector General for Management and Evaluation, Office of the Inspector General
Janet LaBella	Director, Office of Program Performance
Chuck Greenfield	National Legal Aid and Defender Association (NLADA)
Don Saunders	National Legal Aid and Defender Association (NLADA)

Herbert S. Garten	Non-Director Member, LSC's Institutional Advancement Committee
Allan J. Tanenbaum	Non-Director Member, LSC's Finance Committee
Terry Brooks	American Bar Association (ABA)

The following summarizes actions taken by, and presentations made to, the Committee:

Committee Chair Minow called the meeting to order.

**MOTION**

Ms. Browne moved to approve the agenda. Mr. Keckler seconded the motion.

**VOTE**

The motion passed by voice vote.

**MOTION**

Ms. Reiskin and Mr. Keckler moved to approve the minutes of the Committee's meeting of July 23, 2013.

**VOTE**

The motion passed by voice vote.

Ms. Bergman reported on LSC's progress in implementing the GAO's recommendations on improving internal controls, grantee risk assessment criteria, performance management system and staffing needs assessments. She and President Sandman answered Committee members' questions.

Next, Ms. Bergman presented revised forms for Board and Committee evaluations.

President Sandman next reported on the Public Welfare Foundation grant and LSC's research agenda. He answered Committee members' questions.

Mr. Flagg then presented the Conflict of Interest Policy and corresponding resolution for the Committee to recommend to the Board for adoption. The Committee members offered several edits to the policy.

**MOTION**

Ms. Browne moved to recommend to the Board the adoption of the Conflict of Interest Policy, as amended, and the corresponding resolution. Ms. Reiskin seconded the motion.

**VOTE**

The motion passed by voice vote.

Committee Chair Minow invited public comment. Mr. Greenfield, National Legal Aid and Defender Association commented on the proposed Conflict of Interest Policy, suggesting that LSC management review an internal ethics opinion previously issued regarding grantee peer reviews.

There was no other business to consider.

**MOTION**

Ms. Brown moved to adjourn the meeting. Mr. Keckler seconded the motion.

**VOTE**

The motion passed by voice vote.

The Committee meeting adjourned at 3:34 p.m.

# **President's Contract**



January X, 2014

James J. Sandman, Esq.  
3345 Stephenson Place, NW  
Washington, DC 20015

Re: Executive Employment Contract Renewal

**President**  
James J. Sandman

**Board of Directors**  
John G. Levi  
Chicago, IL  
*Chairman*

Martha Minow  
Cambridge, MA  
*Vice Chair*

Sharon L. Browne  
Sacramento, CA

Robert J. Grey, Jr.  
Richmond, VA

Charles N. W. Keckler  
Arlington, VA

Harry J. F. Korrell  
Seattle, WA

Victor B. Maddox  
Louisville, KY

Laurie Mikva  
Evanston, IL

Fr. Pius Pietrzyk, OP  
Zanesville, OH

Julie A. Reiskin  
Denver, CO

Gloria Valencia-Weber  
Albuquerque, NM

Dear Jim:

This letter is intended to serve as your employment contract ("Contract") for the officer position of President of the Legal Services Corporation (LSC).

Your employment as President of LSC under this Contract shall commence on February 1, 2014, and, unless it is terminated sooner in any of the ways provided for in ¶ 6, your employment shall be for three years ending on January 31, 2017. This contract will automatically renew for a one-year period unless either party notifies the other in writing at least 120 days prior to January 31, 2017, of an election not to renew the contract. Thereafter, this contract will continue to automatically renew for one-year periods unless either party notifies the other in writing at least 120 days prior to the last day of the then current period (January 31 of the year) of an election not to renew the contract. The initial three year period referenced in this paragraph and each renewal period thereafter shall be collectively referred to hereinafter as the "Term."

Your appointment as President is subject to the following terms and conditions:

1. You will perform all services and duties for the Corporation as are normally assigned or delegated to the President, including, but not limited to, all services and duties enumerated in this Contract, in the Bylaws of the Corporation, in the Legal Services Corporation Act, 42 U.S.C. § 2996 *et seq.* ("the LSC Act"), as may from time to time be amended, and any other applicable law. In performing your duties, you will be subject to the direction and supervision of the Board and only the Board, and will not be subject to the direction or supervision of any other officer or employee of the Corporation.
2. While serving as President, you will devote your full professional time and attention to the affairs and business of the Corporation. You will not accept any salary or other compensation for services from any source other than the Corporation, unless the Board votes to provide prior authorization for specific compensated work. This provision does not prohibit volunteer positions with other organizations such as bar associations, universities, and other non-profits, if such service is consistent with the LSC Code of Conduct and advance written notice of those activities is given to the Board.
3. For services rendered, the Corporation will pay you a salary at a rate of Level V of the Executive Schedule specified in § 5316 of Title 5 of the United States Code, as that section may be revised from time to time. Salary payments will be

\_\_\_\_\_ John G. Levi

\_\_\_\_\_ James J. Sandman

- made to you in equal semi-monthly installments, or as otherwise appropriate under LSC's payroll procedures. In addition, if the Corporation adopts a performance based bonus program for its employees, the Board will consider a performance based bonus for you. Subsequent changes in salary, bonuses, or other forms of compensation will follow normal LSC procedures unless the Board decides otherwise.
4. In addition to the salary specified in ¶ 3, you will be entitled to a locality pay adjustment, leave, benefits, and others items as provided for in LSC policies and procedures, including the LSC Employee Handbook and LSC Administrative Manual, as may be revised from time to time ("LSC Policies and Procedures"); provided, however, that this Contract will not limit the Corporation's ability to amend, modify or terminate such plans, policies or arrangements at any time for any reason.
  5. Pursuant to LSC Policies and Procedures, as may be revised from time to time, you will be entitled to reimbursement for all reasonable, legitimate, and suitably documented business expenses incurred by you during the Term and in the course of your employment as President. To the extent any reimbursements under this Contract are taxable, such reimbursements shall be administered consistent with the following requirements as set forth in Treas. Reg. § 1.409A-3(i)(1)(iv): (1) your eligibility for reimbursements in one year will not affect your eligibility for reimbursements in any other year; (2) any reimbursement of eligible expenses will be made on or before the last day of the year following the year in which the expense was incurred; and (3) your right to reimbursements is not subject to liquidation or exchange for another benefit.
  6. Notwithstanding any other provision of this Contract, your employment as President shall terminate upon the happening of any of the following events:
    - a. immediately, or at such date as otherwise determined by the Board, upon written notification to you that the Board has acted to terminate your employment for cause. For purposes of this Contract, "cause" shall mean:
      - i. an act of personal dishonesty from which you benefit financially;
      - ii. your willful and continued failure to substantially perform your duties as President (other than any such failure resulting from incapacity or mental illness, and specifically excluding any failure by you, after reasonable efforts, to meet performance expectations), for thirty (30) days after written demand for substantial performance is delivered to you by the Board that specifically identifies the manner in which the Board believes that you have not substantially performed your duties. For purposes of this provision, no act or failure to act on your part will be considered "willful" unless it is done, or omitted to be done, by you in bad faith, without reasonable belief that your action or omission was in the best interests of the Corporation;
      - iii. your conviction of a crime, not including minor traffic infractions;

\_\_\_\_\_ John G. Levi

\_\_\_\_\_ James J. Sandman

- iv. a material violation of the duty of loyalty to LSC, except that, for material violations that can be cured, only after reasonable notice to you of such violation and your failure to cure it; or
  - v. any material violation of LSC's rules, policies, procedures, or practices pertaining to employee standards of conduct, but only after reasonable notice to you and your failure to cure any such violation.
- b. thirty (30) calendar days after you provide written notice to the Chairman of the Board ("Board Chair") or the Secretary of the Corporation ("Corporate Secretary") (or, if there is no Board Chair or Corporate Secretary in office at the time, then to any member of the Board) stating your intention to terminate your employment;
  - c. thirty (30) calendar days after the Board notifies you in writing of its election to terminate your employment as President without cause;
  - d. your death; and
  - e. expiration of your term as President, as described above.
7. For purposes of any notice to the Board provided pursuant to this Contract, written notice delivered to the Board Chair or the Corporate Secretary will suffice. For purposes of any notice to you provided pursuant to this Contract, written notice signed by the Board Chair or the Corporate Secretary and delivered by certified mail to your home at 3345 Stephenson Place, NW, Washington, DC 20015, or hand-delivered to you at your LSC office shall suffice.
8. The term "Termination Date" as used in this contract refers to the date upon which termination pursuant to ¶ 6 occurs. Upon your termination date, except as specifically provided in ¶ 9, you shall be entitled to receive payment for accrued and unpaid salary, expenses, reimbursements, leave, and benefits as per LSC Policies and Procedures, including the Employee Handbook and Administrative Manual, through the Termination Date. All compensation and benefits will cease in accordance with the terms of any applicable plan following such termination, and the Corporation will have no further liability or obligation regarding compensation and benefits by reason of such termination, except as otherwise provided by COBRA or other laws or regulations (if applicable). The foregoing will not be construed to limit your right to payment or reimbursement for claims incurred prior to the Termination Date under any insurance contract or other arrangement funding an employee benefit plan, policy or arrangement of the Corporation in accordance with the terms of such insurance contract or other arrangement.
9. If termination is initiated by the Corporation pursuant to ¶ 6.c, then you will be entitled to continued payments at your final rate of pay for a period of six (6) months following the Termination Date (the "Severance Period"). Such payments shall be at your rate of pay on the Termination Date in accordance with the Corporation's normal payroll practices and shall be reduced to the extent to which you receive, or are entitled to receive, compensation and/or benefits from another employer or self-employment during the Severance Period. You agree to immediately notify LSC if you receive or become

\_\_\_\_\_ John G. Levi

\_\_\_\_\_ James J. Sandman



- entitled to receive compensation and/or benefits from another employer or self-employment. If during the Severance Period the Board requests that you consult with the Corporation, you agree to do so at such times and places as shall be mutually agreeable, but without additional compensation other than reimbursement of properly documented expenses incurred during the Severance Period, which shall be reimbursed in accordance with ¶ 5.
10. The continued payments during the Severance Period described in ¶ 9 are in lieu of, and not in addition to, any other severance arrangement that may be agreed upon by the Corporation.
  11. Should termination occur pursuant to ¶ 6.d, your estate, or whomever you shall otherwise designate as permitted by law, shall be entitled to receive payment for the salary, expense reimbursements, vacation leave, and other employee benefits that have accrued but remain unpaid as of the Termination Date, to the extent that they are transferable and permitted by law and the terms of the LSC 403(b) Thrift Plan.
  12. This Contract shall be governed by and construed in accordance with the LSC Act, as amended, other statutes governing the Corporation, and the laws of the District of Columbia.
  13. This instrument constitutes the entire agreement of the parties with respect to your employment as President. No amendment or variation of the terms set forth herein shall be valid unless made in writing and signed by you and a duly authorized representative of the Board. The respective rights and obligations of the parties shall survive any termination or expiration of this Contract to the extent necessary to preserve such rights and obligations.
  14. The invalidity of any provision of this Contract shall in no way affect the validity of any other provision of the Contract. If any provision contained in this Contract cannot be legally enforced to its fullest extent, then such provision shall be enforceable to the maximum extent permitted by law, and the parties hereto consent and agree that such provision may be judicially modified accordingly in any proceeding brought to enforce such provision.
  15. The Corporation shall withhold from payments hereunder any taxes required to be withheld from such payments under local, state, or federal law.

\_\_\_\_\_ John G. Levi

\_\_\_\_\_ James J. Sandman

16. Except for the reimbursement of expenses as provided in ¶¶ 5 and 9, this Contract is intended to meet the requirements to be exempt from section 409A of the Internal Revenue Code and the Treasury regulations relating thereto (“Code section 409A”) so as not to subject you to the payment of additional taxes and interest under Code section 409A. To the extent any reimbursements under this Contract are taxable and subject to Code section 409A, this Contract is intended to comply with the provisions of Code section 409A, and it shall be interpreted, operated, and administered in a manner consistent with these intentions.
17. This Contract may be executed in counterparts (including by facsimile), each of which shall be deemed to be an original, but both of which, taken together, shall constitute one and the same instrument.

If you agree with the terms and conditions set forth herein, please sign the attached copy of this letter and deliver it to the Corporation’s General Counsel, Ronald Flagg, at the Corporation’s office at 3333 K Street NW, Washington, DC 20007.

For the Board:

John G. Levi  
Chairman

AGREED TO AND ACCEPTED

This \_\_\_ day of January, 2014

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James J. Sandman

# **Board Evaluation**

## SUMMARY OF LSC BOARD OF DIRECTORS 2013 EVALUATION RESPONSES

Board members responded to the statements below based on the following scale: 1=Strongly Agree; 2=Agree; 3=Disagree; 4=Strongly Disagree

1. Board has a full and common understanding of LSC's mission and procedures, and the roles and responsibilities of the Board; Board members are involved and interested in the Board's work **(10 strongly agree, 1 agree)**
2. The structural pattern of LSC's governance (Board, Committees, President, Officers, and staff) is clear. **(7 strongly agree, 4 agree)**
3. The Board has clear goals and measurements resulting from relevant and realistic strategic planning; the Board regularly monitors and evaluates progress toward strategic goals and program performance. **(5 strongly agree, 6 agree)**
4. The Board receives regular and timely reports on finances, budgets, program performance, grantee issues, and other important matters. **(8 strongly agree, 3 agree)**
5. The Board provides input to and annually approves the budget request to Congress. **(9 strongly agree, 2 agree)**
6. The Board effectively represents LSC to the community. **(8 strongly agree, 3 agree)**
7. Board meetings facilitate focus and progress on important organizational matters. **(7 strongly agree, 4 agree)**
8. The Board has an adequate opportunity to evaluate the LSC President, Officers and Inspector General annually. **(9 strongly agree, 2 agree)**
9. Board adheres to standards of ethics and conduct. **(10 strongly agree, 1 agree)**
10. Board members possess the skills and knowledge to carry out their duties. **(10 strongly agree, 1 agree)**

### **PRIORITIES FOR ATTENTION IN 2014 INCLUDE:**

#### **PRO BONO TASK FORCE**

Eight (8) Board Members identified implementation of the Pro Bono Task Force Report Recommendations as a priority.

## **40<sup>TH</sup> ANNIVERSARY**

Seven (7) Board Members identified development and plans for the 40<sup>th</sup> anniversary as a priority.

- Expand public awareness and support (financial and public good will) for LSC
- Effectively mobilize the LSC Board
- Garner support from a wide and diverse body of people and involve clients at events

## **ENHANCE DATA/TECHNOLOGY**

Six (6) Board Members identified expanding the use of data and technology as a priority.

- Development of good process to determine what data is used and how it should be collected
- Work more directly with the National Center for State Courts and/or the Conference of Chief Justices
- Implementation of data consultant recommendations

## **FUNDING**

Four (4) Board Members identified the need to develop outside sources of funding as a priority.

- Expand corporate support for LSC and grantees
- Assist grantees to operate effectively with budget cuts and develop local fundraising strategies

## **STRATEGIC PLAN**

Three (3) Board Members identified implementation of the strategic plan as a priority.

## **FISCAL OVERSIGHT TASK FORCE**

Three (3) Board Members identified implementation of the Fiscal Oversight Task Force recommendations as a priority.

- Fiscal oversight at grantee level, including improvement of internal controls
- Reorganization of the OPP and OCE staff

## **MESSAGING**

Two (2) Board Members identified communication and outreach to increase public awareness as a priority.

## **RELATIONSHIP WITH CONGRESS**

Two (2) Board Members identified improved relations with Congress as a priority.

## **PAI**

Two (2) Board Members identified revising PAI rules as a priority.

## **OTHER PRIORITIES**

The following priorities were identified by one (1) Board member:

- Education and training of grantee Boards
- Working towards completing oversight of management functions as outlined and allocated by the Audit Committee
- Risk management matrix, including potential for political risk of grantee activity resulting in funding cut
- Providing better communication to the Board about issues of quality of legal services provided by grantees
- Client engagement including client training, assuring clients are invited to all Board activities, and promoting board training on how to appropriately and meaningfully engage clients.
- Help grantees to communicate and cooperate among each other
- Judiciary
- Continue research on use of LSC grantee attorneys to represent defendants in tribal court and its impact

# **Summary of Committee Evaluations**

## SUMMARY OF 2013 BOARD COMMITTEE EVALUATION RESPONSES

### AUDIT COMMITTEE

#### All members either strongly agreed or agreed that:

- They understand and agree with the goals and purpose of the committee.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Their comments are heard and valued.

#### Members liked:

- Leadership's management of the meetings, encouragement of discussion, demeanor, treatment of other participants, etc.
- Learning more about audit processes from other members.
- Generally productive, and usually come away knowing more than at the start.
- With a defined a long-term agenda, committee can assess the work and interaction of the OIG and OCE – the key to minimizing risk regarding grantee funds.

#### Ideas for Improvement:

- More guidance to management/staff on the length of presentations, which tend to be too long.
- More efficient time management by the chairman.
- More informative, succinct and regular presentations by staff.
- Better interaction with OIG.

#### Future Focus:

- Where appropriate, delineating and connecting committee's work with other committees.
- Implementing the new charter, taking advantage of the expertise of non-board members, and continuing to oversee implementation of fiscal oversight reforms.



## **DELIVERY OF LEGAL SERVICES COMMITTEE**

### **All members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.

### **Mixed responses (some agreed/some disagreed) that:**

- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responded effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Their comments are heard and valued.

### **Members liked:**

- Input from members
- Meaningful discussion about performance criteria
- Discussions on recent changes to the charter
- The committee is collegial
- Knowledgeable panelists

### **Ideas for Improvement:**

- Less time on panels; more time discussing recommendations to improve delivery of legal services
- More substantive discussion on the evaluation of grantee quality by the Corporation.
- More time for discussion and interaction

### **Future Focus:**

- More engagement with client board members
- Client engagement, how priorities are set, how satisfaction surveys are done, what metrics are really meaningful to clients
- Grantee board member trainings
- Implementing new charter

## **FINANCE COMMITTEE**

### **All members strongly agreed that:**

- They understand and agree with the goals and purpose of the committee.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee meetings are held regularly and with appropriate frequency.
- Agenda and materials are sufficiently received in advance of meetings.

### **Members either strongly agreed or agreed that:**

- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### **Members liked:**

- Information presented by LSC staff is substantive and well presented.
- Committee worked in an efficient manner
- Committee is collegial
- Committee Chairman
- Informative and productive meetings
- Meetings run effectively, input from all in attendance is welcomed

### **Ideas for Improvement:**

- Consider having additional briefings between meetings.
- More details regarding line items and what each line item includes
- Reduce number of committee members
- More focus on progress in implementing task force recommendations

### **Future Focus:**

- Evaluate the implementation of the recommendations of the Fiscal Oversight Task Force.

## **GOVERNANCE AND PERFORMANCE REVIEW COMMITTEE**

### **All members strongly agreed that:**

- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee has adequate resources to support its function.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Committee members treat each other with respect and courtesy.

### **Members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee meetings are held regularly and with appropriate frequency.
- Agenda and materials are sufficiently received in advance of meetings.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Their comments are heard and valued.

### **Members liked:**

- Committee chair
- Meetings are brisk and focused on the well-being of the Corporation

### **Ideas for Improvement:**

- There are additional issues that could be addressed

### **Future Focus:**

- We have an opportunity to align the performance of officers and the President with the new system for line employees
- Risk assessment for corporation, develop best practices for grantees and for corporation for board performance

## **INSTITUTIONAL ADVANCEMENT COMMITTEE**

### **All members strongly agreed that:**

- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### **Mixed responses (some agreed/some disagreed) that:**

- They understand and agree with the goals and purpose of the committee.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.

### **Members liked:**

- Meetings are productive, well organized, thoughtful, strategic
- Making progress on goals
- Meetings are professional and respectful of all involved
- Collegiality, exchange of ideas, following agenda
- Excellent planning and follow through

### **Ideas for Improvement:**

- Better and consistent attendance
- Limit discussion of small matters. The overall scope and plan of our Advancement efforts in the near term have been well sketched out. Now we should allow management to implement this plan.

### **Future Focus:**

- Expanded discussion of major foundations
- 40<sup>th</sup> Anniversary
  - build on this for a sustainable structure,
  - ensure events are adequately supported.
  - continue planning and work to obtain the necessary funds and awareness to make this year count
  - anniversary events should be our near-term focus; should consider discussing Committee role now that the Corporation has a functioning Advancement Office; need to change gears from an implementing committee to more of an oversight committee.
- Maintain political balance among the persons enlisted to carry out the goals of the committee.
- Same focus as in the past

## **OPERATIONS AND REGULATIONS COMMITTEE**

### **All members strongly agreed that:**

- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee has adequate resources to support its function.

### **Members either strongly agreed or agreed that:**

- They understand and agree with the goals and purpose of the committee.
- Committee responded effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### **Some members disagreed that:**

- Their comments are heard and valued.

### **Members liked:**

- Meetings are productive and focused on moving the Corporation forward
- Meetings are informative
- Appreciate the way Chairman runs meetings, takes and considers input, expresses appreciation for the opinions and work of others, and keeps us on task.
- Great support from OLA

### **Ideas for Improvement:**

- Some decisions might need to be structured (with options etc.) for efficiency

### **Future Focus:**

- PAI rule 2014 priority; need to activate operational mandate guided by the risk matrix, and begin revision of the rulemaking protocol
- Same areas of focus

# **GAO 2010 Report Tracking Document**

**Status of GAO Recommendations from June 2010 Report  
 “Improvements Needed in Controls over Grant Awards & Grantee Program Effectiveness”**

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
1	Develop and implement procedures to provide a complete record of all data used, discussions held, and decisions made on grant applications.	<p>June 2010</p> <p>August 2010</p> <p>June 2010</p>	<p>Real time observation of LSC Grants</p> <p>Real time observation of LSC Grants</p> <p>Real time observation of LSC Grants</p>	<p>Changes to the LSC Grants software program have been implemented and include:</p> <ul style="list-style-type: none"> <li>• The home page of the LSC Grants review module has been revised to include a listing of grant documents that must be reviewed (if applicable). The final page of the review module requires the reviewer to certify, by entering the reviewer’s name, that all applicable grant documents have been reviewed in completing the grant application evaluation.</li> <li>• LSC grants includes a page for OPP management to use in certifying the meeting(s) held with staff reviewers to discuss data used in the evaluation process, the reviewer’s recommendations, and management’s final funding recommendation for the grant applicant.</li> <li>• The evaluation module of LSC grants is modified to designate certain reviewer data fields as required, which prohibits a reviewer from submitting an application evaluation that is incomplete. As an example, the field that reviewers use to certify that all required grant documents have been reviewed is a required field. Also, data fields linked to particular responses provided in other data fields are designated as required fields.</li> </ul>	Closed by GAO on 3.15.13.

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
2	Develop and implement procedures to carry out and document management's review and approval of the grant evaluation and award decisions.	December 2010	Real time observation of LSC Grants	<p>The following changes were incorporated for the 2011 grant decision cycle:</p> <p>LSC grants has been revised to include a page for the LSC Vice President for Programs and Compliance and a page for the LSC President to use in certifying the meeting(s) held with OPP and OCE management to discuss the evaluation process, and OPP and OCE management recommendations.</p> <ul style="list-style-type: none"> <li>The Vice President's page includes a funding recommendation for the grant Applicant and the President's page includes a line for certifying the funding decision for each Applicant. Funding decisions were completed in December 2010.</li> </ul>	Closed by GAO on 3.15.13.
3	Conduct and document a risk-based assessment of the adequacy of internal control of the grant evaluation and award and monitoring process from the point that the Request for Proposal is created through award, and grantee selection.	Ongoing.	Documentation of the risk based internal control assessment of the process and any related risk remediation efforts.	<p>LSC has engaged an outside expert to develop and perform a full evaluation and assessment of the competitive grants process.</p> <p>This includes conducting a risk-based assessment of the internal control of the grant evaluation, award, and monitoring process; recommendations of additional internal control options; recommendations for maximizing information reporting capabilities; and a report on internal controls and options implemented.</p>	Closed by GAO on 3.15.13.
4	Conduct and document a cost benefit assessment of improving the effectiveness of application controls in LSC Grants such that the system's information capabilities could be utilized to a greater extent in the grantee application evaluation and decision-making process.	November 2010	<p>Cost benefits assessment.</p> <p>Real time observation of the required fields, certs etc. in LSC Grants</p> <p>Evidence of the continuous internal evaluation by staff.</p>	<p>LSC implemented the use of the required fields, certifications required by reviewers documenting the review process, and certifications by management and the Executive Office documenting the process for reaching final funding recommendations and funding decisions.</p> <p>LSC Grants will undergo a continuous internal evaluation by staff and management to assess the effectiveness of the control features implemented, and consider additional control feature options.</p>	Closed by GAO on 8.12.13.



#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
<b>Grantee Oversight Activities</b>					
5	Develop and implement procedures to ensure that grantee site visit selection risk criteria are consistently used and to provide for summarizing results by grantee.	August 16, 2010	Evidence of outside labor counsel review and implementation.	LSC policy reflecting risk criteria used by OPP and OCE for selecting grantee site visits has been issued and posted on LSC website. Both offices have prepared summarized results of the selection process by grantee for the 2013 grant cycle.	Provided GAO with LSC's policy on grantee site visit selection risk criteria and close-out request on 10.8.13. Conference call with GAO scheduled for 1.14.14 to discuss documentation.
6	Establish and implement procedures to monitor OCE grantee site visit report completion against the 120 day time frame provided in the OCE Procedures Manual.	April 2012	Evidence of outside labor counsel review and implementation.	OCE has developed an annual tracking document that includes comprehensive information on grantee site visits, and reporting date and issuance (OCE/OPP combined visit list). Outside labor counsel has reviewed LSC's response.	Closed by GAO on 3.15.13.
7	Execute a study to determine an appropriate standard timeframe for OLA opinions to be developed and issued. Develop and implement procedures to monitor completion of OLA opinions related to OCE site visits against the target time frame for issuing opinions.	August 20, 2010	Copy of study and new OLA Opinions Protocol. Also, evidence of implementation of the new protocol.	Office of Legal Affairs (OLA) issued a new Opinions Protocol that sets forth the procedures and processes to be followed in the development and issuance of both Advisory and Internal Opinions. As part of this effort, OLA implemented appropriate timeframes for response to requests for opinions.	Closed by GAO on 3.15.13.

