

The following is an overview of actions LSC has undertaken to implement the three goals and related initiatives identified in LSC's 2012-2016 Strategic Plan. It is both a compilation of the actions taken throughout the duration of this plan, as well as the highlights of those actions taken over the past year (2016). For ease of reference, the strategic plan is attached.

**Goal No. 1: Maximizing the Availability, Quality, and Effectiveness of Legal Services**

**(Strategic Plan pp. 5-11)**

**Identifying and Sharing Best Practices among LSC Grantees and Stakeholders (Initiative One)**

- 1) Highlighted best practices in legal services and non-profit leadership at LSC's quarterly Board meetings, five White House forums, and the LSC 40<sup>th</sup> Anniversary Conference and events.
- 2) LSC staff presented on a variety of topics related to best practices at the largest conferences for legal aid providers, including the Equal Justice Conference and the annual National Legal Aid and Defender Association (NLADA) conference. Sessions included technology tips, rural pro bono strategies, innovations in legal services, rural service delivery, LSC's Technology Baselines, LSC's Pro Bono Task Force recommendations, lessons learned from Hurricane Katrina, integrating resource development into program management, sustaining programs through private fundraising, and client board member responsibilities. (Also Goal 2, Initiative Five)
- 3) Developed the LSC Civil Legal Outcomes Toolkit, a website featuring recommendations, case studies, examples, and e-learning modules geared toward helping legal aid programs manage, report, and make decisions based on programmatic outcomes. (Also Initiatives Two and Three)
- 4) Used program visits and program visit reports to provide information about and promote adoption of best practices to individual grantees, particularly regarding client intake, strategic planning, and board governance. (Also Initiative Three)
- 5) LSC staff presented webinars to grantees and applicants for basic field grants, TIGs, and PBIF grants. These webinars addressed best practices that LSC looks for in funding applications and in grantee services.
- 6) LSC hosted and facilitated quarterly webinars featuring staff of the Federal Trade Commission's Bureau of Consumer Protection. The webinars provide substantive training on consumer protection issues relevant to legal aid programs and identify free resources for grantees to access. (Also Goal 2, Initiative Five)
- 7) Updated, improved, and added content to the Best Practices portion of LSC's website, now renamed the Best Practices Corner. Updates include overviews of Geographical Information Systems (GIS) mapping and organizing data through the use of Google Fusion Tables.

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- 8) In 2016, staff developed a new electronic newsletter, *Best Practices Corner*, to push out postings on the Best Practices section of LSC's website.
- 9) LSC took steps to allow grantees to streamline and expedite their intake processes. LSC issued Program Letters regarding Automated Systems for Financial-Eligibility Information Collection and Screening and Permissibility of Electronic Signatures Rather than Physical Signatures on LSC Required Materials. (Also Initiative Three)
- 10) Used regional meetings of grantee Executive Directors in the Southeast, Midwest, and Mountain West to spread information about best practices.

**Promoting Technological Innovations in Civil Legal Aid (Initiatives One and Three)**

- 1) In 2012 and 2013, LSC convened a national Summit on the Use of Technology to Expand Access to Justice. In 2013, LSC issued a report on the Summit's recommendations. The report charts a path toward using technology to provide "some form of assistance" to 100% of low-income persons with significant civil legal needs. LSC continues to publicize the report. White papers written in preparation for the Summit were published in the *Harvard Journal of Law and Technology*.
- 2) Others have adopted and helped to begin implementing the Summit recommendation. In 2015, the Conference of Chief Justices and the Conference of State Court Administrators adopted resolutions urging an aspirational goal of "100% access." In 2016, Microsoft Corporation committed at least \$1 million in funding, technical support, and project management to develop a pilot statewide access "portal," as recommended by the Summit report, to direct persons with civil legal needs to the most appropriate level of service. LSC has issued a request for proposals for pilot candidates. Also in 2016, the *Report on the Future of Legal Services in the United States* issued by the American Bar Association's Commission on the Future of Legal Services urged the legal profession to support the resolutions of the Conference of Chief Justices and the Conference of State Court Administrators, and the Public Welfare Foundation made grants to seven state entities to prepare strategic plans to implement the goal of 100% access. (Also Goal 2, Initiatives Three and Four)
- 3) LSC updated its "Technology Baselines" for LSC grantees, which are LSC's recommendations for the basic technology that all grantees should have and use.
- 4) LSC used Technology Initiative Grants (TIG) to fund technology projects to promote access to the courts and to legal information, as well as to improve grantees' internal efficiencies. Several TIG-funded projects have received national and international recognition for their innovative approach to addressing issues in civil legal aid. Each year, LSC has hosted an annual TIG Conference to highlight TIG initiatives and bring together technology thought leaders from inside and outside the legal services community across the country. The 2017 Conference had record attendance of more than 300.