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
8	Develop and implement procedures to provide a centralized tracking system for LSC's recommendations to grantees identified during grantee site visits and the status of grantees' corrective actions.	August 2011	Evidence of procedures and implementation of the centralized tracking system for LSC recommendations.	Both OPP and OCE currently monitor recommendations and corrective actions through separate processes in each office. LSC has implemented a method of monitoring the status of top tier recommendations from OPP program quality visits in LSC Grants. The system requires grantees to discuss the status of the implementation of the report recommendations in their annual competition or renewal applications.	Closed by GAO on 3.15.13.
<b>Performance Management</b>					
9	Develop and implement procedures to link performance measures (1) to specific offices and their core functions and activities, and (2) to LSC's strategic goals and objectives.	Ongoing	Evidence of procedures and sustainable implementation.	<p>The LSC Board of Directors has developed a new strategic plan for the Corporation which will include linking performance measures to LSC's strategic goals and objectives.</p> <p>LSC has drafted department procedures to identify performance measures for each office within LSC annually and to link these measures to LSC's strategic goals and objectives.</p>	<p>Provided GAO with close-out memo and supporting documentation on 10.17.13. Conference call with GAO scheduled for 1.14.14 to discuss documentation.</p>
10	Develop and implement procedures for periodically assessing performance measures to ensure they are up-to-date.	Ongoing	Evidence of implementation.	<p>LSC will develop and implement procedures to periodically assess performance measures after a new strategic plan is finalized.</p> <p>LSC has drafted procedures to identify departmental performance measures that include a schedule for assessing performance measures and ensuring they are up to date.</p>	<p>Provided GAO with close-out memo and supporting documentation on 10.17.13. Conference call with GAO scheduled for 1.14.14 to discuss documentation.</p>
<b>Staffing Needs Assessment</b>					
11	Develop and implement procedures to provide for assessing all LSC component staffing needs in relation to LSC's strategic and strategic human capital plans.	Ongoing	Evidence of procedures and their sustainable implementation.	<p>LSC will develop and implement a human capital plan consistent with the new strategic goals the Board adopts.</p> <p>LSC has drafted a Strategic Human Capital Plan for use in assessing LSC's staffing needs.</p>	<p>Provided GAO with close-out memo and supporting documentation on 10.17.13. Conference call with GAO scheduled for 1.14.14 to discuss documentation.</p>

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
12	Develop and implement a mechanism to ensure that all LSC staff receives annual performance assessments.	Ongoing	<p>Evidence of procedures and their sustainable implementation e.g., most recent actual performance assessments for all OPP and OCE employees.</p> <p>Also list of OPP and OCE staff on board at time of performance assessment cycle.</p>	<p>LSC has drafted a performance management system process that will replace the performance management process described in LSC's Employee Handbook.</p> <p>GAO has notified LSC that it does not require a two consecutive years of implementation before close-out. GAO has confirmed that the only remaining requirement needed to close out this recommendation is that LSC submit a performance management system plan.</p>	Employee Handbook changes currently require board approval. Management will submit the proposed process to the Governance Committee for January 2014 board meeting.
<b>Budget Controls</b>					
13	Develop and implement a process to monitor contract approvals to ensure that all proposed contracts are properly approved before award.	October 2009	Evidence of process design and implementation.	Recommendation completed. LSC implemented new Administrative Manual procedures to better monitor contract approvals and ensure that funds are available and all contracts receive appropriate approvals prior to issuance. This policy and practice was in place prior to GAO's completing their fieldwork for this report, and a review of LSC's practices since October 1, 2009 will show that the procedures are being followed and all contracts are now being properly approved.	Closed by GAO on 10.13.2011.
14	Develop and implement procedures for contracts at or above established policy thresholds, to ensure the LSC President provides written approval in accordance with policy before contract award.	October 2009	Evidence of procedures and their implementation.	<p>Recommendation completed. LSC implemented new Administrative Manual procedures to better monitor contract approvals and ensure that funds are available and all contracts receive appropriate approvals prior to issuance.</p> <p>This policy and practice was in place prior to GAO's completing their fieldwork for this report, and a review of LSC's practices since October 1, 2009 will show that the procedures are being followed and all contracts are now being properly approved.</p>	Closed by GAO on 10.13.2011.

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
15	Develop and implement procedures to ensure budget funds are available for all contract proposals before contracts are awarded.	October 2009	Evidence of sustainable implementation.	<p>Recommendation completed. LSC implemented new Administrative Manual procedures to better monitor contract approvals and ensure that funds are available and all contracts receive appropriate approvals prior to issuance.</p> <p>This policy and practice was in place prior to GAO's completing their fieldwork for this report, and a review of LSC's practices since October 1, 2009 will show that the procedures are being followed and all contracts are now being properly approved.</p>	Closed by GAO on 10.13.2011.
<b>Internal Control Environment</b>					
16	Develop and implement procedures for providing and periodically updating training for LSC management and staff on applicable internal controls necessary to effectively carry out LSC's grant award and grantee performance oversight responsibilities.	Ongoing	Evidence demonstrating implementation of procedures for providing and periodically updating training for LSC management and staff on applicable internal controls necessary to effectively carry out LSC's grant award and grantee performance oversight.	<p>LSC developed training procedures for LSC management and staff regarding internal controls to carry out grant award competition and grantee oversight responsibilities.</p> <p>LSC management received first of a 3-part training series on this topic on September 6, 2012. Second session scheduled for October.</p>	Closed by GAO on 10.13.2011.

Updated 1.7.14

#	Grant Application Processing and Award	Date Document ation Submitted to GAO	Proposed Evidence Needed by GAO (Col. Added by GAO)	LSC Implementation	Current Status
17	Establish a mechanism to monitor progress in taking corrective actions to address recommendations related to improving LSC grants award, evaluation, and monitoring.	October 2010	Evidence of implementation of the monitoring of corrective actions taken to address recommendations related to improving LSC grant award.	LSC has established a formal process to monitor and track actions taken by LSC in response to recommendations from the Government Accountability Office. This written procedure identifies the Office of Government Relations and Public Affairs as the office responsible for maintaining the tracking system and includes quarterly reporting on the status of any remediation efforts to the Board of Directors.	Closed by GAO on 10.13.2011.

Total Number of Recommendations: 17

Total Number Closed: 12

Total Number of Open Items: 5

Total Number in Process of Closure by GAO: 4

# **Performance Management Process**



## MEMORANDUM

**TO:** The Governance and Performance Review Committee

**FROM:** James J. Sandman

**DATE:** January 13, 2014

**SUBJECT:** Revisions to Performance Management Policy

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This memorandum addresses proposed revisions to the LSC Performance Management Policy (PMP) set forth in Section 10 of the LSC Employee Handbook. These revisions are intended to respond to GAO Recommendation 12 and currently require Board approval.

In preparing these revisions, Management had conversations with union representatives and LSC employees, reviewed the evaluation practices of other organizations, and tried to identify best practices. The new evaluation system we recommend is described in the attached "Overview of LSC's Performance Management Process."

The proposed PMP reflects the following changes from the existing policy:

- **A commitment to regular communication between managers and employees about performance.**
- **A commitment to performance assessments that are thorough, detailed, and well-explained.**
- **A linking of employee performance to departmental goals and to LSC's strategic goals.**

The current PMP does not include departmental performance plans and provides no means of linking the work of each department to LSC's goals. Under our new procedures, each department director is required to create a departmental performance plan in the fourth quarter of each year. The plan identifies departmental goals, activities, performance standards, and timelines for the next year and explains how the department goals and activities serve LSC's strategic goals. The attached *LSC Performance Measure Procedures* details this process and was submitted to GAO in response to Recommendation 9 (develop and implement procedures to link performance measures to specific offices and their core functions and activities, and to LSC's strategic goals and objectives). Each LSC department has completed its 2014 performance plan.

Under the new PMP, each employee will have an annual performance plan. The employee's plan will identify the work the employee is expected to perform and link that work to the departmental performance plan and to LSC's strategic goals. The performance plan also will identify expected performance standards and provide a clear articulation of expectations and outcomes.

- **Identification of Eight “Core Competencies” against which all employees are assessed.**

The eight core competencies are drawn from best practices of other organizations and reflect feedback we received from LSC employees. They are relevant to all positions at LSC and establish strong and consistent standards across the corporation.

- **Reduction in the number of performance ratings from 5 to 4.**

Management wants LSC's performance management system to reflect high standards and expectations. Under the proposed PMP, “Meets Expectations” is a high bar – because our expectations are high. By eliminating one rating level, we hope to encourage managers to be rigorous, fair, and forthcoming in their assessment of employee work.

- **Implementation of a 360-Degree Assessment Process**

Consistent with best practices, our proposed system includes more than the traditional evaluation of employees by managers. The system has these additional components;

- An employee self-assessment as a starting point for the evaluation process.
- An opportunity for employees to assess their managers.
- An opportunity for the employee to receive feedback from co-workers who are familiar with the employee's work.

- **Introduction of additional leadership standards for managers**

To assure that managers are appropriately assessed on their performance as leaders, the proposed PMP provides for their evaluation against specified leadership competencies.

If the Committee and the Board approve the proposed changes to the PMP, Management will provide the “Overview of LSC's Performance Management Process” to GAO, seek close-out of Recommendation 12, and begin implementing the new system in the first quarter of 2014.



## Overview of LSC's Performance Management Process

### I. Purpose and objectives of LSC's performance management process

The performance management process is intended to be fair and yield employee performance assessments and performance plans based on a review and analysis of available employee work. LSC recognizes the importance of discussions between managers and employees regarding performance throughout the year. These conversations provide timely opportunities to identify specific performance challenges, acknowledge successes, explore new growth opportunities, and address other issues. LSC conducts annual performance assessments of all employees, which should be completed no later than three months following the conclusion of the assessment year, or at such other times as necessitated by circumstance. The performance management process helps accomplish the following:

- Provide periodic appraisals of work performance to determine if employees are meeting reasonable workplace standards and goals.
- Provide managers and employees with the opportunity to identify strengths and areas for growth for the purpose of improving employee performance and developing new skills.
- Provide employees with performance expectations and notice of current performance, and encourage employees to seek creative solutions and push to reach identified goals.
- Provide a clear record of decisions about potential rewards and consequences.

LSC recognizes the importance of addressing performance deficiencies in a timely manner and will endeavor to address performance deficiencies with employees promptly to allow a reasonable opportunity for correction before the annual assessment.

### Assessment process

The assessment of employee performance is a dynamic process that requires regular interaction and communication between a manager and his or her staff members. The manager's assessment of an employee's performance will be based on a review of the employee's performance of the duties outlined in his or her position description, as well as of projects and assignments set forth in the annual performance plan that is jointly created by the manager and employee. If an employee assumes a new position and performs in it for more than three months during the assessment period, his or her assessment will reflect the work performed under both the former and the new positions.

### Training

Before the commencement of the 2014 assessment cycle, employees will receive training on the performance assessment process, which will include a review of the process for creating a performance plan, as well as the core competencies and the standards reflected in each of the performance ratings. Thereafter, employees will receive training to address any changes made to the performance management process.

## Overview of LSC Performance Management Process

### Performance Plans

Each year, each department director will draft a departmental performance plan that identifies departmental goals and activities, performance standards, timelines, and how department goals and activities serve LSC's strategic goals. Following approval of the departmental performance plan by the President, and prior to creating individual employee performance plans, the director will meet with his or her staff to review and share copies of the departmental performance plan.

Each year, the manager (in certain circumstances, the manager is not also the office director) will draft an annual performance plan for each member of his or her staff. The employee performance plan identifies the work, consistent with the employee's position description, that the employee is expected to perform and how that work relates to the departmental performance plan and to LSC's strategic goals. The employee performance plan will identify performance standards that can be expressed in terms such as quantity, quality, timeliness, process, product, or other measure of performance. Employee performance plans will also identify areas for training and development that can be used to help the employee improve performance and grow. The manager will discuss the proposed performance plan with each employee and make any agreed-upon changes. The performance plans will then be reviewed by the OHR Director and, for offices that report to the Vice President for Grants Management, by the Vice President for Grants Management. The final performance plan will be delivered to the employee by the manager no later than March 31<sup>st</sup>.

In the case of a disagreement about the content of an employee performance plan, the manager will make the final decision. If the employee has concerns about the performance plan, he or she can discuss the matter with the OHR Director.

Directors will share with employees any changes that are made to the departmental performance plan. The manager will update and make modifications to an employee's performance plan, as necessary, to reflect changes after the plan is formulated, such as a shift in priorities or revised performance standards. The manager will discuss with affected staff all new assignments and all necessary updates, adjustments, and modifications to the performance plan, prior to implementation.

### Six-month check-in

At the conclusion of the sixth month of the annual assessment period, each employee will have an informal check-in with his or her manager of at least 15 minutes to review progress and identify any issues or concerns. The check-in will be documented on a simple form to capture the manager's assessment of performance to date. If an employee disagrees with this check-in document, he or she may submit a written response to his or her manager. The manager will review and reply to the response.

## Overview of LSC Performance Management Process

### Self-Assessment

The process also includes an employee self-assessment that provides an opportunity for employees to assess him or herself on each of the eight core competencies with a performance rating and explanatory narrative. The employee will use the self-assessment to characterize accomplishments since hire or the last review date, including goals met or additional achievements above and beyond expectations. The self-assessment also gives the employee an opportunity to describe challenges overcome, lessons learned, and offer suggestions for how his or her manager can provide additional support. The self-assessment will be completed by each employee within the first quarter of each calendar year. Each manager will review his or her employee self-assessments prior to completing the employee assessments (Manager's Assessment of Employee).

### Colleague Feedback

The assessment process is designed to provide an opportunity for each employee to receive a performance assessment that incorporates feedback from his or her supervisor, as well as from coworkers who are well-positioned to contribute to a comprehensive assessment of the employee's performance. Each employee will have the opportunity to present his or her manager with a list of the individuals best-positioned to offer feedback on the various aspects of the employee's performance. The manager will solicit feedback directly from all or a subset of these individuals, or additional individuals who are well-positioned to offer feedback, using a Colleague Feedback Form provided by OHR. Even in the absence of employee input, the manager will make reasonable effort to solicit feedback from at least three individuals. No employee will be compelled to provide feedback on another employee. The assessed employee will not have access to completed Colleague Feedback Forms, and any information from them that his or her manager uses in the assessment will, to the extent possible, be presented by the manager so as not to enable the employee being assessed to identify the author of the comment.

### Annual Assessment

Each manager will draft an assessment for each of his or her employees which includes a performance rating and a narrative for each of the eight core competencies. The assessment will capture accomplishments realized and challenges overcome, as well as identify any deficiencies or areas in which the employee needs to improve and develop. The manager will submit the assessments to OHR for review. OHR will address with the manager any concerns about the assessments. Following OHR's review, the manager will submit the assessments to his or her supervisor, or the supervisor's designee, for review. The manager will, as necessary, revise the assessments to reflect any appropriate changes. The OHR and supervisor reviews will focus on whether the assessment narratives provide the level of detail and specificity necessary to support the assigned rating, as well as on whether managers/directors are consistently applying and interpreting the performance ratings.

## Overview of LSC Performance Management Process

Each employee will receive and review his or her assessment. The employee will then meet with his or her manager to review the assessment and will raise any concerns. After hearing the employee's concerns, the manager may revise the assessment, or will affirm the initial assessment, and will inform the employee of his or her decision. The employee will sign to acknowledge having received the assessment.

### Manager review

The process also provides for upward feedback, and each employee may provide an assessment of his or her manager(s). For those employees who elect to participate in this review, all reasonable efforts will be made to preserve confidentiality and to present comments so as not to reveal the identity of the author. At times, however, management may be required to reveal an employee's identity to address a serious concern or violation.

### Ratings

Employees will be assessed on each of the core competencies that form the basis of the assessment and will be assigned one of four performance ratings for each of the competencies. The ratings are: Exceeds Expectations, Meets Expectations, Needs Improvement, and Unacceptable.

### Review of assessment process

If an employee disagrees with the final written assessment, within thirty (30) days he or she may submit a written response to reflect the disagreement, which will be appended to the final written assessment. The employee may also file a written appeal to the LSC President or his or her designee within fifteen (15) days of receipt of the assessment. All documents used by the manager in preparing the assessment will be provided to the LSC President or his or her designee as part of the appeal process. Within thirty (30) days, the LSC President or his or her designee will respond in writing to the appeal. The LSC President has the authority to change the written assessment.

An employee may file a grievance if he or she believes that the assessment process was not followed. An employee may not file a grievance if he or she disagrees with the content or rating in the six-month check-in or in the final written assessment.

### New employee review

New employees will be assessed using a modified version of the standard assessment form and will receive a 45-day check-in and a 90-day assessment. New employees will receive training on the assessment process and an interim performance plan within fifteen (15) days of hire. New employees will be folded into the regular assessment cycle as soon as practicable based on date of hire.

## Overview of LSC Performance Management Process

### Performance pay

In the event financial rewards are granted for performance, LSC will issue written guidance setting forth the parameters of the program.

### Consequences of inadequate performance

Discussions between managers and employees regarding performance throughout the year are designed to provide an employee with notice of how he or she is performing, address issues, review expectations, and identify actions needed, including possible training, to improve performance. At its discretion, LSC may elect to place an underperforming employee on a formal Performance Improvement Plan (PIP), which is designed to assist and support the employee in his or her efforts to improve identified performance deficiencies during a specified time period. The PIP process is set forth in section 10.7 of the Employee Handbook.

When determining the appropriate response to an assessment of inadequate performance, LSC will consider, among other things, the quality of the employee's overall performance, whether the identified deficiencies during the review period are inconsistent with prior performance, the level and nature of the notice of performance deficiencies provided to the employee during the course of the review period, and evidence of the employee's success in remediating the identified issues and concerns.

Each situation related to deficient performance must be evaluated individually and, in instances involving serious deficiencies or mistakes, it may be necessary to discharge the employee immediately. The employee will receive written documentation of any performance-related action being taken against him or her.

### Administration of process

OHR is responsible for ensuring compliance with the process. Any questions regarding the performance assessment process should be directed to OHR Director.

## Overview of LSC Performance Management Process

II. **Components:** The tools used to assess performance, mark development, and identify areas for growth are:

- 1. Employee Self-Assessment (ESA):** Designed to allow Employee to assess him or herself on each of the eight core competencies set forth in section IV with a performance rating and explanatory narrative, and reflect on accomplishments, challenges overcome, and opportunities for growth and development. It is an opportunity for the Employee to communicate perspective, share lessons learned, and offer suggestions on how his or her manager can provide additional support. .
- 2. Manager Self-Assessment (MSA):** Designed to allow Manager to assess him or herself on each of the eight core competencies set forth in section IV with a performance rating and explanatory narrative, and reflect on accomplishments, challenges overcome, and opportunities for growth and development. It is an opportunity for the Manager to communicate perspective share lessons learned, and offer suggestions on how his or her supervisor can provide additional support. Managers also must assess their performance against the Manager Leadership Qualities (MLQ) set forth in section V, which are included in the MSA.
- 3. Manager's Assessment of Employee (MAE):** Designed to allow the Manager to provide each Employee with a performance rating and a narrative for each of the eight core competencies. The assessment will capture accomplishments realized and challenges overcome, as well as identify any deficiencies or areas in which the employee needs to improve and develop. It allows documentation of performance for future rewards and consequences.
- 4. Employee's Assessment of Manager's Leadership (EAML):** Designed to allow Employee who wish to do so the opportunity to provide direct and honest feedback on Manager's performance. It also provides Manager's supervisor with additional information to provide feedback about performance, strengths, and areas for growth. The EAML addresses the eight core competencies, as well as the leadership qualities set forth in section V.
- 5. Colleague Feedback:** Designed to elicit feedback from an Employee's coworkers who are well-positioned to contribute to a comprehensive assessment of the Employee's performance. The Colleague Feedback Form will allow individuals to provide insight and feedback that the manager can use in drafting the MAE. Participation is not mandatory.
- 6. Employee Performance Plan:** Designed to identify the specific work that Employee is expected to perform, with careful consideration being given to tying the work to the goals of the department's performance plan and to LSC's strategic goals. The performance plan will identify specific performance standards that can be expressed in terms of quantity, quality, timeliness, process, product, or other measures of performance. Performance plans also will detail additional training and development that can be used to help the employee improve performance and grow.

## Overview of LSC Performance Management Process

**III. PMP Flow:** Outlines the sequence of actions necessary to complete the PMP. Occurs in the first quarter of each calendar year, with conclusion by the end of March.

### For Employees:

1. Employee reviews Performance Plan created by Manager
2. Manager reviews Performance Plan and requests changes/approves
3. Employee completes ESA
4. Manager reviews ESA
5. Employee may complete EAML
6. Manager's supervisor reviews EAML (not shared with Employee's Manager)
7. Manager completes MAE
8. OHR reviews MAE to ensure proper completion
9. Manager's supervisor (or designee) reviews Manager's MAEs and either approves or asks for revisions; if revisions requested, steps 8 and 9 are repeated
10. Approved MAE is shared with Employee
11. Manager and Employee meet to review ESA and MAE
12. Following review of MAE, Employee signs (signature does not signal agreement, but that Employee has reviewed the MAE)
13. If the Employee requests changes, he or she should meet with the Manager to discuss; OHR is advised of any changes and will advise Manager's supervisor of any changes. Employee may appeal.

**For Managers** (other than LSC officers, who are reviewed under a separate process by the Board of Directors):

1. During 4<sup>th</sup> quarter of preceding year, Manager creates departmental performance plan and shares with supervisor; revises as directed.
2. Manager creates Employee Performance Plan and shares with supervisor; revises as appropriate
3. Manager completes MSA
4. Manager's supervisor reviews MSA
5. Manager's supervisor completes MAE for Manager
6. OHR reviews supervisor's MAEs for his or her direct reports
7. Approved MAE is shared with Manager
8. Manager meets with his or her supervisor to review the MSA, MAE, and comments reflected in EAML
9. Following review of MAE, Manager signs (signature does not signal agreement, but that Manager has reviewed the MAE)
10. If the Manager requests changes, he or she should meet with his or her supervisor to discuss; OHR is advised of any changes

Final documents are housed in OHR; copies in personnel files

**IV. Core Competencies:** The eight competencies identify the core capacities that all staff must have and use to complete their duties and responsibilities. The ratings reflect what success looks like at that level. All staff is assessed against these competencies.