- 5) In 2016, LSC created *Tech Download*, a regular online newsletter highlighting important developments in the use of technology to improve access to justice.
- 6) In 2013, LSC's Office of Information Technology adopted a strategic plan linked to the LSC strategic plan.

**Assessing and Supporting LSC Grantee Performance (Initiatives Two and Three)**

- 1) Created a new Office of Data Governance and Analysis (ODGA) and hired an experienced director for it. The new office allows LSC to improve its collection and analysis of data from grantees and to develop new performance standards and metrics.
- 2) Developed a suite of new data tools for LSC grantees and the public to access and review LSC Grantee Activity Report data. The new data dashboards, which are available on the Grantee Data section of the LSC website, substantially increase the usability of LSC administrative data, making it easier for LSC stakeholders to monitor changes in revenues, expenditures, staffing, client demographics and case services over an eight-year period.
- 3) Developed a new data portal to centralize grantee data and information within LSC.
- 4) In 2016, LSC implemented a requirement that LSC grantees collect outcomes data in all extended service cases and report how they are using the results to manage their programs and improve client service. (Also Initiative One)
- 5) Began development of a new grants management system featuring enhanced reporting and a flexible platform to integrate smoothly with other information systems and support all processes associated with grantee oversight, not just the application process and funding.
- 6) Between 2013 and 2016, the Office of Program Performance (OPP) conducted 73 program quality visits, five capability assessment visits, and 76 program engagement or other short onsite grantee visits. Through these visits, OPP educated grantees about best practices and provided advice about improving legal practice and program operations. OPP discusses visit findings and recommendations at an exit conference with the grantee, formalizes recommendations in a written report that is posted on LSC's website, and follows up through subsequent grant applications and through discussions with the grantee. (Also Initiative One)
- 7) Inaugurated a process for including clients on program visit teams to improve client service. OPP engaged client team members in extensive training. One client member participated in a program quality visit in 2016, and a second one is scheduled to participate in a visit in January, 2017.
- 8) In 2016, LSC initiated a process for rethinking how we assess grantee performance and conduct program visits, for integrating and streamlining LSC's various performance oversight activities, for expanding targeted assistance to challenged grantees, and for maximizing efficiency and effectiveness in our use of oversight resources.