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Initiative and Accountability for Results:</b> Focuses on Employee’s ability to exhibit leadership in addressing challenges and problems. Explores ability of employee to be productive and efficient in shepherding projects through to successful completion and to assume responsibility for positive results. Employee is able to anticipate outcomes and obstacles and plan accordingly to address. Employee is able to identify and promote new initiatives and suggestions to advance work of LSC. Employee is a self-starter, is conscientious, and makes sound decisions.</p>	<p>Consistently and significantly exhibits positive leadership in addressing challenges and problems. Exceeds expectations on all assigned tasks and commitments, and holds self responsible for results. Is highly productive and efficient.</p> <p>Addresses challenges without prompting or supervision. Always identifies obstacles before they become overwhelming and articulates a plan to address. Proposes solid, pragmatic, innovative ideas for improving systems and outcomes.</p>	<p>Routinely exhibits leadership in addressing challenges and problems. Routinely completes assigned tasks on time and follows through on commitments with a focus on positive results. Productive and efficient.</p> <p>Addresses challenges without prompting or supervision. Usually identifies obstacles before they become overwhelming and at times articulates a plan to address. At times proposes ideas and solutions to improve outcomes.</p>	<p>Inconsistently demonstrates leadership in addressing challenges and problems. Inconsistently completes assigned tasks on time and follows through on commitments. Inconsistent focus on ensuring positive results. Productivity and efficiency are inconsistent.</p> <p>Inconsistent in development of proposals to address challenges without prompting or supervision. Inconsistent in identifying obstacles before they become overwhelming.</p>	<p>Rarely exhibits leadership in addressing challenges and problems. Regularly fails to complete assigned tasks on time or follow through on commitments. Regularly fails to assume responsibility for positive results. Regularly fails to be productive or efficient.</p> <p>Rarely develops proposals to address challenges without prompting or supervision. Regularly fails to identify obstacles before they become overwhelming.</p>



### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Job Acumen:</b> Focuses on Employee’s command of all basic skills and knowledge required for the position in a way that enables Employee to become more efficient, effective, and able to expand job responsibilities. Includes the technical skills needed to perform the job (e.g., legal, business, operational, logic and reasoning, technological, information management, and administrative skills).</p>	<p>Consistently exhibits a strong command of all basic skills and knowledge required for the position, as well as more complex skills that enable the employee to become more efficient, effective, and able to expand job responsibilities. Consistently exhibits strong command of technical skills needed to perform the job.</p>	<p>Routinely exhibits a strong command of most of the basic skills and knowledge required for the position, and at times exhibits more complex skills. Routinely exhibits strong command of most of the technical skills needed to perform the job.</p>	<p>Inconsistently exhibits command of the required basic skills and knowledge. Inconsistently exhibits command of the technical skills needed to perform the job.</p>	<p>Regularly fails to exhibit a command of few of the basic skills, technical skills, and knowledge required for the position. Does not effectively manage information.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Constant Learning:</b> Focuses on Employee's efforts to seek out new information and best practices and build new skills. Employee applies new learning to work and shares it with others. Addresses Employee's self-awareness of strengths and areas for growth, and Employee's ability to leverage those strengths and to address areas for growth.</p>	<p>Consistently seeks out new information and builds new skills and best practices, applies that learning to own duties and responsibilities, and works to share it with others.</p> <p>Is aware of own strengths and limits and consistently leverages strengths and addresses areas for growth.</p>	<p>Often seeks out new information and builds new skills and best practices, and applies it to own duties and responsibilities.</p> <p>Is aware of own strengths and limits and usually leverages strengths and addresses areas for growth.</p>	<p>Inconsistent in seeking out new information and building new skills.</p> <p>Incomplete awareness of own limits and inconsistently addresses areas for growth.</p>	<p>Rarely seeks out new information or builds new skills.</p> <p>Demonstrates little or no awareness of areas for growth.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Dependability:</b> Focuses on Employee’s ability to organize and plan work to meet or exceed deadlines and to locate/produce documents or records while balancing multiple priorities and assignments. Addresses quality of Employee’s attention to detail, work habits, fiscal responsibility, and time and attendance record. Addresses ability of Employee to maintain confidentiality of sensitive or non-public information.</p>	<p>Meets or exceeds all deadlines and can always locate/produce documents or records while balancing multiple priorities.</p> <p>Never is careless or negligent in work habits or in breaching confidentiality. Late arrivals and absences are planned and approved, except in extreme cases, but appropriate explanation is provided.</p>	<p>Consistently meets deadlines and can routinely locate/produce documents or records.</p> <p>Rarely is careless or negligent in work habits or in breaching confidentiality. Late arrivals and absences are planned and approved, except in extreme cases, but appropriate explanation is provided.</p>	<p>Inconsistently meets deadlines; inconsistent in ability to locate/produce documents or records.</p> <p>Sometimes is careless or negligent in work habits or in breaching confidentiality. Sometimes is tardy, absent, or unreachable without explanation.</p>	<p>Regularly fails to meet deadlines and to locate/produce documents or records in a timely manner.</p> <p>Often is careless or negligent in work habits or in breaching confidentiality. Often is tardy, absent, or unreachable without explanation.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Adaptability:</b> Focuses on Employee’s ability to perform under stress and to adapt work and output during non-routine situations and periods of ambiguity. Addresses Employee’s problem-solving skills and flexibility in addressing shifting priorities and unexpected situations.</p>	<p>Consistently excels under stress. Adapts well and consistently is able to perform job responsibilities at a high level during non-routine situations and periods of ambiguity. Is an effective problem solver and able to effectively shift gears when necessary.</p>	<p>Adapts well and usually is able to perform job responsibilities at a high level during non-routine situations and periods of ambiguity. Is generally a good problem solver and able to effectively shift gears when necessary.</p>	<p>Inconsistent in adapting to changing circumstances and inconsistently performs job responsibilities at a high level during non-routine situations and periods of ambiguity. Sometimes is a problem solver and able to shift gears when necessary.</p>	<p>Regularly fails to adapt well and is unable to perform job responsibilities at a high level during non-routine situations and periods of ambiguity. Regularly fails to solve problems and is not able to shift gears when necessary.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Customer Service Focus:</b> Focuses on Employee’s ability to respond to inquiries in a timely, respectful, and solutions-oriented manner. Addresses interpersonal skills and the ability of Employee to work with others in a friendly, courteous, and professional manner that reflects positively on LSC. Examines Employee’s ability to address and resolve conflicts and challenges by recognizing and understanding competing approaches and points of view. Examines Employee’s adherence to principles of honesty and integrity and to high standards of ethics.</p>	<p>Always responds to inquiries in a timely, effective, respectful, and solutions-oriented manner. Is proactive and remains involved until matter is resolved. Owns the problem.</p> <p>Is always friendly, positive, courteous, and professional in dealings with others and conducts self in way that reflects positively on LSC.</p> <p>Consistently demonstrates professionalism and tactfully resolves conflicts. Always demonstrates integrity and is guided by unassailable ethical standards.</p>	<p>Consistently responds to inquiries in a timely, respectful, and solutions-oriented manner.</p> <p>Consistently is friendly, positive, and courteous in dealings with others.</p> <p>Consistently demonstrates professionalism and tactfully resolves conflicts.</p> <p>Consistently demonstrates integrity and adherence to high ethical standards.</p>	<p>Inconsistent in responding to inquiries in a timely, effective, respectful, and solutions-oriented manner.</p> <p>Inconsistent in being friendly, positive, and courteous in dealings with others.</p> <p>Inconsistently demonstrates professionalism and successful resolution of conflicts.</p>	<p>Regularly fails to respond to inquiries in a timely, effective, respectful, and solutions-oriented manner.</p> <p>Regularly fails to be friendly, positive, or courteous in dealings with others.</p> <p>Regularly fails to demonstrate professionalism and to resolve conflicts.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Communication:</b> Focuses on quality of Employee’s oral and written communication (including written work product) by examining grammar, punctuation, and spelling errors, as well as the tone, clarity, conciseness, and effectiveness of the communication. Addresses ability of Employee to adapt communication to the audience, as well as the ability of the Employee to demonstrate active and effective listening and questioning skills.</p>	<p>Written communication is free of grammar, punctuation, and spelling errors. Oral and written communication is always consistently clear, has appropriate tone, is concise, and effective. Adapts communication appropriately to the audience.</p> <p>Consistently demonstrates effective listening and questioning skills and communicates respectfully, tactfully, professionally and candidly, even in difficult situations.</p>	<p>Written communication rarely has grammar, punctuation, or spelling errors. Oral and written communication is generally clear, has appropriate tone, and is concise and compelling.</p> <p>Consistently demonstrates effective listening and questioning skills and communicates respectfully and candidly with a variety of audiences.</p>	<p>Written communication regularly has grammar, punctuation, or spelling errors. Oral and written communication often is unclear and not concise.</p> <p>Inconsistently demonstrates effective listening and questioning skills and ability to engage in professionally appropriate communications.</p>	<p>Written communication has pervasive grammar, punctuation, or spelling errors and requires editing to correct basic mistakes. Oral or written communication is rarely clear, concise or effective.</p> <p>Regularly fails to demonstrate effective listening or questioning skills and/or to communicate in a professionally appropriate manner.</p>

### Overview of LSC Performance Management Process

Core Competency	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Teamwork:</b> Focuses on ability of Employee to collaborate, cooperate, and communicate with others effectively while exhibiting leadership in fostering these actions in others. Addresses ability of Employee to seek out opportunities to support and assist colleagues in carrying out their assigned duties, as well as the Employee's ability to build productive relationships with all colleagues (i.e., supervisors, peers, support staff) and external stakeholders. Addresses ability of Employee to work with diverse teams with an effective mix of varying approaches and points of view.</p>	<p>Goes out of way to collaborate, cooperate, and communicate with others, and exhibits positive leadership while fostering these actions in others. Seeks out opportunities to support and assist colleagues in carrying out their assigned duties.</p> <p>Strongly and consistently builds productive, helpful relationships with all colleagues. Always works well with diverse teams and brings out the best in others.</p>	<p>Consistently collaborates, cooperates, and communicates well with others. Regularly assists colleagues in carrying out their assigned duties.</p> <p>Maintains productive relationships with all colleagues. Works well with diverse teams.</p>	<p>Inconsistently collaborates, cooperates, or communicates effectively with others. Inconsistent in assisting colleagues in carrying out their assigned duties.</p> <p>Has some difficulty maintaining productive relationships with colleagues.</p>	<p>Regularly fails to collaborate, cooperate, or communicate effectively with others. Rarely assists colleagues in carrying out their assigned duties.</p> <p>Has strained relationships with colleagues. May exhibit insubordination to supervisors.</p>

## Overview of LSC Performance Management Process

**V. Manager Leadership Qualities:** The five leadership qualities identify the core capacities that managers must have and use to work with staff to identify and achieve goals, leverage resources, maximize employees’ potential, and successfully complete LSC’s work in accordance with its mission and goals. All managers are assessed against these qualities.

Leadership Quality	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Organizational Vision:</b> Consistently understands, communicates, and promotes LSC's strategic goals. Motivates and inspires others. Clearly articulates team and individual roles within LSC. Actively engages team members to define and achieve goals that advance LSC's strategic initiatives.</p> <p>Promotes organizational integration and collaboration for the good of LSC as a whole.</p>	<p>All direct reports are able to articulate LSC’s strategic goals and understand their connection to the broader organizational vision.</p> <p>Consistently engages team in setting and monitoring individual and team goals that are aligned to organizational goals.</p>	<p>75% of direct reports are able to articulate LSC’s strategic goals and understands their connection to the broader organizational vision.</p> <p>Consistently engages team in setting and monitoring individual and team goals that are aligned to organizational goals.</p>	<p>50% of direct reports are able to articulate LSC’s strategic goals and their connection to the broader organizational vision.</p> <p>Individual and team goals are not consistently aligned to organizational goals; goals are only sometimes monitored.</p>	<p>Less than 50% of direct reports are able to articulate LSC’s strategic goals and their connection to the broader organizational vision.</p> <p>Individual and team goals are poorly aligned with organizational goals; goals are rarely monitored.</p>



### Overview of LSC Performance Management Process

Leadership Quality	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Identifies and Achieves Results:</b> Defines outcomes and leads and supports others to achieve them. Is adaptable and flexible. Supports innovation and creativity. Open to new ideas and alternative approaches. Actively engages the cooperation of stakeholders on common goals and projects. Anticipates and meets needs of employees and LSC. Advances tangible accomplishment of LSC’s strategic goals and initiatives.</p>	<p>Strongly communicates and motivates to ensure individuals and team understand expectations, outcomes, and critical timelines. Welcomes different ways of reaching identified outcomes.</p> <p>Anticipates and employs strategies to mitigate risks (e.g., proactively identifying and clearing obstacles). Consistently responds quickly, substantively, and helpfully to requests for guidance and feedback and proactively provides guidance and feedback regularly.</p> <p>Consistently makes decisions in difficult situations and gets everyone on board.</p> <p>Always achieves positive results. Accomplishes all goals set in annual performance plan.</p>	<p>Effectively communicates and motivates to ensure individuals and team understand expectations, outcomes, and critical timelines.</p> <p>Consistently acts when team is off track to meet identified expectations. Consistently responds to requests for guidance and feedback.</p> <p>Consistently makes decisions in difficult situations.</p> <p>Consistently achieves positive results and realizes most goals set in annual performance plan.</p>	<p>Inconsistently communicates to ensure individuals and team understand expectations and outcomes at the onset of a task.</p> <p>Has difficulty acting effectively when team is off track to meet identified expectations.</p> <p>Inconsistently responds to requests for guidance and feedback.</p> <p>Inconsistent in making decisions in difficult situations.</p> <p>Inconsistent in achieving positive results and in meeting goals set in annual performance plan.</p>	<p>Regularly fails to communicate and motivate to ensure individuals and team understand expectations and outcomes.</p> <p>Regularly fails to address situations when team is off track to meet identified expectations. Frequently fails to respond to requests for guidance and feedback.</p> <p>Fails to make decisions in difficult situations.</p> <p>Regularly fails to achieve positive results or to meet more than a few goals set in annual performance plan.</p>

### Overview of LSC Performance Management Process

Leadership Quality	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Organizational Capacity-Building:</b>            Develops individuals, sustains teams through reflection and knowledge management, and retains employees appropriately. Promotes and maintains a diverse and inclusive workforce and draws on that diversity in furthering LSC's goals. Displays commitment to employee development and growth.</p>	<p>Systematically assesses the professional development needs and interests of employees and consistently provides appropriate professional development. Delivers professional development through a variety of channels. Consistently reviews professional development plans with team and individuals, ensuring proper follow-through.</p> <p>Routinely and systematically encourages reflection on outcomes and institutionalization of lessons learned. Builds capacity of team members individually and collectively.</p> <p>Consistently retains high performers on team and identifies opportunities for high-performing staff to move into new roles. Consistently and appropriately addresses performance problems. Identifies and leverages employee strengths.</p>	<p>Assesses the professional development needs and interests of employees and provides appropriate professional development. Consistently reviews professional development plans with team and individuals.</p> <p>Encourages team and individual reflection on project outcomes and the documentation of lessons learned. Generally retains high performers on team. Addresses performance problems appropriately.</p>	<p>Inconsistent in addressing the professional development needs and interests of individual team members. Inconsistent in reviewing professional development plans with team and individuals.</p> <p>Inconsistently encourages team and individual reflection on project outcomes. Inconsistent in building capacity of individual team members.</p> <p>Inconsistent in ability to retain high performers on team.</p> <p>Inconsistent in addressing performance problems.</p>	<p>Fails to address the professional development needs and interests of individual team members. Rarely reviews professional development plans with team and individuals.</p> <p>Rarely encourages team or individual reflection on project outcomes. Rarely builds capacity of individual team members.</p> <p>Rarely retains high performers on team. Regularly fails to address performance problems appropriately.</p>

### Overview of LSC Performance Management Process

Leadership Quality	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Candid Communication:</b> Invites feedback and discussion and addresses performance frankly.</p> <p>Effectively communicates departmental and corporation goals to employees. Keeps employees apprised of developments affecting their department and their work. Promotes good and open communication across department and among employees.</p>	<p>Always creates opportunities to actively engage employees in constructive debate and to solicit input. Incorporates feedback as appropriate.</p> <p>Consistently addresses and resolves individual performance and issues affecting team, even in challenging or uncomfortable situations.</p> <p>Consistently discusses with employees departmental and LSC goals, as well as relevant developments and changes. Creates and fosters environment of open and constructive communication across the department, on departmental teams, and at all levels.</p>	<p>Consistently solicits, input from employees and incorporates this feedback as appropriate.</p> <p>Consistently discusses individual performance and issues impacting team, even in challenging or uncomfortable situations.</p> <p>Consistently shares with employees departmental and LSC goals, as well as relevant developments and changes. Facilitates and supports open communication across department and among employees.</p>	<p>Inconsistently solicits input and feedback from employees.</p> <p>Inconsistent in discussing individual performance and issues impacting team.</p> <p>Inconsistent in sharing relevant departmental news and developments with employees.</p> <p>Inconsistent in creating channels of communication or facilitating open communication across department and among employees.</p>	<p>Rarely solicits input and feedback from employees.</p> <p>Only discusses individual performance and major issues impacting team with direct reports at formal performance reviews.</p> <p>Only updates employees on major departmental news and developments. Regularly fails to create channels of communication or facilitate open communication across department.</p>

### Overview of LSC Performance Management Process

Leadership Quality	Exceeds Expectations	Meets Expectations	Needs Improvement	Unacceptable
<p><b>Positive Work Environment:</b> Understands and addresses the needs of individuals, as appropriate, creates team camaraderie and a positive work environment, and equitably recognizes employee accomplishment at all levels. Demonstrates and promotes integrity and adheres to the highest ethical standards.</p>	<p>Creates a strong working relationship with each direct report and with other colleagues.</p> <p>Ensures there are frequent, effective, and inclusive opportunities for team-building.</p> <p>Consistently celebrates accomplishments.</p> <p>Consistently thanks employees (those on their team and others) for their efforts.</p> <p>Inspires respect and admiration among employees. Sets a strong “tone at the top.”</p>	<p>Has good working relationships with colleagues.</p> <p>Ensures there are frequent opportunities for team-building.</p> <p>Consistently celebrates accomplishments. Thanks employees for their efforts.</p> <p>Is well regarded by employees as a fair manager with integrity.</p>	<p>Inconsistent in maintaining good working relationships with colleagues and in ensuring that there are regular opportunities for team-building.</p> <p>Inconsistent in acknowledging accomplishments and in thanking employees for their efforts.</p>	<p>Has poor working relationships with a significant number of colleagues. Creates few opportunities for team-building.</p> <p>Rarely acknowledges accomplishments or thanks employees for their efforts.</p>

# Procedures for Establishing Office Performance Measures Linked to LSC's Strategic Plan

## A. Process for Establishing Office Goals and Performance Measures

Each office of the Legal Services Corporation ("LSC") must develop performance measures each year that are linked to LSC's Strategic Plan.

Goal-setting helps to ensure that each LSC office is focused on doing its part to achieve the corporation's mission; that team members are fully engaged, challenged, and actively contributing; and that each office's activities are properly aligned with LSC's Strategic Plan.

In setting goals and identifying performance measures to assess success in achieving those goals, office Directors should focus on office priorities, strategic objectives, and needs in advancing LSC's mission, objectives, and Strategic Plan.

The process of setting goals and establishing performance measures is both continuous and tied to a regular schedule. The procedure described here for setting departmental goals and performance measures reflects changes from prior practice. LSC will implement these revised procedures, explain their rationale, and conduct related staff training during the last quarter of 2013 and the first quarter of 2014. Beginning in the second quarter of 2014, LSC management will conduct quarterly assessments of the office performance measures and will use available information to monitor progress in achieving office goals and update the performance measures as necessary.

The schedule for setting and assessing performance measures is as follows:

- 4<sup>th</sup> Quarter of each year (October - December): Office Directors plan, formulate, and set goals for upcoming fiscal year, subject to review and approval by LSC's President.
- First month of the second, third, and fourth quarters of each year: Office directors and LSC's President will review performance measures for the preceding quarter and recalibrate the performance measures as appropriate.

### 1. *Identify office goals and performance measures*

A useful tool in crafting the office's goals is to make them "SMART" goals: Specific, Measurable, Achievable, Realistic, and Timely. The goals should be challenging and stretch the office team in a feasible manner.

#### **Specific**

- Is the statement of the goal clearly articulated?
- Is it clear what needs to be done to accomplish the goal? What activities and action steps are required to meet your goal?
- Is it clear who owns the goal (you, your office, an inter-office group, LSC)?
- Does the goal clearly identify a due date?
- How is the goal related to other goals/priorities?

### **Measurable**

- How will you know when the goal has been completed?
- Does the goal statement indicate how many, how often, how quickly, or how much – the quantity or volume of what is being measured?

**Comment:** A well-crafted goal has a definable end-point that can be easily measured. Identify measures that indicate when the goal will have been achieved. Depending on the goal, there might be several measures (or milestones) that can be used to evaluate progress toward achievement. If the goal is critical and there are no existing measures for evaluating it (or insufficient measures), consider creating new measures. Having measurable goals is important because it is easier to gauge when the goal has been reached and how much progress you have made toward the goal. Identify the metrics that will be used to measure progress toward goal achievement.

### **Achievable**

- Do you have access to all the material, data, and resources you need to accomplish the goal in the specified time period? If not, how can you find it/acquire it?
- Can you achieve the goal by the due date? Are there consequences if the due date is missed?
- Can you get the support needed from others to accomplish the goal? If not, why not?

### **Relevant**

- How is your goal connected to achieving LSC's Strategic Plan objectives?
- Is your goal important to your office? To you personally?

### **Timely**

- Have you indicated when the goal needs to be completed?
- Have you factored in a cushion – to anticipate intervening shifts in priorities, delays, etc.?

**Comment:** Determining the amount of time needed to reach the goal and setting a deadline help to create a sense of urgency and provide the motivation to attain the goal. When establishing a deadline, it might be necessary to break a large goal into several sub-parts to make it easier to manage the goal-setting process. In addition, some goals may not be achievable until other goals have been reached, so the deadlines you establish should reflect appropriate sequencing. When setting deadlines, consider:

- **Priorities:** Which goals are most important?
- **Prerequisites:** Do any goals require another goal to be accomplished first?
- **Reality:** What organizational or individual constraints exist in accomplishing this goal?
- **Measures:** Does the timing of any of the measures affect the deadline?

## *2. Identifying and overcoming obstacles to achieving the goals*

Consider – and address – potential obstacles in achieving office goals. Obstacles can come in the form of people, expectations, knowledge, skill, or resources. If you have identified multiple goals vying for attention as an obstacle, set priorities. By prioritizing the goals, you will be able to direct attention to, and focus on, the most important goals.

### 3. Monitor progress and continue to refine the goal-setting and performance measurement process

To determine whether the goal has been reached, regularly measure progress toward its achievement. Use your identified metrics to gauge how you are faring – and recalibrate as appropriate. The attached form requires that you identify metrics for each goal.

After you have completed a draft of the attached goal-setting form, review your goals to ensure that they are reasonable. Ask yourself the following questions:

1. Is accomplishing all of these goals feasible in the identified time frame? Do any of the goals require more than a year to complete (or will they straddle more than one calendar year – e.g., a 7-month project starting in September)? If any of the goals cannot feasibly be accomplished in the stated timeframe, what adjustments can be made (e.g., extending time frames, setting a lower/more modest goal, shifting priorities, eliminating a goal)?
2. Will the office be stretched in accomplishing these goals? If not, how can you make the goals more challenging?
3. Will you and your office feel a sense of accomplishment in achieving these goals? If not, what other goals should you add?
4. Is working toward these goals the best use of available time and resources to achieve LSC's mission and strategic priorities?
5. How are these goals connected to strategic priorities of other LSC offices?

**B. Ensure That Office Goals and Performance Measures Are Linked to LSC's Strategic Plan Goals (2012-2016):** In setting the office's goals, connect them to the goals articulated in LSC's Strategic Plan. These goals are to:

1. Maximize the availability, quality, and effectiveness of legal services
  - a. Identify and replicate best practices associated with delivering high quality civil legal assistance;
  - b. Develop meaningful performance standards and metrics to measure performance/outcomes; and
  - c. Provide legal practice and operational support to improve measurably the quality of services

LSC must hold itself responsible for results:

- Measure progress through development of standards and strategic plans, and by objective improvement in grantee performance;
- Management will develop procedures for regular reassessment on key metrics by LSC and grantees to ensure remain current and up-to-date; and
- Staffing for these efforts and needed training to be detailed in Strategic Human Capital plan

2. Become a leading voice for access to justice and quality legal assistance in the United States
  - a. Provide a comprehensive communications program around a compelling message;
  - b. Build a business case for funding civil legal services;
  - c. Recruit and enlist new messengers and sources of funds to increase private support for civil legal assistance;
  - d. Institutional advancement and grantee development support; and
  - e. Enhanced Strategic Collaboration
  
3. Ensure Superior Fiscal Management

LSC will strengthen its fiscal oversight processes in accordance with suggestions of Fiscal Oversight Task Force

On the attached form, explain how each office goal is linked to LSC's strategic plan.

### **C. Review and approval of office goals and performance measures**

Office Directors should identify office goals and performance measures and complete the attached form for each year by November 30. LSC's President will review the form, make any revisions, and approve the office goals and performance measures by December 31.

Office Directors should review and explain the office goals and performance measures with office staff in January of each year.

### **D. Quarterly Assessments**

In the first month of the second, third, and fourth quarters of each year, each office Director will meet with LSC's President to review the office's progress in meeting its goals using the performance measures. The President may revise the goals and the performance measures in light of the office's experience and other relevant circumstances.



# Annual Office Goals and Performance Measures

(Ranked in order of importance)

Name: \_\_\_\_\_ Office: \_\_\_\_\_ Date: \_\_\_\_\_

#	Goal	This goal is important because...	Action steps to achieve the goal	Metrics to measure progress, success in meeting the goal	This goal is aligned with LSC's Strategic Plan for the following reason(s)	Time frame for achieving the goal
1.			<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	
2.			<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	
3.			<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	

# Annual Office Goals and Performance Measures

(Ranked in order of importance)

#	Goal	This goal is important because...	Action steps to achieve the goal	Metrics to measure progress, success in meeting the goal	This goal is aligned with LSC's Strategic Plan for the following reason(s)	Time frame for achieving the goal
4.			<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	
5.			<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>	

# **LSC Whistleblower Policy**



OFFICE OF LEGAL AFFAIRS

## MEMORANDUM

**TO:** Governance & Performance Review Committee

**FROM:** Ronald S. Flagg, Vice President and General Counsel

**DATE:** January 8, 2014

**SUBJ:** Proposed LSC Whistleblower Policy

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This memorandum addresses proposed revisions to the LSC Code of Ethics and Conduct (“Code of Conduct”) to add a comprehensive Whistleblower Policy.

Management is currently reviewing and updating the Corporation’s internal policies and procedures. The purpose of these reviews is at least two-fold:

- First, to evaluate and, where warranted, amend LSC’s policies with a goal of putting in place a set of policies that reflects best practices among non-profit and grant-making organizations; and
- Second, to consolidate the numerous sources of internal guidance at LSC to facilitate access to the Corporation’s policies by its employees and the public.

On March 24, 2008, the Board of Directors (“Board”) adopted the LSC Code of Ethics and Conduct (“Code of Conduct”). The Code of Conduct applies to all Directors, officers, and employees of the Corporation, and it includes provisions on reporting and resolving violations of any law, regulation, LSC policy, or the Code of Conduct, and nonretaliation against individuals reporting such violations in good faith. *See* Section XIV, Reporting and Resolving Violations, and Section XII, Nonretaliation. LSC’s Employee Handbook, which was adopted by the Board on April 28, 2007, also includes provisions on reporting and cooperating with the OIG regarding complaints or information concerning activity violating laws, rules, or regulations, or mismanagement, gross waste of funds, or abuse of authority, and Audit Committee review of complaints or concerns regarding accounting internal controls, and auditing issues. *See* Section 2.4, Cooperation with the Office of Inspector General, and Section 2.5, Audit Committee Review of Complaints or Concerns Regarding Accounting, Internal Controls, and Auditing Issues.<sup>1</sup> Because LSC’s whistleblowing guidance is currently scattered in a number of places, Management believes it would be best to create a single, comprehensive whistleblower policy that will provide greater clarity and guidance to Directors, officers, and employees.