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- 9) In 2015, the American Samoa service area was funded for the first time since 2007. LSC provided technical assistance and support to help develop the new grantee. In addition to the field grant for 2015, LSC provided the program with start-up funds that had been reserved for the service area. The program now has a fully operational board, an executive director, and two other staff; is providing services; and has sought and received other funds.
- 10) OPP continues to develop and implement strategies to assist programs with performance, management, and resource challenges. LSC's interventions led to new and improved leadership at several grantee programs as well as marked improvement in these grantees' performance and stability.
- 11) LSC is revising its Performance Criteria. Final revisions to Performance Area Four (Effectiveness of governance, leadership and administration) are under review. Performance Areas One, Two, and Three will be revised after completion of Performance Area Four.
- 12) OPP revised the Capability Assessment Visit Manual to improve and standardize procedures for assessing grant applicants in multi-applicant competitions.
- 13) OPP instituted a process for rotating review of grant applications by Program Counsel and using outside reviewers in the grant application process to ensure objectivity.
- 14) Between 2013 and 2016, LSC's Herbert S. Garten Loan Repayment Assistance Program (LRAP) received 511 new applications from attorneys at 84 grantee offices in 43 states and Puerto Rico. The average law school debt for first-year applicants was more than \$145,000. During this time, LSC provided loan repayment assistance to 301 new applicants, bringing the total number of LRAP recipients to just over 500.
- 15) In August 2016, LSC announced an expansion of its emergency relief grants to include emergencies declared by state and local governments.
- 16) In 2013, LSC's Office of Legal Affairs (OLA) eliminated a backlog of requests for legal opinions, permitting more timely issuance of program visit reports with recommendations for improvements in grantee service delivery and operations. Over the past four years, in response to requests for legal advice from within LSC and from grantees, OLA has issued 51 formal advisory opinions and issued or helped prepare 16 program letters and far more numerous less formal forms of advice.
- 17) OLA revised LSC's Rulemaking Protocol and now annually develops a rulemaking agenda. Over the past four years, OLA has assisted in promulgating the following regulations bearing on the availability, quality, and effectiveness of legal services:
  - Part 1614 (amending regulation on private attorney involvement (PAI) to facilitate the provision of pro bono legal services to eligible clients) (2014)
  - Part 1626 (updating regulation on legal assistance to aliens) (2014)

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- Part 1613 (updating regulation on legal assistance with respect to criminal proceedings) (2014)
- Part 1628 (revising regulation on recipient fund balances to give the Corporation more discretion to grant a recipient's request for a waiver to retain a fund balance in excess of 25% of its annual LSC support) (2015)
- Part 1640 (updating regulation on the application of Federal law to LSC recipients) (2015)
- Parts 1610/1627 (revising the regulations governing awards of LSC funds from primary grantees to other entities as subgrants to perform grant activities) (in progress)
- Parts 1600/1630/1631 (amending the regulations regarding the allowability of costs and resolution of questioned costs and the rules regarding property acquisition, use and disposal, currently contained in the Property Acquisition and Management Manual (in progress))

18) In October 2016, LSC issued a final notice of a new method for estimating the population eligible for services funded by agricultural worker grants, replacing estimates that were based on 25-year old data.

**Encouraging and Supporting Pro Bono (Initiative Three)**

- 1) Issued and publicized report of LSC's Pro Bono Task Force in 2013.
- 2) In accordance with the recommendation from the Pro Bono Task Force Report, in 2014, LSC initiated the competitive Pro Bono Innovation Fund (PBIF) grant program, awarding grants to 11 programs. PBIF grants were awarded to grantees to support innovative ways to engage more pro bono lawyers in the delivery of legal services and to enhance the quality of pro bono programs at LSC grantees. LSC awarded 15 PBIF grants in 2015. In 2016, LSC reviewed 23 full applications for PBIF grants, and awarded 11 grants for a total to \$3,800,000. An evaluation of this grant program is underway.

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

**Raising Public Awareness of the Importance of Civil Legal Aid (Initiative One)**

- 1) Planned, hosted, and obtained media coverage of a successful three-day conference attended by more than 500 people (including senior government officials and leaders from the business, academic, and non-profit sectors) to mark LSC's 40th Anniversary. Developed and managed a list of more than 4,000 contacts for the conference and development database and coordinated outreach and logistics for more than 100 conference speakers.