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<sup>1</sup> On October 1, 2012, the Board amended the Audit Committee charter to, among other things, eliminate the Committee’s responsibility of reviewing complaints or concerns regarding accounting, internal controls and auditing issues from employees, as outlined in Section 2.5 of the Employee Handbook. The Employee Handbook will be revised accordingly, subject to approval from the Board.

Management, working cooperatively with the Office of Inspector General (“OIG”), proposes adoption of the Whistleblower Policy, as reflected in the attachment hereto. The policy includes the following provisions:

- A purpose statement stating that the policy is intended to encourage Directors, officers, and employees to report unlawful and unethical activity without fear of retaliation and to provide procedures for reporting and investigating such activity;
- A statement of policy requiring Directors, officers, and employees (including OIG employees) to report unlawful or unethical activity, or suspicions thereof, to the OIG and cooperate in the investigation of such report, and prohibiting retaliation against those who, in good faith, report and/or participate in the investigation of such activity;
- A section listing examples of unlawful or unethical activities, or suspicions thereof, that must be reported;
- A section that provides detailed reporting and investigation procedures, an appeals process, and a separate reporting and investigation process for reports involving the Inspector General or senior employees of the OIG;
- A provision prohibiting retaliation for reporting unlawful or unethical activities, or suspicions thereof, involving another Director, officer, or employee in good faith, or for participating in the investigation of such a report;
- A provision requiring that reports of unlawful or unethical activity, or suspicions thereof, must be made in good faith;

As described above, Management is currently in the process of reviewing all of LSC’s policies and procedures and intends to consolidate them into a comprehensive employee manual. Once that consolidation process is completed, the revised Whistleblower Policy, if adopted by the Board, will be included in the consolidated manual. In the meantime, subject to Board Approval, the Whistleblower Policy will be incorporated into the Code of Conduct and will be available to LSC employees and the public on the LSC website.

# WHISTLEBLOWER POLICY

## 1. Purpose

The purposes of this policy are to encourage members of the Board of Directors (“Directors”), officers, and employees of the Legal Services Corporation (“LSC”) to report unlawful and unethical activity without fear of retaliation and to provide procedures for reporting and investigating such activity.

## 2. Statement of Policy

A Director, officer, or employee who observes, learns of, or in good faith believes it is likely that another LSC Director, officer, or employee, or a director or an employee of an LSC contractor or of a recipient of LSC funding, has engaged in unlawful or unethical activity, must immediately report the actual or suspected activity to the Office of Inspector General (“OIG”) and cooperate fully in the investigation of the report by the OIG or other authorized law enforcement entities. Reported activities will be reviewed and addressed promptly. LSC will not retaliate against any Director, officer, or employee for reporting and/or participating in good faith in the investigation of such activity.

## 3. Scope

This policy applies to all LSC Directors, officers, and employees. Employees of the OIG are covered by this policy and included within the term “LSC officers and employees,” except as otherwise indicated. Any reference to “Directors” in this policy includes non-Director members of committees of the Board of Directors.

## 4. Examples of Unlawful or Unethical Activities

It is important that LSC be apprised of unlawful or unethical activity, or suspicions thereof, including, but not limited to, any of the following conduct:

- a. Violation of any law, rule, or regulation, or gross mismanagement, gross waste of funds, abuse of authority, or substantial and specific danger to public health and safety;
- b. Fraud;<sup>1</sup>
- c. Embezzlement, misappropriation of LSC funds, or use of LSC assets for personal gain or benefit;
- d. Theft from LSC;
- e. Supplying false or misleading information on LSC’s financial or other public documents, including its tax return (Form-990);

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<sup>1</sup> Fraud is a false representation of a material fact, whether by words or by conduct, by false or misleading allegations, or by concealment of that which should have been disclosed, which deceives another so that s/he acts, or fails to act, to his or her detriment.

- f. Payment by LSC for services or goods that are not rendered or delivered;
- g. Providing false information to or withholding material information from Congress, the General Accounting Office, LSC's Board, LSC's auditors, or the OIG;
- h. Improper, questionable, or undocumented financial transactions on behalf of LSC;
- i. Violations of the LSC Code of Ethics and Conduct;
- j. Improper destruction of LSC records;
- k. Accepting or seeking anything of value from grantees, contractors, vendors, or people providing goods or services to LSC, with the exception of gifts in accordance with § 11.13 of the LSC Employee Handbook (Gifts, Fees, and Honoraria); or
- l. Facilitating or concealing any of the above or similar activity.

## **5. Reporting Requirements and Procedures**

Any LSC Director, officer, or employee who observes, learns of, or in good faith believes it is likely that another LSC Director, officer, or employee, or a director or an employee of an LSC contractor or of a recipient of LSC funding, has engaged in unlawful or unethical activity shall promptly disclose it to the Inspector General or the Assistant Inspector General for Investigations.

The OIG shall notify the sender of the report of receipt of the report within five (5) business days. The OIG will review the report to determine whether an investigation is warranted and, if so, whether LSC management (the LSC President, Ethics Officer, General Counsel, Vice President for Grants Management, Controller, or Director of Human Resources), the OIG, or external law enforcement officials should conduct such investigation.

If the OIG conducts such an investigation, it may refer the matter to LSC management, the LSC Board of Directors, or to external law enforcement authorities for follow-up action. If the OIG refers the matter to LSC management for investigation or follow-up action, the OIG may also require that, upon completion of the investigation or follow-up action, LSC management provide the OIG a report concerning the investigation or follow-up action.

In the event an LSC officer or employee (other than an employee of the OIG) who is the subject of an investigatory report or follow-up action wishes to appeal LSC management's report or action, s/he may submit a written appeal to the Chairman of the Board within ten (10) business days of receiving notice of the report or action by LSC management.

Except as otherwise provided below, where an OIG employee is the subject of an OIG investigation, upon completion of the investigation, the Assistant Inspector General for Investigations will provide a written report to the Inspector General for review and follow-up action, if warranted by the investigation.

### ***Reports Involving the Inspector General or Senior Employees of the OIG***

Reports of unlawful or unethical activity regarding the Inspector General must be disclosed to the OIG; they may be made to the Assistant Inspector General for Investigations or

to the OIG Ethics Officer. All such reports shall be referred by the OIG to the Integrity Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) for review and investigation (if warranted) in accordance with the provisions of §11(d) of the Inspector General Act of 1978, as amended (“IG Act”), and the policies and procedures of the Integrity Committee promulgated thereunder. Where an investigation is conducted by or under the purview of the Integrity Committee, a report, including recommendations of the Committee, will be forwarded to the Board of Directors for resolution. The Integrity Committee is also required to provide a summary of the report and recommendations to designated committees of the Senate and House of Representatives. 5 U.S.C. App. § 11(d).

Reports of unlawful or unethical activity involving a senior employee of the OIG (an Assistant Inspector General or other employee who reports directly to the Inspector General) must be disclosed to the Inspector General, who will make a determination as to referral and investigation of the allegation(s) in accordance with the provisions of § 11(d) of the IG Act and the policies and procedures of the CIGIE Integrity Committee.

## **6. Confidentiality**

Reports of unlawful or unethical activity, or suspicions thereof, may be submitted on a confidential basis and will be kept confidential to the extent practicable. Identity or other information will be disclosed only as reasonably necessary for purposes of this policy or when legally required; however, confidentiality is not guaranteed.

## **7. Anonymous Reporting**

Reports of unlawful or unethical activity, or suspicions thereof, may be made anonymously to the OIG or by completing an online form.<sup>2</sup> Because the OIG, or designated investigator, will be unable to interview anonymous whistleblowers, it is important that anonymous whistleblowers provide as much specific detail in the report as possible, including but not limited to names of individuals involved and potential witnesses, to allow for an investigation of the report.

## **8. No Retaliation**

LSC will not retaliate against any Director, officer, or employee in any manner for reporting in good faith what s/he perceives to be unlawful or unethical activity, or suspicions thereof, involving another LSC Director, officer, or employee (including an employee of the OIG), or a director or an employee of an LSC contractor or of a recipient of LSC funding. LSC will not retaliate against any Director, officer, or employee for participating in the investigation

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<sup>2</sup> In addition, the LSC Office of Inspector General (OIG) maintains a hotline to receive reports of suspected fraud, waste, or abuse. More information for the OIG Hotline is available at <http://www.oig.lsc.gov/org/hotline.htm>. Reports to the OIG Hotline can be made via:

- Phone: 1-800-678-8868 or 202-295-1670
- Email: [hotline@oig.lsc.gov](mailto:hotline@oig.lsc.gov)
- Online: Form is available at <http://www.oig.lsc.gov/hotlineform/hotline.aspx>
- Fax: 202-337-7155
- Write: PO Box 3699, Washington DC 20027-0199



of such a report. If a Director, officer, or employee believes s/he has been subject to any such act of retaliation, s/he shall report it immediately to the Inspector General. The OIG will investigate reports of retaliation or refer such reports to LSC management for investigation. Depending on the findings of such investigations, the LSC Board, management, or the Inspector General with respect to employees of the OIG, may impose disciplinary measures, up to and including removal from the Board (subject to § 3.06 of the LSC Bylaws) or termination of employment, against a Director, officer, or employee who threatens or retaliates against another Director, officer, or employee.

## **9. Acting in Good Faith**

Anyone reporting unlawful or unethical activity, or suspicions thereof, must be acting in good faith and have reasonable grounds for believing the information disclosed indicates unlawful or unethical activity. Reports made under this policy shall be deemed in good faith if the person reporting had reasonable grounds to believe or suspect that the unlawful or unethical activity occurred, even if that belief or suspicion should prove to be unfounded. Any allegations by LSC Directors, officers or employees that prove to be unfounded and which prove to have been made maliciously or knowingly to be false will be subject to appropriate disciplinary action, up to and including removal from the Board (subject to § 3.06 of the LSC Bylaws) or termination of employment.

## **10. Records of Report**

The OIG shall retain for a period of at least seven (7) years all records relating to any reports of unlawful or unethical activity reported in accordance with this policy.

## **11. Interpretation**

If you have any questions about this policy or its application, please promptly seek advice from the OIG.



BOARD OF DIRECTORS

## RESOLUTION

### ADOPTING A WHISTLEBLOWER POLICY

**WHEREAS**, by Resolution #2008-007, the Legal Services Corporation (“LSC” or “Corporation”) Board of Directors (“Board”) adopted the *Code of Ethics and Conduct* (“Code of Conduct”) to provide guidance to Board members, officers, and employees regarding the Corporation’s expectations for standards of ethics and conduct;

**WHEREAS**, Management has reviewed the *Nonretaliation* and *Reporting and Resolving Violations* provisions in the Code of Conduct;

**WHEREAS**, on April 28, 2007, the Board adopted the LSC Employee Handbook to provide guidance to employees on, among other things, reporting and cooperating with the Office of Inspector General regarding complaints or information concerning activity violating laws, rules, or regulations, or mismanagement, gross waste of funds, or abuse of authority, and Audit Committee review of complaints or concerns regarding accounting internal controls, and auditing issues; and

**WHEREAS**, Management has determined that the Corporation will benefit from a comprehensive whistleblower policy codified in a single location and that provides greater clarity and guidance to the Directors, officers, and employees regarding reporting of unlawful and unethical activity without fear of retaliation and provides procedures for reporting and investigating such activity, and recommends adoption of the attached Whistleblower Policy;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Directors adopts the attached Whistleblower Policy and directs that the new Policy supersede any prior existing policies on reporting unlawful or unethical activity and nonretaliation for such reporting.

**Adopted by the Board of Directors**

On January 25, 2013

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**John G. Levi**

*Chairman*

**Attest:**

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**Ronald S. Flagg**  
*Vice President for Legal Affairs,*  
*General Counsel & Corporate Secretary*

# **LSC Bylaw Section 5.02 Amendments**



OFFICE OF LEGAL AFFAIRS

## MEMORANDUM

**TO:** Governance & Performance Review Committee

**FROM:** Ronald S. Flagg, Vice President and General Counsel  
Atitaya C. Rok, Staff Attorney

**DATE:** January 8, 2014

**SUBJ:** Proposed Amendment to the LSC Bylaws Regarding the Ability of Non-Director Members of Board Committees to Count Towards a Quorum

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This memorandum addresses a proposed amendment to the LSC Bylaws regarding the ability of non-Director members of Board committees to count towards a quorum.

Article V, Section 5.02(a) of the LSC Bylaws, which governs procedures of committees of the Board of Directors, provides:

Except as otherwise provided in these By-Laws *or in the resolution establishing the committee*, a majority of the voting members thereof, or one-half of such members if their number is even, shall constitute a quorum. (Emphasis added.)

From time to time, non-Directors are appointed to serve on Board committees as voting or non-voting members. Pursuant to section 5.02(a), unless otherwise limited by the Bylaws or the resolution establishing the committee, a voting non-Director member will count towards a committee quorum.

On January 26, 2013, pursuant to the authority set forth in Article V, Section 5.01(b) of the Bylaws, the Board adopted a resolution delegating to the Board Chairman authority to appoint Directors and non-Directors to serve on committees of the Board and to designate whether any non-Director appointed serves as a voting or non-voting member. The delegation further provided that "no non-Director shall count towards a quorum." LSC Board Resolution 2013-001, *Resolution Delegating to the Chairman Authority to Appoint the Membership and Designate the Chairs of Board Committees* (January 26, 2013). Resolution 2013-001's limitation on the ability of non-Director voting members of Board committees to count toward a committee quorum raises the question whether such a limitation can be accomplished by a resolution other than one establishing a committee.

The charters of two committees, the Audit and Delivery of Legal Services Committees, were amended by the current Board on October 1, 2012 and October 22, 2013, respectively, and

explicitly provide that only Director members count towards their quorums. The amended charters for these committees were referenced and attached to the Board resolutions adopting the revised charters. However, the other four committees – (1) Operations and Regulations, (2) Governance and Performance Review, (3) Institutional Advancement, and (4) Finance – do not contain a similar limitation.

Although a reasonable argument can be made that the Board has inherent authority by resolution to place limitations on Committees and Committee members, LSC management proposes to amend Section 5.02(a) of the Bylaws to make clear that the Board is authorized to limit the ability of non-Director members of Board committees to count towards a quorum. We have identified two alternatives for the Board to address the issue of who may count towards a committee quorum: (1) amend section 5.02(a) to remove the limitation that only a resolution establishing a committee can limit who counts towards a quorum; or (2) amend section 5.02(a) to prohibit any non-Director committee member from counting towards a quorum. The difference between these alternatives turns on whether future changes regarding this quorum issue could be accomplished via a resolution (Option 1) or via a Bylaw amendment (Option 2).

#### Option 1

Section 5.02(a) could be broadened to provide that the bylaws or *any* resolution, not just a resolution establishing a committee, may limit who counts towards a quorum. The amended provision would read:

Except as otherwise provided in these By-Laws or in a resolution, a majority of the voting members thereof, or one-half of such members if their number is even, shall constitute a quorum.

Amending the provision in this manner would permit the Board to use a resolution to determine whether non-Director members may count towards a quorum.

#### Option 2

Section 5.02(a) could be revised to prohibit any non-Director committee member from counting towards a quorum. The amended provision would read:

A majority of the voting members of a committee, or one-half of such members if their number is even, shall constitute a quorum, except that no non-Director member shall count towards a quorum.

Amending the provision in this manner would require a future Board to amend the Bylaws if it wanted to permit non-Director committee members to count towards a quorum.

Alternative resolutions reflecting these two options are attached.



BOARD OF DIRECTORS

Legal Services Corporation  
America's Partner For Equal Justice

## RESOLUTION

### AMENDING THE LSC BYLAWS TO PERMIT ANY BOARD RESOLUTION TO MODIFY THE ABILITY OF NON-DIRECTOR MEMBERS TO COUNT TOWARDS A COMMITTEE QUORUM

**WHEREAS**, pursuant to section 5.01(b) of the Legal Services Corporation (“LSC” or “Corporation”) Bylaws, the Board appoints or delegates to the Board Chair the authority to appoint non-Directors to serve as voting or non-voting members on committees of the Board; and

**WHEREAS**, section 5.02(a) of the LSC Bylaws, which governs procedures of committees of the Board of Directors, provides

Except as otherwise provided in these By-Laws or in the resolution establishing the committee, a majority of the voting members thereof, or one-half of such members if their number is even, shall constitute a quorum; and

**WHEREAS**, the Board wishes to make clear that it may modify the ability of non-Director members to count towards a committee quorum by any resolution, not limited to a resolution establishing a committee;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Directors adopts the attached amendment to its Bylaws to permit any Board resolution to modify the ability of non-director members to count towards a committee quorum, not just a resolution establishing a committee.

**Adopted by the Board of Directors**  
On January 25, 2013

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**John G. Levi**  
*Chairman*

**Attest:**

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**Ronald S. Flagg**  
*Vice President for Legal Affairs,  
General Counsel & Corporate Secretary*

### **Amendment to LSC Bylaws**

Article V, Section 5.02(a) Committee Procedures is amended as follows:

Except as otherwise provided in these By-Laws or in ~~the a resolution establishing the committee~~, a majority of the voting members thereof, or one-half of such members if their number is even, shall constitute a quorum.





BOARD OF DIRECTORS

Legal Services Corporation  
America's Partner For Equal Justice

## RESOLUTION

### AMENDING THE LSC BYLAWS TO PROHIBIT NON-DIRECTOR MEMBERS OF BOARD COMMITTEES FROM COUNTING TOWARDS A COMMITTEE QUORUM

**WHEREAS**, pursuant to section 5.01(b) of the Legal Services Corporation (“LSC” or “Corporation”) Bylaws, the Board appoints or delegates to the Board Chair the authority to appoint non-Directors to serve as voting or non-voting members on committees of the Board; and

**WHEREAS**, section 5.02(a) of the LSC Bylaws, which governs procedures of committees of the Board of Directors, provides

Except as otherwise provided in these By-Laws or in the resolution establishing the committee, a majority of the voting members thereof, or one-half of such members if their number is even, shall constitute a quorum; and

**WHEREAS**, the Board believes that Board committees should not meet or take action absent a quorum of Director members of those committees;

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Directors adopts the attached amendment to its Bylaws to prohibit non-Director members from counting towards a committee quorum.

**Adopted by the Board of Directors**  
On January 25, 2013

---

**John G. Levi**  
*Chairman*

**Attest:**

---

**Ronald S. Flagg**  
*Vice President for Legal Affairs,  
General Counsel & Corporate Secretary*

### Amendment to LSC Bylaws

Article V, Section 5.02(a) Committee Procedures is amended as follows:

~~Except as otherwise provided in these By Laws or in the resolution establishing the committee,~~  
a A majority of the voting members ~~thereof~~ a committee, or one-half of such members if their number is even, shall constitute a quorum, except that no non-Director member shall count towards a quorum.

## **VII. Institutional Advancement Committee**

# **INSTITUTIONAL ADVANCEMENT COMMITTEE**

**January 24 & 25, 2014**

## **Agenda**

### **CLOSED SESSION**

1. Approval of agenda
2. Approval of minutes of the Committee's closed session meeting of  
December 10, 2013
3. Briefing on contributions pledged and received
4. Discussion of prospective funders for LSC's 40<sup>th</sup> anniversary celebration  
and development activities
5. Consider and act on recommendation of new prospective funders to the  
Board of Directors
6. Consider and act on adjournment of meeting

### **OPEN SESSION**

7. Approval of agenda
8. Approval of minutes of the Committee's open session meeting of  
November 22, 2013
9. Approval of minutes of the Committee's open session meeting of  
December 10, 2013

10. Discussion of Committee's evaluations for 2013 and the Committee's goals for 2014
11. Presentation of LSC's online giving portal
  - Wendy Rhein, Chief Development Officer
12. Discussion of proposed 40<sup>th</sup> anniversary events
13. Public comment
14. Consider and act on other business

**Draft Minutes of  
November 22, 2013 Meeting**

**Legal Services Corporation  
Telephonic Meeting of the Institutional Advancement Committee**

**Open Session**

**Friday, November 22, 2013**

Chairman John G. Levi convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Institutional Advancement Committee ("the Committee") at 2:35p.m. on Friday, November 22, 2013. The meeting was held in the John N. Erlenborn, Conference Room, Legal Services Corporation, 3333 K Street, N.W. Washington, D.C. 20007.

The following Committee members were present:

John G. Levi, Chairman  
Herbert S. Garten (Non-Director Member)  
Frank B. Strickland (Non-Director Member)

Other Board Members Present:

Julie A. Reiskin  
Gloria Valencia-Weber

Also attending were:

Wendy Rhein	Chief Development Officer
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Jeffrey Schanz	Inspector General
Rebecca Fertig	Special Assistant to the President
Atitaya Rok	Staff Attorney, Office of Legal Affairs
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs
Terry Brooks	American Bar Association Standing Committee on Legal Aid and Indigent Defendants (SCLAID)

The following summarizes actions taken by, and presentations made:

There was no quorum of the Committee; therefore, no actions were taken.

Ms. Rhein gave a brief update on LSC's development campaign.

Chairman Levi invited public comments and received none.

There was no other business to consider.

The Committee meeting adjourned at 2:51 p.m.

**Draft Minutes of  
December 10, 2013 Meeting**



**Legal Services Corporation  
Telephonic Meeting of the Institutional Advancement Committee**

**Open Session  
Tuesday, December 10, 2013**

**DRAFT**

Chairman John G. Levi convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Institutional Advancement Committee ("the Committee") at 4:02 p.m. on Tuesday, December 10, 2013. The meeting was held in the John N. Erlenborn Conference Room, Legal Services Corporation, 3333 K Street, N.W. Washington, D.C. 20007.

The following Committee members were present:

John G. Levi, Chairman  
Robert J. Grey, Jr.  
Charles N.W. Keckler  
Father Pius Pietrzyk  
Herbert S. Garten (Non-Director Member)  
Thomas Smegal (Non-Director Member)

Other Board Members present:

Julie A. Reiskin  
Gloria Valencia-Weber

Also attending were:

James J. Sandman	President
Wendy Rhein	Chief Development Officer
Rebecca Fertig	Special Assistance to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Atitaya Rok	Staff Attorney, Office of Legal Affairs
Carol Bergman	Director, Office of Government Relations and Public Affairs
Carl Rauscher	Director of Media Relations, Office of Government Relations and Public Affairs
Terry Brooks	American Bar Association Standing Committee on Legal Aid and Indigent Defendants (SCLAID)
Don Saunders	National Legal Aid and Defenders Association (NLADA)

The following summarizes actions taken by, and presentations made to, the Committee:

Chairman Levi noted the presence of a quorum and called the meeting to order. Ms. Rhein proposed amending the agenda to remove item 6, presentation of LSC's online giving portal, due to technical difficulties.

**MOTION**

Father Pius moved to approve the agenda, as amended. Mr. Keckler seconded the motion.

**VOTE**

The motion passed by voice vote.

**MOTION**

Mr. Keckler moved to approve the minutes of the Committee's open session meetings of October 1, 2013 and October 20, 2013. Mr. Garten seconded the motion.

**VOTE**

The motion passed by voice vote.

Ms. Rhein presented the Pledge Agreement Form and invited comments from the Committee members. Next, she presented the proposed revision to the case statement for fundraising and answered Committee members' questions.

Chairman Levi invited public comment and received none.

There was no other business to consider.

The Committee continued its meeting in closed session at 4:21 p.m.

# **Committee Evaluation**

## SUMMARY OF 2013 INSTITUTIONAL ADVANCEMENT COMMITTEE EVALUATION RESPONSES

### All members strongly agreed that:

- Minutes of meetings are accurate and reflect the discussion, next steps and/or action items articulated.
- Members treat each other with respect and courtesy.
- Their comments are heard and valued.

### Mixed responses (some agreed/some disagreed) that:

- They understand and agree with the goals and purpose of the committee.
- There is alignment between committee's goals and purposes and the actions taken and/or the decisions made.
- Committee responds effectively and appropriately to issues of immediate concern; made significant progress on long-term strategic issues related to its goals and purposes.
- Committee has adequate resources to support its function.
- Committee meetings are held regularly and with appropriate frequency.
- The length of committee meetings is appropriate and respectful of the agenda; consistently use meeting time well; issues get the time and attention proportionate to their importance.
- Agenda and materials are sufficiently received in advance of meetings.
- Members have the required skills to fulfill the goals and purposes of the committee and come to meetings prepared and ready to contribute.

### Members liked:

- Meetings are productive, well organized, thoughtful, strategic
- Making progress on goals
- Meetings are professional and respectful of all involved
- Collegiality, exchange of ideas, following agenda
- Excellent planning and follow through

### Ideas for Improvement:

- Better and consistent attendance
- Limit discussion of small matters. The overall scope and plan of our Advancement efforts in the near term have been well sketched out. Now we should allow management to implement this plan.

### Future Focus:

- Expanded discussion of major foundations
- 40<sup>th</sup> Anniversary
  - build on this for a sustainable structure,
  - ensure events are adequately supported.
  - continue planning and work to obtain the necessary funds and awareness to make this year count
  - anniversary events should be our near-term focus; should consider discussing Committee role now that the Corporation has a functioning Advancement Office; need to change gears from an implementing committee to more of an oversight committee.
- Maintain political balance among the persons enlisted to carry out the goals of the committee.
- Same focus as in the past

# **LSC 40<sup>th</sup> Anniversary Events Memo**

January 7, 2014

To: Institutional Advancement Committee

From: Wendy Rhein

Re: 40<sup>th</sup> Anniversary Events

Several ideas for ways to celebrate LSC's 40<sup>th</sup> anniversary have been discussed over the last five months. I would like to offer a proposal that will celebrate LSC and its grantees, raise funds, and raise awareness of the crisis in legal aid while not competing with our grantees. I also want to play to LSC's strengths in technology, convening, and its incredible network of grantees by tying those strengths to the 40<sup>th</sup> anniversary case statement and funding goals. Some of these events will be primarily for building the case for supporting LSC while others will be fundraising-focused.

This document reflects a basic calendar of the large events discussed but does not include much-needed smaller cultivation events that could take place monthly during the course of the 40<sup>th</sup> year. These smaller events could be speaking engagements to which LSC invites prospects; events in law firms or homes; or other gatherings that bring together potential donors to learn about LSC and the goals of its 40<sup>th</sup> anniversary campaign.

July 2014: Des Moines, IA

This would be a soft launch drawing attention to the need for support of the campaign and why this is a watershed moment for LSC. It may include a panel on history of legal aid, scheduled press interviews, and Op Eds announcing campaign. Ideally LSC would announce a key gift.

September 14-16: Washington, DC Celebration

LSC will host a large convening of a wide range of audiences - ABA presidents, members of the judiciary, Attorneys General, the organized bar, partner organizations, the foundation world, etc. As part of this meeting, LSC will host the first bi-annual all executive director conference. Starting on a Sunday, this conference will bring together executive directors of all LSC funded programs for structured and substantive working sessions that will highlight best practices, efficient use of resources, and create a vision for how to best serve those living in poverty who need legal support. The ED conference agenda would be led by an advisory group comprised of LSC grantees. On Tuesday evening, September 16, LSC will host a recognition event that will welcome President and Mrs. Obama as keynote speakers, President and Mrs. Clinton, and special messages from Presidents Bush. Guests for this dinner and program include board, staff, the visiting executive directors and board chairs, donors, prospects, elected officials, and former board members and staff as appropriate.

October 8, 2014: New York City

Building on the success of the Washington event, LSC will host a mid-week evening **fundraising** event that would be billed as a Conversation with Hilary Clinton. Ideally the event would take place at Lincoln Center or a similar venue, or possibly at NYU or Columbia Law Schools. The program would begin with Mrs. Clinton being interviewed by a well-known television journalist with whom she is comfortable, for approximately an hour. They would focus on her commitment to civil legal aid, her time with LSC, her views of the future for civil legal aid, etc. The program portion will be followed by an elegant heavy appetizer reception at the same venue, ending by 9:00pm. (New York events mid-week need to end early so guests can catch the trains to CT, NJ and Long Island.) By nature of the program itself, this event will feel more intimate and more exclusive than a big dinner/program and therefore may attract those not as familiar with LSC from NYC firms, businesses, media, etc.

January 2015: Florida

In conjunction with LSC's annual TIG conference, LSC will host a technology-focused event, highlighting the ground-breaking innovations of our grantees because of the TIG program, progress on the integrated portal, etc. The event will include a technology panel, keynote, and reception. LSC will invite a keynote speaker from the technology world, someone who would be an inspiration to others for innovation, public-private partnerships, etc. Guests would include TIG grantees, donors, prospects, potential corporate partners, others.

July 2015: Closing Event at the Nixon Library

LSC will hold a donor thank-you event at Nixon library that would wrap up the campaign, give awards/recognition to key donors and to the campaign cabinet. Work with the library to put together a historical prospective on Nixon and LSC, why it was important to him, while also focusing on LSC's future.

## **VIII. Board of Directors**



# **LSC & ABA Briefing Agenda**

Legal Services Corporation Board of Directors &  
ABA Standing Committee on Pro Bono & Public Service

Briefing Agenda

Saturday, January 25, 2014

8:00 a.m. to 9:30 a.m.

- I. Introductions
- II. Briefing on LSC Pro Bono Task Force Implementation
  - a. Pro Bono Innovation Fund
  - b. PAI Rulemaking
  - c. Toolkit Subcommittee Implementation
  - d. Rules Change Subcommittee Implementation
- III. Discussion of Partnering on Culture Change Issues
- IV. LSC Update on 40<sup>th</sup> Anniversary Plans
- V. Next Steps

# **PBTF Implementation Update**

# LSC PRO BONO TASK FORCE IMPLEMENTATION UPDATE

## JANUARY 2014

### I. PRO BONO TASK FORCE OVERVIEW

In March 2011, LSC created a Pro Bono Task Force comprised of judges, corporate general counsel, bar leaders, technology experts, leaders of organized pro bono programs, law firm leaders, government lawyers, law school deans, and the heads of legal aid organizations, to consider how to increase pro bono contributions to civil legal aid. The Task Force divided into working groups and spent months conducting interviews, identifying effective practices, and sharing ideas before reporting its findings and recommendations to the LSC Board of Directors.

In October 2012, the Pro Bono Task Force released its findings and recommendations. Implementation of the recommendations is following two tracks. The first track relates to activities that require a formal process directed by LSC, such as budget requests and the promulgation of regulations. The second track is less formal and engages a broad array of stakeholders. To facilitate implementation, LSC has established a Steering Committee and four subcommittees to work on the remaining recommendations.

### II. IMPLEMENTING THE TASK FORCE RECOMMENDATIONS

#### A. Creation of a Pro Bono Innovation Fund

One of the Task Force's key recommendations is for LSC to work with Congress to create a Pro Bono Innovation/Incubation Fund ("PBIF"). To that end, in the fall of 2012, LSC staff worked with staff on Capitol Hill to fashion the contours of a Pro Bono Innovation Fund which has become part of the Obama Administration's and LSC's budget requests.

In its FY 2014 Budget Request, LSC is asking for \$5,000,000 to establish a Pro Bono Innovation Fund. This represents approximately 1% of the overall budget request. The Innovation Fund would support new and innovative projects that promote and enhance pro bono initiatives throughout the country. It would leverage federal dollars to increase free legal aid for low income Americans by engaging private attorneys.

The President's FY 2014 Budget request asked for \$1.5 million for the PBIF. The Senate set a mark of \$1.5 million for the Fund and the House of Representatives budgeted \$2.5 million.

**Purpose.** The Innovation Fund will use competitive grants to invest in projects that identify and promote replicable innovations in pro bono for the benefit of the eligible poverty population. Projects funded under this fund will develop, test, and replicate innovative pro bono efforts that can enable LSC grantees to expand clients' access to high quality legal assistance. The grant criteria would require both innovation (new ideas or new applications of existing best practices) and replicability (likelihood that the innovation, if successful, could be implemented by other legal aid programs).

LSC will allow innovation grants to be used to improve, or to implement in new locations, successful projects developed using previous Innovation Fund grants. LSC expects that each approved project will either serve as a model for other legal services providers to follow or effectively replicate a prior innovation.

An innovation grant award is not meant to substitute for, or be credited against, the longstanding requirement that LSC grantees spend an amount equivalent to 12.5% of their basic field grant funding to involve private attorneys in the delivery of legal assistance to eligible clients.

**Eligible Applicants.** Eligible applicants for the Innovation Fund would be existing LSC grant recipients.

**Eligible Activities.** The following activities are illustrative of projects that would be eligible for funding under the proposed Innovation Fund.

- Developing pro bono programs to serve rural and other hard-to-reach communities;
- Providing pro bono opportunities that engage all segments of the bar—solo practitioners, in-house corporate counsel, firm lawyers, law schools, non-profit and government attorneys, and other pro bono providers;
- Developing accessible, tested, user-friendly curricula and training programs for pro bono attorneys;
- Expanding collaborations and resource-sharing among pro bono programs in a city, state or region;
- Targeting pro bono projects to practitioners in specific areas of law, with appropriate training, mentoring, and other support for volunteers;
- Developing pro bono programs with specialized bar associations that relate to the association's expertise and interests; and
- Forming cohorts of lawyers to expand volunteerism by leveraging shared interests and experiences.

**B. Revision of LSC’s Private Attorney Involvement Regulation**

The Task Force also recommended that LSC revise its Private Attorney Involvement (PAI) Regulation to enhance pro bono. On April 14, 2013, the LSC Board voted to convene two PAI rulemaking workshops. To date, LSC has held two workshops – the first on July 23, 2013 and the second on September 17, 2013.

**Workshop #1 Details:**

When: July 23, 2013 after the LSC Board Meeting, 1:30 p.m.- 4:30 p.m. MDT  
 Where: Warwick Denver Hotel, 1776 Grant St., Denver, Colorado 80203

Panelist	Organization	Topic 1	Topic 2	Topic 3	Other
Silvia Argueta	National Legal Aid and Defender Association (NLADA)	X	X	X	X
Steve Gottlieb	Atlanta Legal Aid Society	X	X	X	

Judge Mary Katherine Huffman	Greater Dayton Volunteer Lawyers Project	X	X		
Joan Kleinberg	Northwest Justice Project (Wash.)		X	X	
Kenneth Penokie	Legal Services of Northern Michigan	X		X	
Lisa Wood	ABA Standing Committee on Legal Aid and Indigent Defendants (SCLAID)	X	X	X	X

**Workshop #2 Details:**

When: September 17, 2013 from 1:30 p.m. - 4:30 p.m. EDT.

Where: F. William McCalpin Conference Center, Legal Services Corporation Headquarters, 3333 K Street, N.W., Washington, DC 20007

Panelist	Organization	Topic 1	Topic 2	Topic 3	Other
Mark O'Brien	Pro Bono Net	X	X	X	
Patricia Risser	Volunteer Lawyers Project, Legal Action of Wisconsin	X	X	X	
Melissa Skilliter	Ohio State Legal Services Association	X		X	
David Udell	National Center for Access to Justice	X			
Jennifer van Dulmen	National Association of Pro Bono Professionals	X	X	X	
John Whitfield	National Legal Aid and Defender Association (NLADA)	X	X	X	

Commenter	Topic 1	Topic 2	Topic 3
Bruce Courtade, President, State Bar of Michigan	X	X	X
Terry Lawson, Senior Staff Attorney, Legal Services of New York City	X		
David Ackerly, former Director of Private Attorney Involvement, Legal Aid Foundation of Los Angeles	X		

Specifically, the rulemaking workshops addressed the following topics and questions:

**Topic 1:** *LSC Pro Bono Task Force Recommendation 2(a) - Resources spent supervising and training law students, law graduates, deferred associates, and others should be counted toward grantees' PAI obligations, especially in "incubator" initiatives.*

The Pro Bono Task Force identified several categories of pro bono volunteers as potential resources for LSC recipients to expand in the delivery of legal assistance. The Task Force noted that the LSC definition of "staff attorney," which is based on a compensation scheme standard, is

a barrier to full engagement by recipients of deferred associates, law students, and recent law school graduates. LSC welcomes a full discussion of engaging new categories of pro bono volunteers and of improvements to the PAI regulation that would facilitate that engagement.

Items for Discussion on Topic 1:

- How are legal service providers engaging new categories of volunteers?
- What are the needs of these new categories of volunteers?
- What are the obstacles to LSC grant recipients' full use of these volunteers?
- Should LSC implement conditions and guidelines to allow LSC recipients to claim PAI credit for the supervision and training of these volunteers?
- How can LSC ensure against fraud, waste, or abuse related to implementing this recommendation?
- What caution should LSC exercise to ensure against any unintended consequences?
- To the extent applicable, discuss how any approaches you recommend might be implemented.

***Topic 2:*** *LSC Pro Bono Task Force Recommendation 2(b) - Grantees should be allowed to spend PAI resources to enhance their screening, advice, and referral programs that often attract pro bono volunteers while serving the needs of low-income clients.*

The Pro Bono Task Force identified the benefits of integrated intake and referral systems that link clients to volunteer attorneys. Resources used by recipients to staff these integrated systems have not traditionally been recognized as eligible for PAI funds. LSC welcomes a full discussion of the relationship between integrated intake and referral systems that link clients with pro bono volunteers and the use of PAI funds.

Items for Discussion on Topic 2:

- How are recipients currently using integrated intake and referral systems?
- Do LSC's current PAI regulations inhibit full use of integrated intake and referral systems?
- Should LSC implement conditions and guidelines to allow LSC recipients to claim PAI credit for the resources used to create and staff integrated intake and referral systems?
- How can LSC ensure against fraud, waste or abuse related to implementing this recommendation?
- What caution should LSC exercise to ensure against any unintended consequences?
- To the extent applicable, discuss your organization's ability to execute any recommended approaches.

***Topic 3:*** *LSC Pro Bono Task Force Recommendation 2(c) - LSC should reexamine the rule and the prevailing Office of Legal Affairs legal opinions that mandate adherence to LSC grantee case handling requirements, including that matters be accepted as grantee cases in order for programs to count toward PAI requirements.*

The Pro Bono Task Force encouraged brief service clinics in which pro bono volunteers rely on LSC recipients to provide technical assistance, research, advice, and counsel to the volunteers. If the recipient is not providing the client service, but is providing training to pro bono volunteers, the Pro Bono Task Force recommended that the resources the recipient uses to support the training be an eligible use for PAI funds, without obligating the pro bono volunteers to screen clients for LSC eligibility or requiring the recipient accept the people served by the clinics as its own clients. LSC welcomes a full discussion of the use of pro bono volunteers in such clinics and invites input on improvements to the existing regulations to facilitate such use.

#### Items for Discussion on Topic 3:

- How are recipients currently using or supporting pro bono volunteers in brief service clinics?
- What are the obstacles to recipients' use of pro bono volunteers in brief service clinics?
- Should LSC implement conditions and guidelines to allow LSC recipients to claim PAI credit for the resources used to support volunteer attorneys staffing brief service clinics?
- If LSC were to allow recipients to claim PAI credit for the resources used to support volunteer attorneys staffing brief service clinics under circumstances where the users of the clinics are not screened for LSC eligibility or accepted as clients of the recipient, how could that change be implemented in a manner that ensures compliance with legal restrictions on recipients' activities and uses of LS funds?
- How can LSC ensure against fraud, waste or abuse related to implementing this recommendation?
- What caution should LSC exercise to ensure against any unintended consequences?
- To the extent applicable, discuss your organization's ability to execute any recommended approaches.

In addition to the topics reference above, the September 17<sup>th</sup> PAI workshops also asked participants to address the following questions:

1. Law Students and Pre-Admission Law Graduates
  - Should Part 1614 include or exclude the expenses related to those internships?
  - How would including those existing internships increase pro bono activities? Are internships "pro bono" if they are paid or carry academic credit?
  - If not, should they nevertheless be recognized as private attorney involvement under Part 1614?
  - For law schools that have pro bono requirements, what are the criteria for meeting those requirements?
  - How could Part 1614 relate to those requirements and to the requirements for admission to the bar of New York?
  - If law students and pre-admission law graduates are included in the rule, then what types of activities should count as involvement in the delivery of legal assistance to eligible clients?



## 2. Non-Legal Professionals

- A number of comments recommend including CPAs and other non-legal professionals providing free or discounted services relevant to representation of eligible clients. How would including them in Part 1614 lead to an increase in pro bono legal services?

## 3. Lawyers Not Admitted in the Relevant Jurisdiction

- A number of comments suggest including lawyers who are on retired status, licensed in other jurisdictions, or otherwise not licensed in the grantee's jurisdiction.
- For states without rules permitting limited practice by those attorneys, what standards or criteria can LSC apply for the types of work that these lawyers can assist with that would constitute involvement in the delivery of legal assistance to eligible clients, without constituting the unauthorized practice of law?

## 4. Definition of a Private Attorney

- The current definition of a private attorney is based on whether the attorney earns more than one-half of her professional income from LSC funds, an LSC grantee, or an LSC sub grantee or contractor.
- If LSC addresses this issue, should LSC create exceptions for underemployed attorneys or should LSC revise the definition entirely?
- Should the definition of a private attorney be based on whether the attorney has paid full-time or part-time LSC-related employment rather than on the attorney's earnings?
- Should Part 1614 include the use of non-LSC funds as a sub grant to provide support to attorneys working at a staff-attorney model legal aid program that receives no LSC funds?

## 5. Screening

- Some commenters recommend limited screening for pro bono clinics supported by LSC grantees.
- What would the requirements be for limited screening, how would they differ from the 1611 and 1626 requirements, and how would they satisfy compliance concerns?
- Alienage screening is a particular concern, because the alienage restriction applies to all funding sources for LSC grantees. Can you suggest how to address alienage screening if LSC reconsiders the full screening requirement of OLA legal opinion EX-2008-1001 in clinics for which LSC grantees provide organizational and technical support?

## 6. Tracking Case Services

- Many comments express the concern that tracking pro bono cases as grantee cases could create unnecessary conflicts for grantees. Please suggest methods of tracking pro bono case services and referrals to provide accountability without creating conflicts.
- One comment suggested tracking pro bono casework to determine the outcome of the case and how the client benefited. Are there other minimum criteria that you recommend for tracking pro bono casework?

- If LSC revises the requirement for tracking of pro bono cases and referrals, should all cases be tracked individually, or are there circumstances in which you recommend other methods of determining whether the referrals are effective?

**PAI Next Steps:**

All written comments on revising the PAI rule were submitted on October 17, 2013. The Office of Legal Affairs (OLA) has reviewed all of the comments and has met with LSC senior staff to discuss some major issues for decision. OLA anticipates developing a draft of a Notice of Proposed Rulemaking (NPRM) sometime in February, presenting the draft NPRM to the Operations & Regulations Committee in April, and publishing the NPRM in the *Federal Register* in late April 2014.

**C. Implementation Steering Committee and Subcommittees**

To oversee the implementation of the remainder of the Task Force’s recommendation, the LSC Board of Directors established a Steering Committee and collaborated with the ABA’s Pro Bono Committee to outline the scope of the subcommittees. The subcommittees are:

1. Pro Bono Toolkit, Technology, and Effectiveness Implementation Subcommittee;
2. Pro Bono Culture Change Subcommittee;
3. Pro Bono Fellowship Subcommittee; and
4. Pro Bono Rules Change Implementation Subcommittee

Subcommittees are comprised of LSC Board members, LSC grantees, members of the private bar, the judiciary as well as interested stakeholder groups. We want to be as inclusive as possible and leverage resources from the legal services community.

<b>Pro Bono Toolkit, Technology, and Effectiveness Implementation Subcommittee</b>	
<b>Scope:</b>	This subcommittee will focus on developing a toolkit and technology platform for LSC grantees to strengthen and enhance their pro bono efforts. It will also focus on measuring and evaluating the effectiveness of pro bono programs to better coordinate efforts and research to maximize the success of pro bono programs.
<b>Rec. #1.</b>	LSC should serve as an Information Clearing house and Source of Coordination and Technical Assistance to help grantees develop strong pro bono programs.
<b>Rec. 1.2:</b>	Create a professional association specifically for pro bono managers at LSC grantees.
<b>Rec. 1.3:</b>	Develop a pro bono tool kit.
<b>Co-Chairs:</b>	Martha Minow, LSC Board Julie Reiskin, LSC Board Nan Heald, Pine Tree Legal Services Esther Lardent, Pro Bono institute
<b>Members:</b>	Scott Cummings, UCLA School of Law Lora Livingston, Travis County District Court
	Colleen Cotter, Legal Aid Society of Cleveland Michael Monahan, State Bar of Georgia, Pro Bono Project

	Lisa Dewey, DLA Piper	Dave Pantos, Legal Aid of Nebraska
	L. Joseph Genereux, Dorsey & Whitney, LLP	Linda Rexer, Michigan State Bar Foundation
	Robert Gillett, Legal Services of Central Michigan	Maureen Syracuse, APBCo
	Terry Hamilton, Lone Star Legal Aid	Angela Vigil, Baker and McKenzie, LLP
	Anne Geraghty Helms, DLA Piper	Cheryl Zalenski, ABA
	Ellen Lawton, EL Consulting	Jennifer van Dulmen (point person for NAPBPro)
<b>Goals</b>	<p><b>Goals 1 &amp; 2:</b> Enable LSC and its grantees to more effectively assess existing pro bono efforts and to identify areas of expansion and improvement. Review and catalog efforts under way or in the planning stages to assess the effectiveness, outcomes, and impact of pro bono work.</p> <p><b>Goal 3:</b> Build a website/resource for grantees to identify, access, build, and scale the most effective pro bono programs.</p> <p><b>Goals 4 and 5:</b> Take innovations to a national scale/Develop collaborative models.</p>	
<b>Status:</b>	<ul style="list-style-type: none"> <li>• Co-chair conference call: April 12, 2013</li> <li>• Co-chair conference call: May 6, 2013</li> <li>• Co-chair conference call: June 17, 2013</li> <li>• Full Subcommittee call: July 17, 2013</li> <li>• Goals 1 &amp; 2 conference call: August 13, 2013</li> <li>• Goal 3 conference call: September 11, 2013</li> <li>• Goals 4 &amp; 5 conference call: September 23, 2013</li> <li>• Work plan updated in July. Work is organized around the goals listed above.</li> <li>• A new work plan has been developed.</li> <li>• <u>Revising the LSC PAI Plan.</u> A draft PAI plan has been shared with the subcommittee along with an inventory of PAI plans. The next step is to have a call with subcommittee members to solicit their feedback. The goal is to have a revised PAI plan for the 2015 grants competition cycle.</li> <li>• <u>Understanding Grantee Pro Bono Technology Needs.</u> At the TiG conference during the week of January 13, 2014, LSC moderated a focus group to discuss innovative uses of technology as it relates to the pro bono delivery of legal services. The goal of the focus group is to gain a better understanding of which technology projects can improve pro bono participation and better support the work of pro bono coordinators and attorneys. With this information, LSC will then work with other stakeholders to help grantees improve their technology capacity.</li> <li>• <u>Toolkit Webpage</u> – A pilot web page is under construction and should be launched by the board meeting. Once the web page is launched, we will be seeking feedback for improving the page and soliciting additional content from the committee.</li> </ul>	

	<ul style="list-style-type: none"> <li>• <u>Memorandum of Understanding with APBCO</u>. LSC is working with the Association of Pro Bono Counsel (APBCo) to develop a Memorandum of Understanding (MOU) with their membership to help us evaluate grantee pro bono programs on Program Quality Visists. Our partners at DLA Piper are facilitating this conversation. The MOUR is modeled after LSC’s MOU with the College of Law Practice Management. Our hope is to have kick it off by February 2014 with a PQV to our Phoenix grantee.</li> </ul>
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<b>Pro Bono Rules Change Implementation Subcommittee</b>									
<b>Scope:</b>	This subcommittee will explore options to change judicial, CLE and other state rules to promote and support pro bono.								
<b>Request #3.</b>	Judges and Bar Leaders should amend attorney practice, judicial ethics, and CLE rules to support pro bono. Provide CLE credit for pro bono work. Revise judicial codes of conduct to allow judges to encourage lawyers to provide pro bono legal services. Explore other state rule changes that would encourage additional pro bono work by the private bar. Create or strengthen State Access to Justice commissions.								
<b>Co-Chairs:</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Harry Korrell, LSC Board</td> <td style="width: 50%;">Judge Jim Moyer, U.S. Magistrate, Western District of KY</td> </tr> <tr> <td>Laurie Mikva, LSC Board</td> <td></td> </tr> </table>	Harry Korrell, LSC Board	Judge Jim Moyer, U.S. Magistrate, Western District of KY	Laurie Mikva, LSC Board					
Harry Korrell, LSC Board	Judge Jim Moyer, U.S. Magistrate, Western District of KY								
Laurie Mikva, LSC Board									
<b>Members:</b>	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Renee Chantler, DLA Piper</td> <td style="width: 50%;">Mary Ryan, Nutter, McClennen &amp; Fish, LLP</td> </tr> <tr> <td>Lisa Dewey, DLA Piper</td> <td>Steve Scudder, ABA</td> </tr> <tr> <td>Hon. Janice Holder, Tennessee Supreme Court</td> <td>Hon. Richard Thornburgh, K&amp;L Gates LLP</td> </tr> <tr> <td>Jane LaBarbera, American Association of Law Schools</td> <td>Ginny Martin (point person for NAPBPro)</td> </tr> </table>	Renee Chantler, DLA Piper	Mary Ryan, Nutter, McClennen & Fish, LLP	Lisa Dewey, DLA Piper	Steve Scudder, ABA	Hon. Janice Holder, Tennessee Supreme Court	Hon. Richard Thornburgh, K&L Gates LLP	Jane LaBarbera, American Association of Law Schools	Ginny Martin (point person for NAPBPro)
	Renee Chantler, DLA Piper	Mary Ryan, Nutter, McClennen & Fish, LLP							
	Lisa Dewey, DLA Piper	Steve Scudder, ABA							
	Hon. Janice Holder, Tennessee Supreme Court	Hon. Richard Thornburgh, K&L Gates LLP							
Jane LaBarbera, American Association of Law Schools	Ginny Martin (point person for NAPBPro)								
<b>Status:</b>	<ul style="list-style-type: none"> <li>• Co-chair conference call: April 24, 2013</li> <li>• Full Subcommittee call: June 21, 2013</li> <li>• Full Subcommittee call: September 13, 2013</li> <li>• Subcommittee members provided feedback on the inventory of laws and asked for additional analysis as well as a breakdown on states with mandatory CLE, mandatory bars, and unbundling rules.</li> </ul> <p>The subcommittee has discussed pursuing two-pronged strategy that would, if resources permit, (1) focus on engaging a large number of states; and (2) assess what can be done in those states that have not adopted any rules that promote pro bono activity. To target our work, the following documents were prepared for the subcommittees review:</p> <p style="padding-left: 40px;">(1) State by State Rules Inventory</p>								