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- 2) Convened five White House Forums on Increasing Access to Justice featuring panels of justices and judges, corporate chief executive officers and general counsels, technology experts, law school deans, and others to bring attention for the need for civil legal aid and innovations in the field.
- 3) Convened panels of judges and justices, corporate general counsels, and other leaders at LSC board meetings to bring attention to the need for civil legal aid.
- 4) Established the LSC Leaders Council, which has grown to 55 members, creating a comprehensive, high-visibility network of advocates for civil legal aid across a number of disciplines. Helped staff and prepare remarks for members of the Leaders Council.
- 5) Initiated videotaping of all board meeting panel presentations, edited them, and posted them on the LSC website and social media to expand access beyond the live audiences.
- 6) In 2015, introduced a new LSC website, which includes enhanced search and content listings to make content relevant to the user easier to find, as well as a new "Find Legal Aid" application for the LSC's website that incorporates maps and simplifies searching. The new website also includes LSC's "story bank" of success stories, which features 100 of the most impactful client success stories from every state and territory. The stories are displayed on the website by state (on an interactive map) as well as by theme (as "impact" stories).
- 7) Greatly expanded the use of social media to amplify and promote LSC activity and practices. Facebook (account launched September 2012) followers increased from 0 to 1,096, Twitter followers grew from 335 to 5,943, and LinkedIn followers expanded from 638 to 1,539. LSC staff live-tweeted Congressional briefings and special events, leading to greater exposure (e.g., the House briefing in 2015 garnered 250,000 impressions and the White House Forum garnered 320,000 impressions). In addition, LSC expanded its use of social media analytics and used social media to drive traffic to webpages and highlight key campaigns and events.
- 8) The Board Chair, President, and General Counsel sought and accepted opportunities to speak to broad audiences such as law students, law firms, philanthropic conferences, bar associations, private funders, pro bono groups, community leaders, technology conferences, Thomson Reuters, a state legislative committee, and state access-to-justice convenings.
- 9) The LSC Board Chairman and Vice Chair arranged for multi-day symposium on "Making Justice Accessible" at the American Academy of Arts and Sciences.

10) Provided effective and rapid response to media inquiries. The Director of Media Relations has set up interviews for the President or Board Chair with the *New York Times*, PBS, NPR, the *American Lawyer* (on numerous occasions), the *National Law Journal*, the *St. Louis Post Dispatch*, the *Omaha World Herald*, and several other publications. In addition, LSC staff placed more than 25 op-eds in papers across the country and increased targeted press releases to local markets (with particular success in placing stories related to Technology Initiative Grants and Pro Bono Innovation Fund Grants, Midwest Legal Disaster Coordination Project grants, and annual congressional appropriations).

**Congressional and Executive Branch Support for LSC and Civil Legal Aid (Initiatives One, Two, and Three)**

- 1) Increased Outreach to Members of Congress (MOC):
  - MOC provided quotes for LSC press releases regarding TIGs, PBIF grants, and LSC's 40<sup>th</sup> Anniversary.
  - Between 2014 and 2016, MOC participated in eight press conferences about LSC grants.
  - Four MOC attended LSC Board meetings in 2016; six in 2015; seven MOC and 60 congressional staff in 2014, including the 40<sup>th</sup> Anniversary conference; and one MOC in 2013.
  - Continued to expand bipartisan support among MOC; decreased the number of Members voting to eliminate LSC's funding on the House floor by one-third over the past four years (from 171 votes to eliminate in 2011 to 116 in 2015).
  - Contacted MOC about legal services available in their districts and states when a natural disaster strikes. Worked for enactment of the Hurricane Sandy Disaster Relief Appropriations Act in 2013, including funding for LSC. Established a grant program using the appropriated funds and distributed grants to four LSC grantees.
  - Increased Board member engagement in Hill meetings.
- 2) Reps. Susan Brooks (R-IN) and Joe Kennedy (D-MA) formed the bipartisan Access to Civil Legal Services Caucus (2015).
- 3) Worked with grantee Executive Directors to develop appropriate educational outreach to federal and state legislators and staff regarding constituent services. Made presentations on Educating Legislators about Legal Services at NLADA conferences and Equal Justice Conferences in 2013, 2014, 2015, and 2016.
- 4) Organized successful panel of bipartisan congressional House/Senate staff at LSC's 40<sup>th</sup> Anniversary Conference.