	<p>(2) Overview analysis – This document analyzes the rules that the subcommittee is interested in. It also identifies the states that have the most rules and policies that promote the provision of pro bono services and the states that have the fewest.</p> <p>(3) Rules Breakdown – Presents the information by rules instead of by state.</p> <p>The next step is to organize a conference call to refine the subcommittee’s strategy.</p>
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Pro Bono Fellowship Development Committee									
<b>Scope:</b>	This subcommittee will research and develop options for potential "fellowship"-type opportunities at various stages in a lawyer's career.								
<b>Rec. #4.</b>	LSC should create a fellowship program to foster a lifelong commitment to pro bono.								
<b>Co-Chairs:</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">John Levi, LSC Board</td> <td style="width: 50%;">David Stern, Equal Justice Works</td> </tr> <tr> <td>Charles Keckler, LSC Board</td> <td></td> </tr> </table>	John Levi, LSC Board	David Stern, Equal Justice Works	Charles Keckler, LSC Board					
John Levi, LSC Board	David Stern, Equal Justice Works								
Charles Keckler, LSC Board									
<b>Members:</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Margaret Benson, Chicago Volunteer Lawyers Fdn.</td> <td style="width: 50%;">John Rosenberg</td> </tr> <tr> <td>Ronald Flagg, LSC</td> <td>Jim Sandman, LSC</td> </tr> <tr> <td>Steve Grumm, ABA</td> <td>Jennifer van Dulmen, Community Legal Services</td> </tr> <tr> <td>Roberta (Bert) Ritvo, DLA Piper</td> <td>John Whitfield, Blue Ridge Legal Services</td> </tr> </table>	Margaret Benson, Chicago Volunteer Lawyers Fdn.	John Rosenberg	Ronald Flagg, LSC	Jim Sandman, LSC	Steve Grumm, ABA	Jennifer van Dulmen, Community Legal Services	Roberta (Bert) Ritvo, DLA Piper	John Whitfield, Blue Ridge Legal Services
	Margaret Benson, Chicago Volunteer Lawyers Fdn.	John Rosenberg							
	Ronald Flagg, LSC	Jim Sandman, LSC							
	Steve Grumm, ABA	Jennifer van Dulmen, Community Legal Services							
Roberta (Bert) Ritvo, DLA Piper	John Whitfield, Blue Ridge Legal Services								
<b>Status:</b>	<ul style="list-style-type: none"> <li>• Co-chair conference call: May 8, 2013</li> <li>• Co-chair conference call: May 29, 2013</li> <li>• Full Subcommittee call: June 26, 2013</li> <li>• This committee developed a number of fellowship proposals that included pro bono fellowships and non-pro bono fellowships.</li> <li>• In order to avoid duplication of effort, the work of this committee has been transferred to the Board’s Institutional Advancement Committee. Through the subcommittee’s work, we were able to provide assistance in developing the contours of the following fellowship proposals that are now</li> </ul> <p>(1) <u>Fellows</u> LSC will support 25-35 law school graduates in largely two-year, possibly one-year competitive fellowship program. Each fellow will receive an annual salary commensurate with the first-year attorney salary of a legal aid lawyer, training and orientation prior to placement, and a laptop computer. In the initial phase, LSC grantee applicants and their fellowship candidates will propose projects that will have a significant impact on how the grantee’s clients are served. These fellowship projects will focus on innovation, creativity, and locally-driven ideas from LSC grantees</p> <p>(2) <u>Rural Legal Summer Corps</u></p>								

	<p>Legal services in rural areas face even more challenges because of distance, access to transportation, and awareness. Attorneys are often asked to travel several hours to appear in court with a client. Clients may lack access to internet services or are unable to find a local lawyer to help them. LSC wants to establish a Rural Legal Corps of law students to:</p> <ul style="list-style-type: none"> <li>• Increase the availability of legal services to low-income people in rural areas;</li> <li>• Develop the students' skills in serving low-income clients and expand their awareness of the legal needs of people in rural poverty;</li> <li>• Increase rural legal services programs' ability to recruit highly qualified law students and new attorneys;</li> <li>• Increase collaboration between law schools and rural legal services programs.</li> <li>• LSC aims to place 40 fellows each summer in rural legal aid programs.</li> </ul> <p>(3) <u>Senior Pro Bono Fellows</u></p> <p>There is a large cohort of 'baby-boom' attorneys who are retiring or leaving traditional legal practice in the coming years. These attorneys have a wealth of knowledge and commitment to the legal field that is infinitely valuable to a civil legal aid program in need of support to expand or operationalize their pro bono programs. LSC will launch a one-year fellowship program for senior or emeritus attorneys to support pro bono programs in the legal aid organizations it funds. Fellows will make contacts with pro bono lawyers, engage with local firms and corporate legal departments, and promote sustainable pro bono systems within grantee organizations. Each fellow will receive a small annual stipend of \$15,000, and the host organization will receive \$15,000 to invest in its pro bono efforts. This program will be initiated in 40 grantee programs.</p>
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<b>Pro Bono Culture Change Implementation Subcommittee</b>		
<b>Scope:</b>	This subcommittee will build on and amplify the successes of various public relations campaigns and other initiatives that instill the value of pro bono among members of the bar.	
<b>Rec. #3.</b>	LSC should launch a Public Relations campaign on the importance of pro bono.	
<b>Co-Chairs:</b>	Sharon Brown, LSC Board Gloria Valencia-Weber, LSC Board Jo-Ann Wallace, NLADA	
<b>Members:</b>	Lisa Dewey, DLA Piper	Larry McDevitt, Van Winkle Law Firm
	Douglas Eakeley, Lowenstein Sandler, LLP	Steve Scudder, ABA
	Richard Gruenberger, DLA Piper	Paige Sessenbrenner, Adams & Reese, LLP
	Anne Geraghty Helms, DLA Piper	John Whitfield, Blue Ridge Legal Services

	George Hettrick, Hunton & Williams	Lisa Wood, Foley Hoag, LLP
	Maha Jaweid, Department of Justice	
<b>Status:</b>	<ul style="list-style-type: none"> <li>• Co-chair conference call: April 24, 2013</li> <li>• Co-chair conference call: June 4, 2013</li> <li>• The subcommittee is working to recalibrate and re-scope its efforts. The ABA Standing Committee on Pro Bono &amp; Public Service has expressed some interest in partnering on this issue.</li> </ul>	

# **State Rules Inventory**

*(Oversized Insert)*



State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
ALABAMA	No rules.	12 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Required Dues Waived: Reduced.	Has not adopted a rule similar to 3.7.	•Same as original 1983 language. •No specific goal of annual number of hours.	Attorney general's office does not allow attorneys to practice pro bono.				If consent obtained by client, law students with supervision can serve as legal interns after having completed four semesters at law school. Student must be introduced to the court by a practicing attorney, be certified by the dean of the law school, and be registered as a law student with the Secretary of the Board of Commissioners.	Adopted Rule 6.5
ALASKA	No rules.	12 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Retired or inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Legal Service organization must provide malpractice coverage. Dues Waived: Yes.	Has not adopted a rule similar to 3.7.	•Same as 2002 revision. •Goal of 50 hours of pro bono/yr.	Guidance issued by AK AG in 2005 allows all Dep. Of Law Staff to engage in pro bono.				If consent obtained by client, law students who are enrolled in an ABA accredited law school can serve as legal interns after having completed 1/2 of coursework required for graduation. Students must file a written request with a letter from an attorney in order to be selected.	Adopted Rule 6.5
ARIZONA	No rules.	15 hours per year	•Voluntary reporting •Response rates: 31% in '95; 35% in '96.	Yes	Minimum age: No. Years of practice: 5 Status: Retired or inactive or unable to practice in AZ. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Disclose existence and extent of malpractice coverage. Dues Waived: Yes.	Does not have rule similar to 3.7, but has permissive language that allows court employees to do pro bono work. •Access to Justice Commission exists in state.	•Different language. •Goal of 50 hours of pro bono/yr.	Yes, staff attorneys may engage in pro bono work.				A student can serve as a legal intern upon completion of one full year at a law school accredited by the ABA or CA State Bar. Must have approval of supervising attorney.	Adopted Rule 6.5
ARKANSAS	No rules.	12 hours per year	No reporting.	No	No emeritus rules as of May 2013	•Similar language to rule 3.7. •Access to Justice Commission exists in state.	•Same as 2002 revision. •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled in ABA approved law school, have completed a course in professional responsibility, must be certified by the dean of the law school and the supervising attorney, and must neither ask for nor receive compensation.	Adopted Rule 6.5
CALIFORNIA	No rules.	25 hours per 3 years	No reporting.	Yes	Minimum age: No. Years of practice: At least 5 & 3 of the last 5. Status: Inactive. Direct supervision: Adequate supervision. Out of state license: No. Malpractice insurance mentioned in the rule: Adequate supervision. Dues Waived: Yes.	Does not have rule similar to 3.7, but has permissive language that allows court employees to do pro bono work. •Access to Justice Commission exists in state.	•Different language. •Goal of 50 hours of pro bono/yr.	1984 memorandum by CA attorney general John Van de Kamp encouraged lawyers employed by the California Attorney General to participate in legal service programs.				In order to be eligible, student must have successfully completed 1 full year of studies at a law school accredited by the ABA. Student must have either successfully completed or be currently enrolled in an academic course in evidence & civil procedure.	Similar Rule.

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
COLORADO	•Max. 9 out of 45 units every 3 yrs can be completed with pro bono work. •5 billable hours = 1 unit.	45 hours per 3 years, 50 minutes per credit hour	No reporting.	No	Minimum age: No. Years of practice: No. Status: Inactive for in-state license Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes (one time administrative fee \$50)	•Identical language to rule 3.7. •Access to Justice Commission exists in state.	•Similar to 2002 revision •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled at an ABA accredited law school and have completed 2 years of legal studies. The student must be certified by the dean and must be introduced to the court by a lawyer. Student shall not receive compensation for services performed.	Adopted Rule 6.5
CONNECTICUT	No rules.	website states "no requirement"	No reporting.	No	Minimum age: No. Years of practice: No. Status: Active. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Provided by agency Dues Waived: Occupational tax waived if work is pro bono.	Has not adopted a rule similar to 3.7.	•Same as original 1983 language. •No goal.	No information available.				In order to be eligible, student must have completed 2 semesters of law school at an ABA approved law school. Student must be certified by the dena of the law school, be introduced to the court by an attorney, and must comply with certain provisions if enrolled in a law school outside Connecticut.	Adopted similar rule to MR 6.5; Additional language and requirements referring to informed consent
DELAWARE	•Max 6 out of 24 credits can be completed with pro bono work. •6 hours of pro bono work = 1 credit.	24 hours per 2 years	No reporting.	No	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Different language to rule 3.7. Policies and rules allow court employees to do pro bono work.	•Similar to original 1983 language. •No goal.	No information available.				In order to be eligible, student must be a third year law student at an ABA accredited law school, must be certified by the dean of the law school, and the student may not accept any compensation.	Adopted Rule 6.5
DISTRICT OF COLUMBIA	No rules.	website states "no requirement"	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: No. Out of state licensed attorney yes. Out of state license: Exception for first 90 days if working for legal aid. Malpractice insurance mentioned in the rule: No mention. Dues Waived: No.	Has not adopted a rule similar to 3.7.	Similar to original 1983 language and goal of 50 hours.	No information available.				In order to be eligible, student must be enrolled in a law school approved by ABA and the admissions committee of the court. Student must have successfully completed legal studies amounting to 41 semester hours or the equivalent. Student must be certified by the dean of the law school and be registered with the Unauthorized Practice of Law Committee at the court.	Adopted Rule 6.5 with additional comment

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
FLORIDA	No rules.	30 hours per 3 years. 50 minute credit hours	<ul style="list-style-type: none"> <li>Mandatory Reporting on dues statement</li> <li>Failure to report is treated as a secondary offense</li> </ul>	Yes	Minimum age: No. Years of practice: No. Status: Inactive for DC license. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: No.	<ul style="list-style-type: none"> <li>No adoption of 3.7, but language permissive of pro bono.</li> <li>Utilizes judges on pro bono as members of regional committees.</li> </ul>	<ul style="list-style-type: none"> <li>Different language.</li> <li>Goal of 20 hours of pro bono/yr.</li> </ul>	1989 AG memo allows public defenders to engage in pro bono work, no information on staff attorneys.	2009: 51% 2010: 52%	2009: 22% 2010: 22%	2009: 1,545,157 2010: 1,614,676	Law student must have attended ABA approved law school for at least 4 semesters or 6 quarters; law student must pay \$75 or \$150 dollar fee and receive letter of clearance from FL Board of Bar Examiners; student must receive no compensation and must be approved by the dean of the law school.	No
GEORGIA	No rules.	12 hours per year	<ul style="list-style-type: none"> <li>Voluntary reporting on dues statement and on webpage.</li> <li>Response rates: 31% in '95; 35% in '96.</li> </ul>	Yes	Minimum age: 70 Years of practice: 25 Status: Retired. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	<ul style="list-style-type: none"> <li>Has NOT adopted a rule similar to 3.7.</li> <li>Access to Justice Commission exists in state.</li> </ul>	<ul style="list-style-type: none"> <li>Similar to 1993 language.</li> <li>Goal of 50 hours of pro bono/yr.</li> </ul>	No information available.				In order to be eligible, student must be a third year law student acting under the supervision of a practicing attorney. Student must be enrolled and in good standing in a law school in the state and the practicing attorney should ensure that the student is covered by malpractice insurance.	No
HAWAII	No rules.	3 hours per year	Mandatory Reporting.	Yes	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: LS must disclose existence and extent of coverage. Dues Waived: Yes - reduced to inactive rate.	<ul style="list-style-type: none"> <li>Similar language to rule 3.7.</li> <li>Access to Justice Commission exists in state.</li> </ul>	<ul style="list-style-type: none"> <li>Similar to 1993 language.</li> <li>Goal of 50 hours of pro bono/yr.</li> </ul>	Hawaii Senate Bill 1010 signed into law in 2013; AG + deputies can provide pro bono work.	2009: 50% 2010: 47%	2009: 32% 2010: 62%	2009: 231,189 2010: 232,325	In order to be eligible, student must have completed 1/3 of the requirements for graduation at the University of Hawaii School of Law. Student must be certified by the dean of the law school and the applicant must be enrolled in a clinical program at the University of Hawaii.	Proposed adoption of Model Rule 6.5
IDAHO	No rules.	30 hours per 3 years.	No reporting.	Yes	Minimum age: No. Years of practice: 10 of last 15. Status: Retired or inactive. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: Legal Service organization must provide malpractice coverage. Dues Waived: Reduced.	<ul style="list-style-type: none"> <li>Has NOT adopted a rule similar to rule 3.7.</li> </ul>	<ul style="list-style-type: none"> <li>Similar to 2002 revision</li> <li>Goal of 50 hours of pro bono/yr.</li> </ul>	No information available.				In order to be eligible, student must be enrolled in an ABA approved law school and have completed 2/3 of the course of study.	Adopted Rule 6.5

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
ILLINOIS	No rules.	30 hours per 2 years	Mandatory Reporting on dues statement.	No	Minimum age: No. Years of practice: No. Status: Retired or inactive or licensed out of state. Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: LS must disclose existence and extent of coverage. Dues Waived: Yes.	Does not have rule similar to 3.7, but has permissive language that allows judges to participate in and promote pro bono programs.	No ABA data.	Office attorneys cannot engage in pro bono work.	2009: 32% 2010: 30%	2009: 26% 2010: 27%	2009: 2,197,041 2010: 2,328,770	A law student, certified by the law school dean and having completed 1/2 of the total hourly credits required for graduation and in good academic standing, may appear in court under the supervision of a member of the bar.	Adopted Rule 6.5
INDIANA	No rules.	36 hours per 3 years, 6 credits per year	No reporting.	No	No emeritus rules as of May 2013	•Similar language to rule 3.7. •Utilizes judges on pro bono as members of regional committees.	•Same as original 1983 language. •No goal.	No information available.				Law student must have attended ABA accredited school, have completed 1/2 of law school classes, have completed or be enrolled in a legal ethics course, and have the permission of the law school dean before appearing in court with supervision.	Adopted Rule 6.5
IOWA	No rules.	15 hours per year	No reporting.	No	Minimum age: No. Years of practice: No. Status: Retired/retiring. Direct supervision: General supervision. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Waived.	Does not have rule similar to 3.7, but has permissive language that allows court employees to do pro bono work. •Access to Justice Commission exists in state.	•Same as 2002 language. •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled in a reputable law school and must be certified by the dean of the law school. Student must have completed 2 semesters and must not receive compensation.	Adopted Rule 6.5
KANSAS	No rules.	12 hours per yer (50 minute hours)	No reporting.	No	Minimum age: No. Years of practice: No. Status: Retired or inactive. Direct supervision: No. Out of state license: Yes for retired attorneys age 66 or over. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes for retired attorneys age 66 or over on or before July 1.	Similar language to rule 3.7.	•Same as original 1983 language. •No goal.	No information available.				Law students assigned only to those attorneys/agencies requesting their services. Legal interns must neither ask for nor receive compensation. Law students must have completed 60 hours of legal studies and have paid the required fee and be enrolled in an ABA accredited law school. Student must be certified by law school dean.	No

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
KENTUCKY	No rules.	12.5 hours per year	<ul style="list-style-type: none"> <li>•Voluntary reporting on dues statement.</li> <li>•Response rates: 12% in '96; 15% in '98; 16% in '07</li> </ul>	Yes	No emeritus rules as of May 2013	Has NOT adopted a rule with language similar to rule 3.7.	<ul style="list-style-type: none"> <li>•Language similar to 1993 revision.</li> <li>•Goal of 50 hours of pro bono work/yr.</li> </ul>	No information available.				In order to be eligible, student must be enrolled at an ABA approved law school and have completed 2/3 of the academic requirement for graduation. Student must receive written approval by Chief Justice of Supreme Court of Kentucky, the dean of the law school, the director of the program, and student must be supervised by a member of the state bar.	Adopted Rule 6.5
LOUISIANA	No rules.	12.5 hours per year	<ul style="list-style-type: none"> <li>•Voluntary Reporting, full page form enclosed with dues statement.</li> <li>•Response rates 8-9% in 1998; 15% in 2001; 11% in 2002; 11% in 2003; 11% in 2004; 11% in 2005; 10% in 2006.</li> </ul>	Yes	No emeritus rules as of May 2013	Has NOT adopted a rule with language similar to rule 3.7.	<ul style="list-style-type: none"> <li>•Similar language to 1993 revision</li> <li>•Goal of 50 hours of pro bono work/yr.</li> </ul>	2004 Pro Bono Pilot Project allows AG attorneys to engage in pro bono civil legal work.				In order to be eligible, student must be enrolled in an ABA approved law school and have completed 4 semesters of legal studies. The student must have completed a course in legal ethics, and must be introduced to the court by a member of the state bar. The student must be certified by dean of law school and cannot accept any compensation for services performed.	Adopted Rule 6.5
MAINE	No rules.	11 hours per year	No reporting.	No	Minimum age: No. Years of practice: No. Status: Retired or inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced.	<ul style="list-style-type: none"> <li>•Has NOT adopted a rule with language similar to rule 3.7.</li> <li>•Access to Justice Commission exists in state.</li> </ul>	<ul style="list-style-type: none"> <li>•Different language.</li> <li>•No goal.</li> </ul>	No information available.				In order to be eligible, student must be enrolled in an ABA approved law school and have completed 4 semesters of legal studies. The student must be certified by the dean of the law school. The student must not accept any compensation.	Adopted similar rule to MR 6.5; Substitutes "aware" for "knows" and adds additional Comment
MARYLAND	No rules.	Not required	Mandatory Reporting. Failure to report leads to loss of license, but can be reinstated if report filled out.	No	Minimum age: No. Years of practice: No. Status: Retired or inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Waiver of client protection fund.	<ul style="list-style-type: none"> <li>•Similar language to rule 3.7.</li> <li>•Utilizes judges on pro bono as members of regional committees.</li> <li>•Access to Justice Commission exists in state.</li> </ul>	<ul style="list-style-type: none"> <li>•Similar to 1993 language.</li> <li>•Goal of 50 hours of pro bono/yr.</li> </ul>	<a href="#">Pro bono program for government attorneys.</a>	2009: 54%	2009: 33 hrs.	1,139,866	In order to be eligible, the student must be enrolled in law school and have completed 1/3 of total credit hours. The student must be certified by the dean of the law school, be familiar with the Maryland Lawyers' Rules of Professional Conduct and the Maine Rules of Civil Procedure.	Adopted Rule 6.5

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
MASSACHUSETTS	No rules.	Not required	No reporting.	No	Minimum age: No. Years of practice: No. Status: Retired/inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes for retired; reduced for inactive.	•Has not adopted a rule similar to 3.7, but has permissive language that allows court employees to do pro bono work. It also allows judges to participate in and promote pro bono programs. •Access to Justice Commission exists in state.	•Similar to 1993 revision. •Goal of 25 hours of pro bono/yr.	No information available.				In order to be eligible, student must be a senior law student. Student must have completed or be enrolled in evidence and trial practice. Student must be certified by the dean.	Adopted Rule 6.5
MICHIGAN	No rules.	Not required	No reporting.	Yes	No data on Michigan.	Has NOT adopted a rule with similar language to rule 3.7.	•Different language. •Goal of 30 hours/yr.	No information available.				In order to be eligible, student must be in a law school approved by the ABA and have completed the first year. Student must have received a passing grade in law school courses and be eligible to participate in a legal aid clinic.	Adopted Rule 6.5
MINNESOTA	•Max 6 out of 45 units every 3 yrs can be completed with pro bono work. •6 hours = 1 credit.	45 hours per 3 years	No reporting.	No	Minimum age: No. Years of practice: No. Status: Retired/inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	•Similar language to rule 3.7. •Access to Justice Commission exists in state.	•Same as 2002 revision. •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled in law school in Minnesota, must be certified by dean of the law school as being in good academic standing; student must maintain confidentiality and must be accepted by client.	Adopted Rule 6.5
MISSISSIPPI	No rules.	12 hours per year	•Mandatory Reporting •Failure to report is a disciplinary offense.	Yes	Minimum age: No. Years of practice: No. Status: Inactive or licensed in other states. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: Required. Dues Waived: No.	•Has not adopted rule 3.7, but has permissive language that allows court employees to do pro bono work.	•Different language. •Goal of 20 hours of pro bono/yr.	No information available.				Law student must be enrolled in law school in the state. Student must have completed 2/3 of required number of hours for graduation or if enrolled in clinical education course, has completed 1/2 of required number of hours for graduation. Supervising attorneys are licensed to practice in the state and have practiced for at least 3 years.	Adopted Rule 6.5
MISSOURI	No rules.	15 hours per year (50 minute hours)	No reporting.	Yes	No emeritus rules as of May 2013.	Has NOT adopted a rule with language similar to rule 3.7.	•Same as original 1983 language. •No goal.	No information available.				In order to be eligible, student must be enrolled in an ABA approved law school and must have completed legal studies amounting to 1/2 of the required credits for graduation. Student must file an application and pay the prescribed fee. The student must be certified by the dean of the law school and cannot receive compensation. The student must be familiar with the rules of professional conduct.	Adopted Rule 6.5

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
MONTANA	No rules.	15 hours per year	•Voluntary reporting •2010: 60%	Yes	Minimum age: No. Years of practice: 10 of last 15. Status: Retired/inactive and must complete 25 hours of pro bono/yr Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Has not adopted rule 3.7, but has permissive language that permits judges to participate in and promote pro bono programs.	•Similar to 2002 revision. •Goal of 50 hrs/yr.	Attorneys in AGO permitted to practice pro bono.				Eligible law students must be enrolled in ABA approved law school, have completed 2/3 of total credit hours, be certified by the dean of the law school as being of good character and competent legal ability. The student must be introduced to the court by an attorney, must not receive any compensation, and must certify familiarity with the code of Professional Responsibility.	Adopted Rule 6.5
NEBRASKA	No rules.	10 hours per year	No reporting.	Yes	No emeritus rules as of May 2013	Similar language to rule 3.7.	•Similar to 2002 revision. •No goal.	No information available.				Eligible student students must be enrolled in ABA approved law school, must have senior standing, be certified by the dean of the law school, receive affirmative consent of the court and be introduced to the court by a practicing attorney.	Adopted Rule 6.5
NEVADA	No rules.	12 hours per year	Mandatory Reporting form sent w/dues statement.	Yes	Minimum age: No. Years of practice: No. Status: Inactive in state, active or inactive out of state. Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: Disclosure if they have coverage. Dues Waived: Based on inactive status.	•Has not adopted rule 3.7, but has permissive language. •Utilizes judges on pro bono as members of regional committees. •Policies and rules allow court employees to do pro bono work.	•Similar to 2002 revision •Goal of 20 hrs at no fee or 60 hours at reduced fee.	No information available.				Students working on pro-bono cases or for government or not-for-profit entities must be enrolled at an accredited ABA law school, be supervised by a member of the state bar, be certified by the dean, and have completed 30 or 45 semester credit hours depending on activities of law student in court. Student must apply for certification from state bar.	Adopted Rule 6.5
NEW HAMPSHIRE	No rules.	12 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced at least 90%.	•Identical language to rule 3.7. •Access to Justice Commission exists in state.	•Similar to 2002 revision. •No goal.	No information available.				In order to be eligible, law students must be enrolled full-time in ABA approved law school, have completed 4 semesters or 2 semesters plus a clinical law course and the student must be certified by the dean or a faculty member.	Adopted similar rule to MR 6.5; Additional language and requirements and substitutes "one time consultation" for "short-term limited legal services"