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- 5) Organized congressional briefings with bipartisan support annually in House and Senate on matters such as veterans' issues, the Impact of Pro Se Litigants on State Courts, and the Importance of Legal Aid to American Business. LSC presented a total of five briefings from 2014-2016 (three in House; two in Senate).
- 6) Improved LSC's formal budget request to Congress, LSC's Annual Report, and LSC's "By the Numbers" (formerly LSC's Fact Book) to make a stronger case for funding with research and data on pro se litigants and the economic benefits of legal aid. The Congressional budget request now includes a new section with compelling data on grantee services by state.
- 7) Expanded LSC's library of studies of the economic benefits of legal aid for communities and for government. Studies in several states illustrate that civil legal aid grows economies; positively affects the housing market; and reduces homeless shelter costs, foreclosure and eviction rates, the incidence of domestic abuse, and unemployment. In 2014 and 2015, seven states – Massachusetts, Montana, New York, North Carolina, Pennsylvania, Tennessee, and Virginia – released economic studies highlighting the benefits of civil legal aid which we included in LSC's FY 2017 congressional budget justification.
- 8) In 2014, closed out all Government Accountability Office (GAO) recommendations, eliminating a potential impediment to LSC funding. This was the first time in seven years that LSC operated without open GAO recommendations.

**Identifying and Collaborating with a Wide Variety of Partners to Increase Awareness of the Role of and Need for Civil Legal Aid (Initiative Five)**

- 1) Worked with the Department of Justice's Office for Access to Justice and the White House 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's President is a member of the Roundtable. In 2015, President Obama signed a Presidential Memorandum formally establishing the Roundtable.
- 2) Established strong working relationships with state IOLTA programs and state bar foundations funding civil legal aid. LSC's President participated in and spoke at biannual meetings of IOLTA funders and state bar foundations. Consulted with state funders on data collection and reporting, grant applications, and legal aid program oversight.



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- 3) Collaborated regularly with NLADA as well as the American Bar Association's leadership, its 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's President served on the ABA's Commission on the Future of Legal Services. LSC's Vice Chair and President serve on the Advisory Council for the ABA's new Center for Innovation. LSC's General Counsel represents LSC at the ABA Military and Veterans Legal Services Network meetings to enhance the availability of information about legal services for veterans, military service members, and their families.
- 4) Worked with the Conference of Chief Justices (CCJ), the Conference of State Court Administrators (COSCA), and the National Center for State Courts to encourage judges and court administrators to address the access to justice crisis in America. CCJ and COSCA passed resolutions recommending funding for LSC "at the level necessary to enable legal services providers to furnish critically-needed legal assistance and advice to low-income and vulnerable Americans" and supporting "the aspirational goal of 100 percent access to effective assistance for essential civil legal needs." This aspirational goal derives from the report of LSC's Technology Summit.
- 5) Participated in the creation of Voices for Civil Justice, a "communications hub" founded in 2013 and funded by the Public Welfare Foundation, the Kresge Foundation, and others which uses survey research and communications expertise to expand public awareness of the role and importance of civil legal aid in the United States. LSC's President serves on the Advisory Committee. LSC collaborates with Voices regularly.
- 6) LSC's General Counsel represents LSC at the Administrative Conference of the United States (ACUS) and on the Joint ACUS/LAIR Task Force developing recommendations for Self-Represented Parties in Federal Administrative Proceedings.

**Broadening and Leveraging Private Funding Support for Civil Legal Aid (Initiative Five)**

- 1) Recruited and hired LSC's first Chief Development Officer and established a Development Office in 2013. In 2013 and 2014, the Development Office identified specific areas for private support (e.g., research, fellowships, technology, and leadership training) and integrated these priorities into a case statement for fundraising for LSC's 40<sup>th</sup> Anniversary.
- 2) The Development Office has coordinated and executed more than 40 development meetings and events and built relationships with and secured over \$6 million in contributions, grants, and multi-year pledges from individual donors, foundations, corporations, and law firms.
- 3) Obtained funding from the Public Welfare Foundation to support the development of criteria for tracking outcomes in civil legal aid cases, the creation of an outcomes toolkit and training materials, and materials on the use of outcomes data to manage and improve legal aid services.

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- 4) In 2014, initiated the Midwest Legal Disaster Coordination Project with private funding to expand LSC's ability to assist LSC grantees and their clients in responding to disasters. The \$1.2 million project is funded by the Margaret A. Cargill Foundation. LSC solicited funding proposals for disaster coordination projects, received five applications, and made two awards to Iowa Legal Aid and Legal Aid of Nebraska. The subgrants allowed the subgrantee programs to create community legal education training materials and develop a network of stakeholders that will ensure coordinated disaster preparedness and relief efforts. In 2017, LSC will host a regional meeting with the 20 LSC grantees in the Midwestern states and arrange a Congressional briefing on legal aid and disaster relief. LSC received a second grant for \$949,396 from the Margaret A. Cargill Foundation in 2016 to continue the disaster preparedness and response program.
- 5) In 2015, secured \$200,000 in funding from the Hewlett Foundation and Kresge Foundation to create produce an updated national report documenting the "justice gap" – the difference between the need for civil legal services and the resources available to meet that need.
- 6) In 2015, introduced the privately-funded G. Duane Vieth Leadership Development Program to improve leadership at LSC grantees. The program is funded by a multi-year commitment from Arnold and Porter LLP. LSC awarded seven grants in 2015 and five grants in 2016.
- 7) In 2016, began work on a \$250,000 two-year grant from the Ford Foundation to assess the accessibility and usability of each state and territory's statewide legal aid websites. In 2017, LSC will publish and publicize a report on the project, which will identify best practices for statewide legal aid websites, offer recommendations for replicating the content and features of the websites deemed most effective, and provide a toolkit for implementing the recommendations.
- 8) In 2015, LSC received a project planning grant from the Mellon Foundation to establish the essential components of a curriculum to train public librarians to assist people with civil legal needs. LSC completed work on the grant in 2016. This project laid the necessary groundwork to transform public libraries into hubs for accessible and useful information about civil legal matters for people who cannot afford a lawyer.
- 9) In 2016, inaugurated a Rural Summer Legal Corps (RSLC) fellowship program using private funds to foster an interest in civil legal aid among law students and provide much needed support to rural grantees and clients. The program, which is now in its second year, places law students with LSC grantees serving rural areas during the summer. LSC has partnered with Equal Justice Works, which has relationships with approximately 200 law schools and extensive experience managing fellowship programs, to recruit law students and publicize the program.
- 10) Worked with the Public Welfare Foundation to build a business case for private funding for civil legal aid. LSC's President participated in multiple webinars to educate other foundations about civil legal aid and served on a panel at the 2016 annual meeting of the Council on Foundations.