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
NEW JERSEY	No rules.	24 hours per 2 years (50 minute hours)	No reporting.	No	Minimum age: No. Years of practice: No. Status: Active out of state license only. Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: No	•Has not adopted rule 3.7, but has permissive language that allows court employees to do pro bono work.	•Same as original 1983 language. •No goal.	No information available.				In order to be eligible, law student must be a 3-L at an ABA approved law school appearing before court through a program approved by the state Supreme Court.	Adopted Rule 6.5
NEW MEXICO	No rules.	12 hours per year	Mandatory Reporting form provided with dues statement.	Yes	Minimum age: No. Years of practice: No. Status: Inactive in state; inactive if licensed in another state Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced.	•Has not adopted rule 3.7, but has permissive language that utilizes judges on pro bono as members of regional committees. •Access to Justice Commission exists in state.	•Similar to 1993 language. •Goal of 50 hrs/yr.	No information available.				In order to be eligible, student must be a full-time student at a University of New Mexico law school who has received a passing grade in law school courses and has aggregated 30 or more semester hours. Student must be certified by the dean of the law school.	Adopted Rule 6.5
NEW YORK	No rules.	24 hours per 2 years	Mandatory Reporting.	No	Minimum age: 55 Years of practice: 10 Status: Retired, must commit to 30 hrs/yr Direct supervision: Yes. Out of state license: No. Malpractice insurance mentioned in the rule: Provided. Dues Waived: Yes.	•Different language. •Utilizes judges on pro bono as members of regional committees.	•Different language. •Goal of 20 hrs/yr.	Guidance issued by NY AG in 2002 to allow NYS Department of Law lawyers do engage in pro bono.				•Students must complete 50 hours of pro bono in order to obtain a license. •In order to be eligible to practice as a law student, a student must have completed at least 2 semesters of law school and be supervised by an attorney. Authorized activities are limited.	Adopted similar rule to MR 6.5; Additional language and requirements
NORTH CAROLINA	No rules.	12 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Inactive. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	•Has NOT adopted rule 3.7. •Access to Justice Commission exists in state.	Similar to 2002 language and Goal of 50 hours	No information available.				In order to be eligible, student must be enrolled in a law school approved by the Council of NC State Bar. The student must have completed 3 semesters, be certified by a representative of the law school who is authorized by the dean of the law school, and receive no compensation for services performed.	Adopted Rule 6.5



State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
NORTH DAKOTA	No rules.	45 hours per 3 years	No reporting.	Yes	Minimum age: No. Years of practice: Active 5 of past 10 years. Status: Volunteer practice only. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Has NOT adopted rule 3.7.	•Similar to 2002 language. •No goal.	No information available.				In order to be eligible, law student must be enrolled in law school approved by the ABA, have completed 4 semesters of legal studies, be certified by the dean of the law school, be introduced to the court by a practicing attorney, and must neither ask nor receive compensation.	Adopted similar rule to MR 6.5; Additional language and requirements
OHIO	No rules.	24 hours per 2 years	•Voluntary reporting •2008: 12%	No	No emeritus rules as of May 2013.	•Similar language. •Utilizes judges on pro bono as members of regional committees.	•Different language. •No goal.	AGO employees may engage in pro bono work. Program won ABA's Pro Publico Award for pro bono.				In order to be eligible, law student must be enrolled in a law school approved by the ABA, have completed at least 2/3 of the total hourly academic credits required for graduation, must be approved by dean, and must be familiar with ethical rules.	Adopted Rule 6.5
OKLAHOMA	No rules.	12 hours per year (50 minute hours)	No reporting.	Yes	No emeritus rules as of May 2013.	Similar language to rule 3.7.	•Similar to original language. •No goal.	No information available.				In order to be eligible, law student must have completed 1/2 of the number of academic hours in an ABA accredited Oklahoma law school, have a graduating GPA average, have approval of a law school dean, and be registered and accepted as a law student with the Board of Bar Examiners of Oklahoma Bar Association.	Adopted Rule 6.5
OREGON	No rules.	45 hours per 3 years	Voluntary reporting	Yes	Minimum age: No. Years of practice: No. Status: Volunteer practice only. Direct supervision: No. Out of state license: Yes, provides admission on motion with 15 years for active pro bono. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced.	Has not adopted rule 3.7, but has permissive language that permits judges to participate in and promote pro bono programs.	•Different language. •Goal of 80 hours of pro bono work/yr.	No information available.				In order to be eligible, student must be enrolled or have graduated from a law school approved by the ABA and have completed 4 semesters of legal studies. The student must be certified by law school dean, be introduced to court by a practicing attorney, and neither ask nor receive compensation for services performed.	Adopted Rule 6.5
PENNSYLVANIA	No rules.	12 hours per year	No reporting.	No	No emeritus rules as of May 2013.	Different language to rule 3.7. Policies and rules allow court employees to do pro bono work.	•Same as original 1983 language. •No goal.	No information available.				In order to be eligible, student must be enrolled in an ABA accredited law school, student must have completed 3 semesters of legal studies, must be introduced by a member of the bar, and must receive no compensation for services performed.	Adopted Rule 6.5

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
RHODE ISLAND	No rules.	10 hours per year (50 minute hours)	No reporting.	Yes	No emeritus rules as of May 2013.	Has NOT adopted rule 3.7.	•Same as 2002 revision. •No goal.	No information available.				In order to be eligible, student must have completed 3 semesters, be enrolled or have completed a course in evidence and trial practice. Student must have the approval of the dean of the law school and be supervised by an attorney.	Adopted Rule 6.5
SOUTH CAROLINA	No rules.	14 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: Inactive or retired for less than 7 yrs. Status: Retired or inactive for not more than 7 yrs. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced/exempt.	•Has not adopted rule 3.7, but has permissive language that allows court employees to do pro bono work. •Access to Justice Commission exists in state.	•Same as original 1983 language. •No goal.	No information available.				In order to be eligible, student must be enrolled in University of South Carolina School of Law or Charleston School of Law and have completed 4 semesters of legal studies. The student must be certified by the dean of the law school, must receive no compensation for services performed, and must be familiar with the rules of professional conduct.	Adopted Rule 6.5
SOUTH DAKOTA	No rules.	Not required	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Retired. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Inactive.	Has NOT adopted rule 3.7.	•Similar to original 1983 language. •No goal.	No information available.				In order to be eligible, student must be a graduate of an ABA approved law school and have completed 4 semesters of legal studies. The student must be certified by the dean of the law school and be introduced to the court by a practicing attorney. The student must receive no compensation for services performed and must be familiar with the rules of professional conduct in South Dakota.	Adopted Rule 6.5
TENNESSEE	•15 credit hours/yr to complete CLE requirements. Only 3 of those hours, the professionalism and ethics credits, can be used to satisfy pro bono work. •5 billable hours = 1 credit hour.	15 hours per year	•Voluntary reporting	No	Minimum age: No. Years of practice: 5 out of last 10 or engaged in the active practice of law for 25 years Status: Inactive. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: Existence and extent. Dues Waived: Yes.	Adopted a rule virtually identical to MR 3.7, effective July 1, 2012	•Similar to 2002 language. •Goal of 50 hours of pro bono/yr.	Attorneys in the executive and judicial branches can perform pro bono under certain conditions. Attorneys in the AG's office are permitted to provide pro bono services with restrictions. In 2011, gov't attys voluntarily reported an avg of 45.27 hrs of pro bono.	2012: 47.20 % of attorneys; 2011: 46.11% of attorneys; 2010: 40.25% of attorneys; 2009: 18.26% of attorneys	2012: 84.23 hours; 2011: 82.68 hours; 2010: 74.41 hours; 2009: 79.68 hours		In order to be eligible, a student must have completed 1/2 of the legal studies required for graduation from an approved school of law. The student must have written approval from the Supreme Court of Tennessee and the dean of the law school or the director of the clinical practice program who shall certify the student's standing.	Adopted Rule 6.5

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
TEXAS	No rules.	15 hours per year	Phone survey of 500 randomly selected attorneys	Yes	Minimum age: No. Years of practice: Active 5 out of last 10 yrs Status: Retired. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: Yes. Dues Waived: If over the age of 70.	•Has not adopted a rule similar to 3.7, but has permissive language that allows judges to participate in and promote pro bono programs. •Access to Justice Commission exists in state.	•Different language. •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled at a law school approved by the Supreme Court of Texas. The student must have completed not less than 2/3 of the required curriculum for graduation and cannot be on scholastic probation. The student must be certified by the dean of the law school.	No
UTAH	No rules.	24 hours per 2 years	No reporting.	Yes	Minimum age: If retired, age 50 - 75 Years of practice: Retired/inactive. Status: Direct supervision: Out of state license: Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Identical language to rule 3.7.	•Similar to 2002 revision. •Goal of 50 hrs of pro bono/yr.	No information available.				In order to be eligible, a law student must have completed 4 semesters at an ABA approved law school. Participation is limited to civil, misdemeanor, or administrative cases.	Adopted Rule 6.5
VERMONT	No rules.	20 hours per 2 years	No reporting.	No	No emeritus rules as of May 2013.	Has NOT adopted rule 3.7.	•Similar to 2002 language. •Goal of 50 hrs of pro bono/yr.	No information available.				In order to be eligible, student must be enrolled at an ABA approved law school and have completed 4 semesters of study. Student must have completed a course in evidence practice and cannot have sat for the bar examination.	Adopted Rule 6.5
VIRGINIA	No rules.	12 hours per year	Voluntary reporting	Yes	Minimum age: No. Years of practice: 10 of last 15. Status: Retired. Direct supervision: Yes. Out of state license: No. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Has NOT adopted rule 3.7.	•Different language. •Goal of 2% of professional time to pro bono.	No information available.				In order to be eligible, student must be enrolled in an ABA approved law school and have completed 4 semesters. The student must be certified by the dean of the law school, be introduced to the court or agency by an attorney and must receive no compensation for services performed. The student must be enrolled in a program of study in the office of an attorney.	Adopted Rule 6.5
WASHINGTON	•Max 6 out of 45 units every 3 yrs can be completed with pro bono work.	45 hours per 3 years	•Voluntary reporting on a separate form included with the annual licensing packet •Compliance rates: 13% in 2003; 13% in 2004; 13% in 2005; 15% in 2006.	Yes	Minimum age: No. Years of practice: 5 of last 10 if in-state; 10 out of 15 if out-of-state Status: Retired from practice of law. Direct supervision: No. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Reduced.	•Different language to rule 3.7. •Policies and rules allow court employees to do pro bono work. •Access to Justice Commission exists in state.	•Similar to 2002 language. •Goal of 30 hours of pro bono/yr.	Washington State's Attorney General's Office issued a guidance in 2006.				In order to be eligible, student must be enrolled at an ABA approved law school. Student must have completed 2/3 of a 3 year course of study or 5/8 of a 4 year course of study. Student must have the approval of the law school dean and must pay fees as may be set by the Board of Governors with the approval of the state Supreme Court.	Adopted similar rule to MR 6.5; Additional language and requirements

State	CLE Rules	CLE Requirements	Mandatory Pro Bono Reporting	Mandatory State Bar	Emeritus Rules	Judges & Courts: State Adoption of ABA Model Code of Judicial Conduct Rule 3.7	Comparison to Model Rule 6.1	Government Attorneys	% of attorneys doing pro bono	Avg. hours of pro-bono/attorney	Hours of pro bono work/yr	Law student Practice Rules	Unbundling/ Comparison to Model Rule 6.5
WEST VIRGINIA	No rules.	24 hours per 2 years (50 minute hours)	No reporting.	Yes	Minimum age: No. Years of practice: 10. Status: Retired or inactive. Direct supervision: Yes. Out of state license: Yes. Malpractice insurance mentioned in the rule: No mention. Dues Waived: Yes.	Has NOT adopted rule 3.7.	•Same as original language. •No goal.	No information available.				In order to represent clients who cannot afford a lawyer, a law student must be enrolled in a law school and must have completed 4 semesters. The student must be in good academic standing, have no honor code violations, be introduced to court by a supervising attorney, and neither ask nor receive compensation.	No
WISCONSIN	No rules.	30 hours per 2 years (50 minute hours)	No reporting.	Yes	Minimum age: 70. Years of practice: No. Status: Age only. Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Must at a minimum accept coverage provided by emeritus program. Dues Waived: Yes, waived for those aged 70 and above.	Has NOT adopted rule 3.7.	•Same as 2002 language. •Goal of 50 hours of pro bono/yr.	Attorneys not permitted to practice pro bono.				In order to be eligible, a student must be enrolled in an ABA approved law school and have completed 1/2 of the requirements for a law degree. Student must be certified by the dean of the law school. If student attends law school that is out of state, student must take series of steps in order to become eligible.	Adopted MR 6.5
WYOMING	•Max 3 out of 15 credit hours needed per year can be completed with pro bono work. •5 billable hours = 1 credit.	15 hours per year	No reporting.	Yes	Minimum age: No. Years of practice: No. Status: Had been engaged in active practice/retired Direct supervision: No. Out of state license: No. Malpractice insurance mentioned in the rule: Dues Waived: Yes.	Identical language to rule 3.7.	•Similar to 2002 language. •Goal of 50 hours of pro bono/yr.	No information available.				In order to be eligible, a student must be enrolled in an ABA law school, have completed 4 semesters, be certified by the dean of the law school, and have filed an affidavit with the Wyoming Supreme Court that the student will comply with ethical standards. The person to be represented must consent in writing, the supervising lawyer shall be present in court, and the supervising lawyer cannot supervise more than 3 students.	Adopted similar rule to MR 6.5; Additional language and requirements referring to written consent except with phone consultations

# **Overview Analysis of Rules**

**LSC PRO BONO TASK FORCE  
RULES CHANGE SUBCOMMITTEE  
RULES ANALYSIS**

The following provides a brief analysis of the rules identified by the Rules Change Subcommittee that promote or foster the provision of pro bono legal services.<sup>1</sup> The review looked at whether a jurisdiction had the following:

- An Access to Justice Commission
- A unified or voluntary bar
- Rules that permit the provision of pro bono service to count towards Continuing Legal Education (CLE) credits.
- An Emeritus attorney rule
- Pro bono reporting requirements
- Rules that promote an aspirational goal of providing pro bono services
- Unbundling rules
- Rules that allow judges to promote and participate in pro bono
- Law student practice rules

Some quick findings include:

- All jurisdictions allow some form of law student practice;
- 45 jurisdictions have unbundling rules;
- 39 jurisdictions have an Emeritus Attorney rule;
- 33 states have a unified bar;
- 32 states and the District of Columbia have an Access to Justice Commission or something similar;
- 18 states do not promote a minimum number of hours to be dedicated to pro bono service;
- 17 jurisdictions have adopted language similar to Model Rule 3.7;
- 10 states have a voluntary pro bono reporting rule;
- 8 states have a mandatory pro bono reporting rule; and
- Only 6 states permit pro bono service to count towards Continuing Legal Education credits.

**I. Access to Justice Commissions**

Thirty-two states and the District of Columbia (approx. 65%) have an Access to Justice Commission or a similar organization run by the state bar. The remaining 18 states do not. Those states are:

<sup>1</sup> The American Bar Association's web site served as the primary source of the information in this document as well as the supporting documents. The jurisdictions reviewed were the 50 states and the District of Columbia.

States Without An Access to Justice Commission	
Alaska	New Jersey
Arizona	North Dakota
Delaware	Ohio
Florida	Oklahoma
Idaho	Oregon
Iowa	Pennsylvania
Mississippi	Rhode Island
Missouri	South Dakota
Nebraska	Utah

## II. Type of Bar

Thirty-two states and the District of Columbia have a Unified State Bar (approximately 65%). The remaining 18 states have a Voluntary Bar. Those states include:

States With a Voluntary Bar	
Arkansas	Maryland
Colorado	Massachusetts
Connecticut	Minnesota
Delaware	New Jersey
Illinois	New York
Indiana	Ohio
Iowa	Pennsylvania
Kansas	Tennessee
Maine	Vermont

## III. Continuing Legal Education Credits for Pro Bono

Forty-five of the 51 (88%) jurisdictions reviewed have a Continuing Legal Education Requirement. Of those, only six jurisdictions (approximately 13%) (Colorado, Delaware, Minnesota, Tennessee, Washington, and Wyoming) count pro bono service toward Continuing Legal Education (CLE) credits. The number of credits varies by jurisdiction, but ranges from a low three of 15 credit hours in Wyoming to 15 credit hours in Tennessee.

Thirty-nine other states (76%) do not allow pro bono work to be counted to CLE credits.

There are six jurisdictions (approximately 12%) that have no continuing legal education requirements. They are: Connecticut; the District of Columbia; Maryland; Massachusetts, Michigan, and South Dakota.

#### IV. Emeritus Attorney Rules

An overwhelming majority (39 of 51 or approximately 76%) of jurisdictions permit inactive or retired attorneys to provide pro bono services. Of the 39 jurisdictions that have an Emeritus Attorney Rule:

- Thirty-five of the 39 (90%) states do not have a minimum age requirement for an emeritus attorney designation;
- Similarly, 35 of the 39 jurisdictions either reduce or waive bar fees and dues for emeritus attorneys;
- About half of these 39 states (19 or 49%) permit inactive or retired attorneys with an out of state license to provide pro bono services in another state; and
- A small minority of jurisdictions (6 of 39 or 15%) require an emeritus attorney to have a minimum number of years of practice.

The twelve jurisdictions (approximately 24.5%) that do not have an Emeritus Attorney Rule are:

States Without An Emeritus Attorney Rule	
Arkansas	Nebraska
Indiana	Ohio
Kentucky	Oklahoma
Louisiana	Pennsylvania
Michigan	Rhode Island
Missouri	Vermont

#### V. Pro Bono Reporting

Only eight jurisdictions (approximately 16%) have mandatory pro bono reporting rules. An additional ten jurisdictions (approximately 20%) have adopted voluntary pro bono reporting rules.

Mandatory Reporting	Voluntary Reporting
Florida	Arizona
Hawaii	Georgia
Illinois	Kentucky
Maryland	Louisiana
Mississippi	Montana
Nevada	Ohio
New Mexico	Oregon
New York	Tennessee
	Virginia
	Washington

Thirty-two states and the District of Columbia (65%) do not have a pro bono reporting rule.



## VI. State Pro Bono Ethics Rule – Model Rule 6.1

Model Rule 6.1 states that: “Every lawyer has a professional responsibility to provide legal services to those unable to pay. A lawyer should aspire to render at least (50) hours of pro bono publico legal services per year.” A majority of jurisdictions (31 states and the District of Columbia or 63%) have a goal ranging from 20 to 80 hours per year with 24 of the 31 (77%) jurisdictions having a goal of 50 hours per year. Eighteen states do not have an annual pro bono goal. Those states are:

States Without An Annual Pro Bono Goal	
Alabama	New Jersey
Connecticut	North Dakota
Delaware	Ohio
Indiana	Oklahoma
Kansas	Pennsylvania
Maine	Rhode Island
Missouri	South Carolina
Nebraska	South Dakota
New Hampshire	West Virginia

## VII. Unbundling Rules

Almost 90 per cent of states (44 states and the District of Columbia) have adopted Model Rule 6.5 or similar language which allows attorneys to provide short-term, limited legal services, when participating in non-profit or court-annexed programs. Only six states have not adopted unbundling rules: Florida; Georgia; Hawaii (proposed); Kansas; Texas; and West Virginia.

## VIII. Judicial Conduct Rule 3.7

To date, four states have adopted the identical language of ABA Rule 3.7 of the New Model Code of Judicial Conduct allowing judges to "encourage lawyers to provide pro bono legal services." Ten states have similar language with an additional three states having different language.

Thirty-three states and the District of Columbia (65%) have not adopted a rule similar to Rule 3.7. Of these 34 jurisdictions, 15 (44%) states do have permissive language that may allow:

- judges to participate in and promote the creation of pro bono program;
- judges to serve as members of pro bono regional committees; or
- court employees to do pro bono work.

## IX. Law Student Practice

All states have rules that permit law students to practice, but the requirements vary from state to state.

- Only two states, Arkansas and Minnesota, do not have a requirement that the law student complete a certain number of semesters of law school to be eligible to practice law in the state.
- Ten states and the District of Columbia permit law students to practice after completing two semesters of law school.
- An additional ten states require that law student complete at least half of their law school training or three semesters of law school to be eligible to practice.
- A majority of states (28 or 55%) require law students to complete at least four semesters of law school before being eligible to practice.

**X. States that have adopted the most rules that foster pro bono services:**

*Colorado*

- Has an Access to Justice Commission.
- Permits pro work to be credited to CLE.
- Has an emeritus attorney rule.
- Has adopted language identical to Rule 3.7
- Has a goal of 50 hours of pro bono per year.

*Hawaii*

- Has an Access to Justice Commission.
- Has mandatory pro bono reporting.
- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7
- Has a goal of 50 hours of pro bono per year.

*Minnesota*

- Has an Access to Justice Commission.
- Permits pro work to be credited to CLE.
- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7, but has a policy to allow court employees to do pro bono work.
- Has a goal of 50 hours of pro bono per year.

*Maryland*

- Has an Access to Justice Commission.
- Has mandatory pro bono reporting.
- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7 and has a policy to allow judges to serve on regional committees.
- Has a goal of 50 hours of pro bono per year.

*Montana*

- Has an Access to Justice Commission.
- Has voluntary pro bono reporting.

- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7 and has a policy to allow judges to participate in and promote the creation of pro bono programs in court.
- Has a goal of 50 hours of pro bono per year.

### *Nevada*

- Has an Access to Justice Commission.
- Has mandatory pro bono reporting.
- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7 and has a policy to allow judges to serve on regional committees and has a policy to allow court employees to do pro bono work.
- Has a goal of 20 hours of pro bono per year at no fee and 60 hours at reduced fees.

### *New York*

- Has an Access to Justice Commission.
- Has mandatory pro bono reporting.
- Has an emeritus attorney rule.
- Has adopted language different from Rule 3.7 and has a policy to allow judges to serve on regional committees and to participate in and promote the creation of pro bono programs in court.
- Has a goal of 20 hours of pro bono per year for admitted attorneys and 50 hours for newly admitted attorneys.

### *Tennessee*

- Has an Access to Justice Commission.
- Permits pro work to be credited to CLE.
- Has voluntary pro bono reporting.
- Has an emeritus attorney rule.
- Has NOT adopted language similar to Rule 3.7, but has a policy to allow court employees to do pro bono work.
- Has a goal of 50 hours of pro bono per year.

### *Washington*

- Has an Access to Justice Commission.
- Permits pro work to be credited to CLE.
- Has voluntary pro bono reporting.
- Has an emeritus attorney rule.
- Has adopted language similar to Rule 3.7 and has a policy to allow court employees to do pro bono work.
- Has a goal of 30 hours of pro bono per year.

**Wyoming** – Although Wyoming does not require pro bono reporting, it does:

- Have an Access to Justice Commission

- Permit pro bono work to be credited to CLE.
- Have an emeritus attorney rule.
- Language identical to Rule 3.7.
- Has a goal of 50 hours of pro bono per year.

**XI. States that have the fewest policies or rules promoting pro bono:**

***Missouri***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Does not have an Emeritus attorney rule.
- Does not have a yearly pro bono goal.

***Nebraska***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Does not have an Emeritus attorney rule.
- Does not have a yearly pro bono goal.

***New Jersey***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Has not adopted a rule similar to 3.7.
- Does not have a yearly pro bono goal.

***North Dakota***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Has not adopted a rule similar to 3.7.
- Does not have a yearly pro bono goal.

***Oklahoma***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Does not have an Emeritus attorney rule.
- Does not have a yearly pro bono goal.

***Pennsylvania***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.

- Does not require pro bono reporting.
- Does not have an Emeritus attorney rule.
- Has not adopted a rule similar to 3.7.
- Does not have a yearly pro bono goal.

#### ***Rhode Island***

- No Access to Justice Commission.
- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Does not have an Emeritus attorney rule.
- Has not adopted a rule similar to 3.7.
- Does not have a yearly pro bono goal.

#### ***South Dakota***

- No Access to Justice Commission.
- Does not have a CLE requirement.
- Does not require pro bono reporting.
- Has not adopted a rule similar to 3.7.
- Does not have a yearly pro bono goal.

#### ***West Virginia***

- Does not permit pro bono work to be credited to CLE.
- Does not require pro bono reporting.
- Has not adopted a rule similar to 3.7.
- Does not have an unbundling rule.
- Does not have a yearly pro bono goal.

# **Rules Breakdown**

*(Oversized Insert)*



# **Board Agenda**



# **BOARD OF DIRECTORS**

**January 25, 2013**

## **Agenda**

### **OPEN SESSION**

1. Pledge of Allegiance
2. Approval of agenda
3. Approval of minutes of the Board's Open Session telephonic meeting of November 21, 2013
4. Consider and act on nominations for the Chairman of the Board of Directors
5. Consider and act on nominations for the Vice Chairman of the Board of Directors
6. Chairman's Report
7. President's Report
8. Members' Reports
9. Inspector General's Report
10. Consider and act on the report of the Delivery of Legal Services Committee
11. Consider and act on the report of the Finance Committee
12. Consider and act on the report of the Audit Committee
13. Consider and act on the report of the Operations and Regulations Committee
14. Consider and act on the report of the Governance and Performance Review Committee
15. Consider and act on the report of the Institutional Advancement Committee

16. Report on implementation of recommendations of the Pro Bono Task Force
17. Public comment
18. Consider and act on other business
19. Consider and act on whether to authorize an executive session of the Board to address items listed below, under Closed Session

### **CLOSED SESSION**

20. Approval of minutes of the Board's Closed Session of October 22, 2013
21. Management Briefing
22. Inspector General Briefing
23. Consider and act on General Counsel's report on potential and pending litigation involving LSC
24. Consider and act on list of prospective funders
25. Consider and act on motion to adjourn meeting

**Draft Minutes of  
November 21, 2013 Meeting**

**Legal Services Corporation  
Telephonic Meeting of the Board of Directors**

**Open Session**

**DRAFT**

**Thursday, November 21, 2013**

Chairman John G. Levi convened an open session telephonic meeting of the Legal Services Corporation's ("LSC") Board of Directors at 5:03 p.m. on Thursday, November 21, 2013. The meeting was held in the John N. Erlenborn Conference Room, Legal Services Corporation, 3333 K Street, N.W. Washington, D.C. 20007.