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

**Ensuring Fiscal Responsibility for LSC Grantees**

- 1) Under the guidance of the Vice President for Grants Management, in 2015, Office of Compliance and Enforcement (OCE) Program Counsel and Fiscal Compliance Analysts were assigned as contact points for each LSC recipient. In addition, OCE staff members began participating on the regional teams originally structured by the Office of Program Performance. The assignment of OCE staff to specific LSC recipients, combined with the regular information-sharing afforded by the regional team structure, has resulted in a more comprehensive, holistic approach to oversight.
- 2) The involvement of OCE staff in the competitive grant and renewal process has increased significantly over the past five years, providing a more integrated and expanded view of grantee performance and potential risk. OCE Program Counsel now actively participate in the review of and make recommendations regarding funding applications and the imposition of special grant conditions. Beginning in 2016, the Fiscal Compliance Analysts' role was expanded to include assessing and making recommendations related to grant renewals as well as to grant applications.
- 3) LSC has, over the last five years, increased the use of special grant conditions and reduced funding terms to improve grantee performance and compliance with LSC requirements. LSC management reports to the board annually on its use of these tools.
- 4) LSC Management now regularly reviews open OIG recommendations to grantees to see if the recommendations should be made Special Grant Conditions, as OIG does not have its own enforcement mechanisms.
- 5) A Deputy Director for Fiscal Compliance and four new Fiscal Compliance Analyst positions were added to OCE to improve and expand fiscal oversight of grantees.
- 6) LSC integrated a review of grant applications by Fiscal Compliance Analysts into the LSC grants competition and renewal process. The grant application was revised to require applicants to submit fiscal policies, procedures, and charters that are required by LSC regulations and guidance. For grantees in renewal status, the Fiscal Compliance Analysts review and assess historical fiscal information and performance to assess the current fiscal health of the grantee.
- 7) Beginning with the 2016 subgrant cycle, in response to recommendations from the OIG, LSC modified the subgrant approval request process to require the submission of specific subgrantee fiscal documents as part of the application process. LSC also began requiring additional information on each applicant's procedures for subgrant oversight.
- 8) LSC management implemented new procedures for the audited financial statement (AFS) review process, which allow LSC to better assess the fiscal health/stability of a grantee based on the information contained in the AFS. The Deputy Director for Fiscal Compliance is developing standards and baselines to guide the review.

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- 9) OCE now makes quarterly presentations to the Audit Committee of the LSC Board regarding fiscal oversight and communications between OIG and LSC management. As part of this process, target time frames for resolving OIG referrals that involve potential questioned costs were developed and implemented by LSC management. OCE reports on compliance with the time frames at each quarterly Board meeting.
- 10) Resolved questioned cost referrals from the Office of Inspector General.
- During 2014, LSC brought eight questioned cost referrals from the Office of Inspector General's Audit Division (OIG-AD) to resolution. This was accomplished by engaging in informal negotiations with four grantees, which resulted in \$1,281 being restated to the LSC funding line at the grantee level and \$8,956 being returned to LSC. In addition, three questioned cost proceedings were initiated, which resulted in \$266,921 being returned to LSC. LSC also resolved four referrals from the Office of Inspector General's Investigations Division (OIG-ID); as a result, \$44,229 was returned to LSC.
  - During 2015, LSC brought six questioned cost referrals from the OIG-AD to resolution. This was accomplished by engaging in informal negotiations with four grantees, which resulted in \$502,865 being restated to the LSC funding line at the grantee level and \$969 being returned to LSC. In addition, two questioned cost proceedings were initiated, which resulted in \$3,842 being restated to the LSC funding line at the grantee level and \$21,521 being recouped by LSC.
  - During 2015, OCE brought two referrals from the OIG-ID to resolution, resulting in \$139,190 being recouped by LSC. As a result of a questioned cost proceeding initiated at the end of 2014, during 2015 LSC issued a decision by which it recouped \$139,190 from a grantee.
  - During 2016, LSC brought one questioned cost referral from the OIG-AD to resolution. Through the use of informal negotiation, \$21,457 was reallocated to LSC funds. Additionally, three referrals from the OIG-ID were brought to resolution. As a result of informal negotiation, \$1,288 was returned to LSC and, as a result of questioned cost proceedings, \$75,555 was recouped.
- 11) Between 2013 and 2016, OCE conducted 90 on-site reviews. These visits included 69 compliance reviews, five follow-up reviews, eight technical assistance reviews, one program integrity review, two focused fiscal reviews, and two investigations/follow-up from LSC Office of the Inspector General (OIG) referrals.
- 12) LSC revitalized the use of Technical Assistance Reviews (TAR) to provide grantees with practical guidance on regulatory and fiscal compliance issues. TARs focus on subjects such as intake, accurate case tracking and reporting, internal controls and segregation of duties, and compliance with regulatory restrictions and guidelines. OCE has conducted 11 TARs since 2012.