The following Board members were present:

John G. Levi, Chairman  
Martha L. Minow  
Sharon L. Browne  
Robert J. Grey, Jr.  
Charles N.W. Keckler  
Laurie I. Mikva  
Julie A. Reiskin  
Gloria Valencia-Weber  
James J. Sandman, *ex officio*

Also attending were:

Lynn Jennings	Vice President for Grants Management
Wendy Rhein	Chief Development Officer
Rebecca Fertig	Special Assistant to the President
Ronald S. Flagg	Vice President for Legal Affairs, General Counsel, and Corporate Secretary
Katherine Ward	Executive Assistant, Office of Legal Affairs
David L. Richardson	Comptroller and Treasurer, Office of Financial and Administrative Services
Carol A. Bergman	Director, Office of Government Relations and Public Affairs
Jeffrey E. Schanz	Inspector General
Joel Gallay	Special Counsel to the Inspector General, Office of the Inspector General

The following summarizes actions taken by, and presentations made to, the Board:

Chairman Levi called the meeting to order.

**MOTION**

Ms. Browne moved to approve the agenda. Ms. Reiskin seconded the motion.

**VOTE**

The motion passed by a voice vote.

**MOTION**

Ms. Browne moved to approve the minutes of the Board's meeting of October 22, 2013, with amendments.

**VOTE**

The motion passed by a voice vote.

Chairman Levi invited questions and comments from Board members on the Board of Directors' transmittal to accompany the Inspector General's Semiannual Report (SAR) to Congress for the period of April 1, 2013 through September 30, 2013.

**MOTION**

Dean Minow moved to approve the Board of Directors' transmittal to accompany the Inspector General's SAR to Congress. Mr. Grey and Ms. Browne seconded the motion.

**VOTE**

The motion passed by voice vote.

Chairman Levi solicited public comment and received none.

In other business, Chairman Levi informed Board members that LSC implemented a new electronic travel system called Concur, and that Bernie Brady, LSC's Travel Coordinator, would be contacting each Board member.

**MOTION**

Dean Minow moved to adjourn the meeting.

The Board meeting adjourned at 5:29 p.m.

## **IX. Texas Supreme Court & LSC Grantee Panel Presentations**

**The Importance of Access to Justice to the Judiciary**

**January 24, 2014**

**Texas Supreme Court Courtroom**

**Judge Robin Green, Arkansas Nineteenth West Judicial Circuit, Division 1**

Judge Robin Green serves the 19th Judicial District-West in Bentonville, Arkansas, as a circuit court judge. In that role, she is serving as the Administrative Judge, with responsibilities as liaison to the Chief Justice of the Arkansas Supreme Court. Judge Green was elected to the bench in 2008 and began serving in 2009 following a two-year stint as the Prosecuting Attorney for the 19th Judicial District-West. She served as the Benton County Civil Attorney from 1997 to 2004 and 2007 to 2008, acting as legal counsel to Benton County elected officials. Prior to that, she worked as the Deputy Prosecuting Attorney for the 19th Judicial District-West, where she served as Chief of the Felony Division.

Judge Green has been and continues to be active in a variety of civic and charitable organizations. She is a member of the Arkansas Judicial Council and Arkansas Bar Association, as well as a member and Past President of the Benton County Bar Association. She has served as a Special Justice on the Arkansas Supreme Court and as a Member of both the Arkansas Supreme Court Criminal Rules Committee and Arkansas State Crime Laboratory Board. Judge Green is a member of Central United Methodist Church in Rogers, where she has served on the Board of Trustees, Lay Leadership Committee, and Church Council. She is a past member and Paul Harris Fellow with the Bentonville-Bella Vista Rotary Club, and has served on the Benton County Law Library Board, Board of Advisors to the NWACC Paralegal Program, Kendrick Fincher Foundation Board, and Cancer Challenge Operations Team.

Judge Green has been honored by the Arkansas Women's Conference with the Athena Leadership Award and by the Rogers-Lowell Chamber of Commerce Drug Task Force as the Volunteer of the Year.

**Chief Justice Nathan L. Hecht, Supreme Court of Texas**

Chief Justice Nathan L. Hecht is the Senior Justice of the Supreme Court of Texas and the senior Texas appellate judge in active service. He was appointed to the District Court in 1981, elected to the Court of Appeals in 1986, and first elected to the Supreme Court in 1988. Gov. Rick Perry appointed him chief justice in September 2013, succeeding Wallace B. Jefferson, and he began as chief justice October 1, 2013. In 2014 he will become the longest-serving Supreme Court member in Texas history.

Throughout his service on the Supreme Court, Chief Justice Hecht has overseen the rules of administration, practice, and procedure in Texas courts. He has served, by appointment of the Chief Justice of the United States, on the Advisory Committee on Civil Rules for the Judicial Conference of the United States.

Chief Justice Hecht has also been responsible for the Supreme Court's efforts to assure that all Texans, including those living below the poverty level, have access to basic civil legal services. He is the Court's liaison to the Texas Access to Justice Commission.

Before taking the bench, Justice Hecht was a partner in the Locke firm in Dallas, practicing mainly in the area of general business and commercial litigation. He earned a B.A. degree with honors in philosophy from Yale University and his J.D. degree cum laude from Southern Methodist University School of Law,

where he was a Hatton W. Sumners Scholar, was elected to Order of the Coif, and served as an editor for the Southwestern Law Journal. He served as a law clerk to the Hon. Roger Robb, Circuit Judge, U.S. Court of Appeals for the District of Columbia Circuit, and as a Lieutenant in the U.S. Naval Reserve Judge Advocate General Corps.

Justice Hecht is a Life Member of the American Law Institute and a member of the Texas Philosophical Society.

His term ends December 31, 2014.

#### **Judge Priscilla Owen, United States Court of Appeals for the 5<sup>th</sup> Circuit**

Priscilla Owen joined the United States Court of Appeals for the Fifth Circuit in June of 2005 after serving on the Supreme Court of Texas for ten years. Born in Matagorda County, Texas, Judge Owen attended primary and secondary schools in Waco, Texas, and received her undergraduate degree from Baylor University with honors. She received her doctor of jurisprudence from the Baylor University School of Law, also with honors. Before becoming a Justice on the Texas Supreme Court, Judge Owen was with the firm of Andrews & Kurth for seventeen years, based in Houston, where she was a partner practicing primarily in the commercial litigation area, with some appellate work, administrative law matters, and a smattering of corporate finance.

#### **Justice John Pelander, Supreme Court of Arizona**

John Pelander was appointed to the Arizona Supreme Court by Governor Brewer in July 2009 after 14 years with Division Two of the Court of Appeals, where he served as that court's chief judge from July 2004 through June 2009. He was appointed to the Court of Appeals by Governor Symington in 1995.

Justice Pelander received his B.A. degree from Wittenberg University (1973, *cum laude*), a J.D. degree from the University of Arizona (1976, with high distinction and Order of the Coif), and an LL.M. (Master of Laws in Judicial Process) from the University of Virginia in 1998.

Justice Pelander is a former shareholder with Slutes, Sakrison, Grant & Pelander, P.C., where his practice from 1977 to 1995 focused on insurance defense, employment law, commercial litigation, and appeals. Before beginning his law practice, he served as Executive Editor of the *Arizona Law Review* and as a law clerk to the Hon. Richard H. Chambers of the Ninth Circuit Court of Appeals from 1976-77.

Before joining the bench, Justice Pelander was a certified specialist in the field of personal injury and wrongful death. He is an associate with the American Board of Trial Advocates, has taught at numerous state and county bar association programs, and has served as a faculty member of the Arizona College of Trial Advocacy.

Justice Pelander also served on the Arizona Commission for Judicial Performance Review from 2000-2007 and the Arizona Judicial Council from 2004-2009, and he chaired the Judicial Ethics Advisory Committee from 2000-2004. He received a Distinguished Alumnus Award from the University of Arizona's James E. Rogers College of Law in 2007 and a Professional Achievement Award from the



University of Arizona Alumni Association in 2010. Before his appointment to the Supreme Court, he served by designation on that Court for 11 years in the ongoing, comprehensive general stream adjudication. Justice Pelander and his wife Mary have two adult sons and four adorable grandchildren.

**Judge Jay C. Zainey, United States District Court, Eastern District of Louisiana**

Honorable Jay C. Zainey was appointed by President George W. Bush to the United States District Court for the Eastern District of Louisiana on February 19, 2002. He is the past President of the Louisiana State Bar Association. As State Bar Association President, he created the Community Action Committee and the Committee to Provide Legal Services for the Disabled. These two committees are purportedly the first of their kind in the nation. Jay is a 1972 graduate of Louisiana State University Law School, and currently serves on the Board of Visitors of the Ave Maria Law School in Naples, Florida.

Jay is co-founder of SOLACE, a Louisiana State Bar Association program, which provides for services to members of the bar association and the entire legal community who experience family tragedies, and who otherwise have special needs. There are currently approximately 7500 volunteer attorneys throughout the state who participate in the SOLACE Program. SOLACE Programs have now been developed in Rhode Island, Delaware, Georgia, Puerto Rico, Louisville and St. Louis and plans are underway to start programs in other locations.

In May 2004, Jay organized the Homeless Experience Legal Protection (H.E.L.P.) Program. In this program, over 450 attorneys provide legal consultation services and notary services at four homeless centers in New Orleans. He has initiated similar programs in Baton Rouge, Lafayette, Opelousas, Lake Charles and Shreveport, Louisiana; Atlanta and Savannah, Georgia; Norfolk and Virginia Beach, Virginia; Hartford, Connecticut; Bloomington, Indiana; Columbia, South Carolina; Nashville and Memphis, Tennessee; Lubbock, Texas; Jackson, MS; New York City, New York; Chicago, Illinois; Los Angeles, California; Pittsburgh, Pennsylvania; Mobile, Alabama; and, Detroit, Michigan.

Plans are underway to start H.E.L.P. Programs in numerous other major cities. The Program has been instrumental in assisting many members of the homeless community escape the bonds of homelessness, rebuild their lives, and restore their dignity. H.E.L.P. volunteers are also assisting members of the homeless community obtain their birth certificates, identification cards and social security benefits. The program operates legal clinics at homeless shelters, using volunteer attorneys to bring legal consultation and services directly to homeless individuals. Homeless individuals generally lack access to legal services and to the courts because homelessness engenders a fear of the system and makes it highly unlikely that they will voluntarily visit a courthouse or seek out an attorney. HELP clinics address this problem by making legal services available to the homeless, on a regular and reliable basis, in the surroundings in which the clients are comfortable. Recently, Jay has assisted in creating a Homeless Court in New Orleans.

Jay has also worked with the Louisiana State Bar Association Committee to Provide Legal Services for the Disabled in providing pro bono legal services to people with disabilities and their families, and has assisted Tulane Law School develop its Disability Law Society, one of the first of its kind in the country.

In October, 2004 Jay and his wife Joy founded the God's Special Children Program. The program includes a monthly mass for people with special needs, their families and friends. The group is also addressing preparation and receipt of the sacraments , bible study, parents' retreats and a buddy program in which members of CYO's, Catholic Youth Ministries and Catholic High School students interact with children with special needs.

Jay and Joy co-founded St. Andrew's Village, a faith-based long term living community for adults with disabilities. St. Andrew's Village recently purchased a 100 acre tract of land in Abita Springs, and will provide a loving environment for many of God's special angels. Jay proudly serves as President of the Board of St. Andrew's Village.

Besides serving as president of the Louisiana State Bar Association, Jay is also past president of the Jefferson Bar Association, Past-Chairman of the Pro Bono Project, Bar Association, is Past-President of the Judge John C. Boutall American Inn of Court and he is currently a member of the Executive Board of the New Orleans Chapter of the Federal. He also currently serves on the American Bar Association's Hurricane Katrina Task Force, and has written a chapter in "Lawyer's Working to End Homelessness," a book published by the American Bar Association's Commission on Homelessness and Poverty. In 2011, Chief Justice John Roberts appointed Judge Zainey to serve on the Federal Judiciary Commission Codes of Conduct Committee.

#### **Justice Laurie D. Zelon, California Court of Appeal, Second Circuit, Division 7**

Justice Zelon has served as an associate justice of the California Court of Appeal since 2003.

She was born in Durham, North Carolina. She received her B.A. degree in 1974 from Cornell University and her J.D. degree in 1977 from Harvard Law School. During the twenty-three years that preceded her appointment to the Los Angeles Superior Court in 2000, Justice Zelon had an active litigation practice, involving scientific and technical issues, fiduciary obligations, and other complex commercial disputes.

Justice Zelon is a past President of the Los Angeles County Bar Association. She is a past member of its Board of Trustees, and past Chair of its Federal Courts Committee, its Judiciary Committee, its Access to Justice Committee, and its subsection on Real Estate Litigation. She has been active since her admission to practice in the American Bar Association and has served as Chair of the Standing Committee on Lawyers' Public Service Responsibility, as a member of the Consortium on Law and the Public, and as Chair of its national Law Firm Pro Bono Project. From 1994 to 1997, she was Chair of the Standing Committee on Legal Aid and Indigent Defendants.

In California, Justice Zelon has been a long-time member and served as Chair of the California Commission on Access to Justice. She is an active member of several statewide judicial committees addressing administration of justice issues. She has written articles and spoken at educational programs for judges and lawyers concerning pro bono, public service, legal ethics and legal education.

She was the 1993 Recipient of the William Reece Smith, Jr. Special Services to Pro Bono Award, the 1999 Recipient of the Charles Dorsey Award from the National Legal Aid & Defenders Association, and the 2000 recipient of the Loren Miller Legal Services Award from the State Bar of California. She was the first recipient, in February 2000, of the Laurie D. Zelon Pro Bono Award, given by the Pro Bono Institute of Washington, D.C.

Justice Zelon is married, and the mother of two sons. In her spare time, she enjoys outdoor activities, reading, and music.

**Technology Innovations Facilitating Access to Justice**

**January 24, 2014**

**Supreme Courtroom of the Supreme Court of Texas**

**Austin, Texas**

**Elliott Fontenette, Staff Attorney, Texas Legal Services Center**

Elliott Fontenette is the primary staff attorney for the Texas Legal Services Center's Self Represented Litigants Project. Additionally, he is the current Texas Law Help administrator. He earned a BS in Finance from LSU, and a JD from the University of Texas School of Law. He was licensed to practice law in 2009, and has been with the Texas Legal Services Center since January of 2010.

He is responsible, along with another attorney, for assisting clients through the Live Chat service on [www.texaslawhelp.org](http://www.texaslawhelp.org). Through this service he provides legal advice, legal information, and/or other legal resources to help clients.

Moreover, he administers Texaslawhelp.org. This includes but is not limited to developing self-help legal publications, forms, reviewing legal publications, coordinating marketing, implementing new features, reviewing website metrics, and supervising law school and college interns.

Additionally, he develops, shoots, and edits self-help legal videos. These videos break down complicated legal procedures and put them into easy to understand video format. Videos he has worked on are available on the TexasCourtHelp and TexasLawHelp websites.

Lastly, he designs and implements A2J legal forms. He provides legal advice support for these forms as well. In summation, he is well versed in the issues facing self-represented litigants, works towards addressing these issues, and looks forward to continuing to serve the people of Texas.

**Sonia Lopez, Managing Attorney, Lone Star Legal Aid**

Sonia Lopez is Managing Attorney of the Conroe office. She received her B.B.A. from the University of Texas at San Antonio and her J.D. from the South Texas College of Law. She joined Lone Star Legal Aid in 2003. In 2007, she started managing the Home Protection Unit in Houston. In late 2009, she was named Managing Attorney of the Conroe Branch office. She is a member of Montgomery County's United Way Responding to Crisis Council. She has also been named President of Montgomery County's Sexual Assault Resource Team (SART) and collaborates with different community organizations.

**Vince Morris, Director, Arkansas Legal Services Partnership, Arkansas Pro Bono Partnership**

Vince Morris works for the Arkansas Legal Services Partnership (ALSP), where he is the Associate Director of Technology and Justice Projects. His job allows him to combine the law and technology in creative ways, with the goal of extending access to justice to all Arkansans. His work involves developing innovative methods of distributing legal resources and legal advice via multimedia. He also staffs the Arkansas Access to Justice Commission and the Arkansas Pro Bono Partnership.

His pre-law career emphasized Internet technologies and non-profit/policy-based consulting work resulting in eight years' experience of web development and design. Mr. Morris received a B.A. in Philosophy from the University of Central Arkansas and a Juris Doctorate from the University of Arkansas at Little Rock Bowen School of Law. He also participated in post-graduate studies in Internet Technologies at the George Washington University in Washington, D.C.

Mr. Morris has presented on the topic of technology and justice to thousands of participants including CLE presentations at judicial conferences; legal services conferences, statewide and local bar associations; public workshops; court clerk conferences; trial assistance conferences; national court associations; and various other audiences.

**Alison Paul, Executive Director, Montana Legal Services Association**

Alison Paul is the Executive Director of the Montana Legal Services Association in Helena, Montana, where she is known for her innovative use of technology to deliver legal services to Montana's remote rural population. Prior to coming to Montana, Alison attended law school at the University of Kansas, and was in private practice in Chicago, Illinois, primarily advising tax-exempt or organizations on tax and corporate issues. Alison joined the Montana Legal Services Association in 1998 as an attorney with its Domestic Violence Unit. Alison is a current member of the Montana Supreme Court E-Filing Task Force, and the past Chair of the NLADA Technology Committee.

**Glenn Rawdon, Program Counsel, Legal Services Corporation**

As program counsel for technology, Glenn Rawdon is responsible for helping legal services programs with their technology efforts and with the administration of the Technology Initiative Grants (TIG) program. Since the program started in 2000, TIG has made over 500 grants totaling over \$40 million. He has been very active in national efforts to assist pro se litigants and participated in the founding of the Self-Represented Litigation Network. Before coming to LSC in 1999, he was a managing attorney at Legal Services of Eastern Oklahoma for five years and before that, he was in private practice. He has served as co-chair of the Law Office Management section of the Oklahoma Bar Association and was a member of the Legal Technical Advisory Counsel of the ABA.

**Diana C. White, Executive Director, LAF (Legal Aid Foundation of Metropolitan Chicago)**

Diana is the Executive Director of the LAF (formerly Legal Assistance Foundation of Metropolitan Chicago), the largest provider of free legal services to poor people in civil cases in the Chicago area.

As Executive Director, Diana has spearheaded LAF's move into one new downtown location and the creation of specialized Practice Groups, a new Client Screening Unit, and a new Community Engagement Unit. She recently received a grant to hire an outside consultant to map and streamline LAF's case-handling procedures. The goal of all these changes is to provide better service, more efficiently, in a time of tight budgets and exploding need.

Sandman was named one of the “90 Greatest Washington Lawyers of the Last 30 Years” by the Legal Times in 2008. The University of Pennsylvania Law School has honored him with its Alumni Award of Merit and its Howard Lesnick Pro Bono Award. He has also received the Women’s Bar Association of the District of Columbia’s “Star of the Bar” Award, D.C. Law Students in Court’s Celebration of Service Award, the Washington Council of Lawyers Presidents' Award, the Council for Court Excellence's Justice Potter Stewart Award, and the Tahirih Justice Center’s Wings of Justice Award. He was awarded an honorary Doctor of Humane Letters degree by the College of Saint Rose, where he was the 2013 commencement speaker.

Sandman is a summa cum laude graduate of Boston College, where he was elected to Phi Beta Kappa, and received his law degree cum laude from the University of Pennsylvania, where he served as executive editor of the law review and was elected to the Order of the Coif. He began his legal career as a law clerk to Judge Max Rosenn of the U.S. Court of Appeals for the Third Circuit.

**Presentation by LSC-Funded Programs**

**January 24, 2014**

**Austin, Texas**

**Paul E. Furrh, Jr. Executive Director, Lone Star Legal Aid**

Paul E. Furrh, Jr. is the CEO of LSLA officed in Houston and is responsible for the internal and external affairs of the firm. He graduated from the University of Texas with a B.A., the University of Houston with a J.D., and the Executive Program for Nonprofit Leaders, Stanford Graduate School of Business. He joined East Texas Legal Services in 1980 as Deputy Director and was named Executive Director in 1982.

He has over 35 years experience managing nonprofit organizations, the past 30 years as the CEO of a large, regional legal services program which provides a full range of legal services to low income persons. He served two terms as a Commissioner on the Texas Access to Justice Commission; member and former Chair of the Supreme Court of Texas Task Force on the Expansion of Legal Services; former Chair and member of the State Bar of Texas Legal Services to the Poor in Civil Matters Committee; Advisory member, Supreme Court of Texas Permanent Judicial Commission for Children, Youth and Families; peer consultant, ABA Center for Pro Bono; and mentor, LSC Leadership Mentoring Pilot Project. He served as Chair of the Texas Legal Services State Planning Committee for the Delivery of Legal Services to the Poor, and as President of the Nacogdoches County Bar Association from 2002 to 2004. He was recognized with a State Bar of Texas Presidential Citation in 2005; Over Twenty Years Leadership Award, Legal Services Corporation in 2004; Stanford Graduate School of Business Center for Social Innovation Fellow in 2003; and Peter Drucker Foundation Hesselbein Community Innovation Fellow in 2003.

**David G. Hall, Executive Director, Texas RioGrande Legal Aid, Inc.**

David G. Hall is currently the Executive Director of Texas RioGrande Legal Aid (TRLA). He has held this position since 1975 and, under his direction, the organization has become the largest legal aid provider in Texas and third largest in the United States. Prior to working with TRLA, Hall served as the Director of the South Texas Project for the American Civil Liberties Union Foundation and was an attorney with the United Farm Workers Organizing Committee. He received his J.D. from the University of Texas School of Law in 1969. Prior to attending law school, Hall served as a Peace Corps volunteer in Venezuela.

Hall has received numerous awards and recognitions for his service, including a 2007 recognition from the Mid-West Association of Farmworker Organizations and inclusion in Texas Lawyer magazine's "Legal Legend: A Century of Texas Law and Lawyering" as one of 100 Texas lawyers who have shaped the state's legal history. In 1996 Hall received a special recognition from United Farm Workers of America President Cesar Chavez for his outstanding service to farmworkers. Hall was

honored by the State Bar of Texas Poverty Law Section with the first Noble Award in Poverty Law in 2008. In 2010 Hall was named one of the 25 greatest Texas lawyers of the last quarter century by Texas Lawyer. In 2011 the White House recognized Hall as part of their Champions of Change initiative for dedicating his career to closing the justice gap.

Under his leadership, Texas RioGrande Legal Aid has received numerous awards and recognitions including being named 2008 Impact Player of the Year by Texas Lawyer.

**Joel K.B. Winful, Attorney and Chief Executive Officer, Legal Aid of Northwest Texas**

Joel became CEO of Legal Aid of NorthWest Texas (LANWT) in March 2013. Joel earned his BA in Political Science from UNC - Chapel Hill, and his JD degree from Southern Methodist University School of Law. He has practiced law in Texas since 1996, focusing on civil litigation, contracts, bankruptcy, taxation and representation of governmental entities. He was a member of the LANWT Board of Directors and its predecessor program for the past 14 years, and served as Board Chair in 2011 and 2012. He was recipient of the Dallas Bar Association's Outstanding Minority Bar Leader Award in 2001 and 2002.

**Betty Balli Torres, Executive Director, Texas Access to Justice**

Betty Balli Torres has served as the Executive Director of the Texas Access to Justice Foundation, the largest Texas-based funder for legal services to the poor, since October 2001.

Employment: Betty started her career as a staff attorney at Legal Aid of Central Texas in 1987 after graduating from the University of Texas School of Law and earning a bachelor's degree from St. Edward's University. She has held various direct service and administrative public interest law positions, including: Executive Director of Laredo Legal Aid Society, Inc., Legal Director of Volunteer Legal Services of Central Texas, Managing Attorney of the Austin office of Legal Aid of Central Texas and as a staff attorney at Advocacy, Inc. in the Rio Grande Valley.

Activities: Betty is a Past President of the National Association of IOLTA (Interest on Lawyers' Trust Accounts) Programs. She is a member the National Legal Aid and Defender Association (NLADA) Civil Policy Group; she serves on the two national boards of Management Information Exchange (MIE) and Pro Bono Net. She serves as Secretary to the Hispanic Issues Section of the State Bar of Texas and on the Board of Directors of the Austin Tenant's Council. She is a member of the Texas Human Trafficking Prevention Task Force and a member of the Austin Bar Association.

Past Activities include: Betty is a past member of the Austin Young Lawyers Association, Legal Services to the Poor Committee; Austin Young Lawyers Association, Senior Citizens Committee; Travis County Bar Association, Family Law Task Force; Travis County Bar Association, Legal Services to the Poor Committee; Advisory Council of the Texas Department of Justice's Victims Services Division and as an Advisory Member to the State Bar of Texas' Crime Victims Committee. She is a past Treasurer of the Webb County Bar Association and past Secretary of the Hispanic Bar Association of Austin. She served as co-chair of the ABA/NLADA 2008 and 2009 Equal Justice Conference.



Awards/Recognition: She is a recipient of the Travis County Women Lawyers Association's Outstanding Public Interest Attorney Award, the Austin Bar Association's Regina Rogoff Award, the "Nonny" Award for Outstanding Nonprofit Leadership in Austin, the "Star of Justice" Award from the Texas Access to Justice Commission, the prestigious Harold Kleinman Award, the Community Service Award from the Hispanic Issues Section of the State Bar of Texas and the ABA's Grassroots Advocacy Award.