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- 13) Compliance advisories outlining the most significant regulatory and fiscal issues noted as a result of OCE on-site and desk reviews during the previous 12 to 15 months, as well as the most frequent findings referred to LSC Management by the Office of Inspector General (OIG), were issued each year between 2013 and 2016.
- 14) LSC improved sharing of information between LSC Management and the OIG to expedite investigations, avoid duplicative work, and provide early notice to management of potential problems with grantees. The Vice President for Grants Management and the Directors of OPP and OCE hold monthly meetings with representatives of the OIG staff, and LSC's President and the Inspector General meet every two weeks. In addition, as necessary, both LSC management and OIG meet when issues come up that should not wait for a regularly scheduled meeting to take place.
- 15) Over the past four years, LSC has promulgated the following regulations bearing on fiscal management:
- Parts 1606/1614/1618/1623 (amending regulations on enforcement procedures through the addition of options for limited reductions of funding, expansion of non-audit based suspensions for up to ninety days, and immediate special grant conditions for compliance issues) (2013)
  - Part 1628 (revising regulation on recipient fund balances to give the Corporation more discretion to grant a recipient's request for a waiver to retain a fund balance in excess of 25% of its annual LSC support) (2015)
  - Part 1640 (updating regulation on the application of Federal law to LSC recipients) (2015)
  - Parts 1610/1627 (revising the regulations governing awards of LSC funds from primary grantees to other entities as subgrants to perform grant activities) (in progress)
  - Parts 1600/1630/1631 (amending the regulations regarding the allowability of costs and resolution of questioned costs and the rules regarding property acquisition, use and disposal, currently contained in the Property Acquisition and Management Manual (PAMM) (in progress)
  - Part 1609 (revising regulation on fee-generating cases) (in progress)
  - Part 1629 (revising regulation on bonding of recipients) (in progress)

### **Ensuring Fiscal Responsibility for LSC**

- 1) The Office of Financial and Administrative Services (OFAS) implemented several new systems to improve efficiency and management of internal operations. Concur Travel Management System was incorporated into LSC's financial management systems to enhance internal controls over travel and provide for the electronic reimbursement of staff travel. Revised travel policies were adopted incorporating the new procedures. A new payroll service, which combined human resources information and payroll management was implemented. This service eliminated duplicate data entry and help to streamline the information flow between the Office of Human Resources and OFAS.
- 2) The Office of Legal Affairs, working in conjunction with OFAS, revised LSC's Procurement and Contracting Protocol. With the implementation of these revised procedures, LSC has improved and strengthened the purchasing and contracting for goods and services for LSC. OLA conducted training for LSC managers on compliance with the new Protocol and provided enhanced procurement/contract coordination services under the new Protocol, reducing the number of policy infractions identified by OFAS to zero. Pursuant to the requirements of the protocol, quarterly reports are provided to the President documenting our continued compliance to the guidelines each quarter-to-quarter.
- 3) LSC's President requested OIG to conduct a fraud vulnerability assessment of LSC in 2012-13. Management implemented OIG's recommendations.
- 4) LSC issued, with office-wide training sessions, the following policies: Code of Ethics and Conduct, Conflict of Interests Policy, Whistleblower Policy, Equal Employment Opportunity Policy, Gift Acceptance Policy, Anti-Nepotism Policy, and Records Management Policy. LSC also implemented new internal Risk Management procedures, including enhanced quarterly reporting to the Board on risk management.
- 5) Integrated development functions into office-wide processes, created systems to track private grant spending and gift processing, and established systems to track expenses and time against private funds. Private grants financial reporting was incorporated into the monthly financial reports to the Finance Committee and Board of Directors. The Development Office and OLA collaborated on contracts and RFPs using private funding. The Development Office and Vice President for Grants Management provided project management for each private grant to ensure funds are expended and reported in accordance with the corresponding funder agreements.
- 6) In collaboration with the LSC Union, revised the performance management process for LSC employees.