

governmentattic.org

"Rummaging in the government's attic"

Description of document: Four (4) Legal Services Corporation (LSC) records, 2009-

2013*

Requested date: 14-February-2017

Released date: 28-February-2017

Posted date: 26-June-2017

* Note: Some records are undated

Source of document: FOIA Request

US Department of Labor - MSHA

FOIA Officer

201 12th Street South Room 4E401 Arlington, Virginia 22202-5450

Fax: 202-693-9441

Email: foiarequest@dol.gov

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.



February 28, 2017

Via Electronic Mail

President
James J. Sandman

Janies J. Sandinan

Board of DirectorsJohn G. Levi
Chicago, IL
Chairman

Martha Minow Cambridge, MA Vice Chair

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 Chicago, IL

Fr. Pius Pietrzyk, OP Zanesville, OH

Julie A. Reiskin Denver, CO

Gloria Valencia-Weber Albuquerque, NM RE: Freedom of Information Act Request

Reference Number 2017-17

This is in response to your Freedom of Information Act ("FOIA") request, received in the Office of Legal Affairs on February 14, 2017, requesting a digital copy of the following records: Strategic Directions Progress Report, LSC's Policy on Selecting Grantees for On-Site Evaluations, "Public Communications about LSC's Access to Justice Work", and The LSC Financial Statement Review Memorandum (FSRM).

The requested records are attached. If you are dissatisfied with this response, you may file an appeal within 90 days from the date of this letter. Please address your appeal to:

James J. Sandman, President Legal Services Corporation 3333 K Street, N.W., 4th Floor Washington, D.C. 20007

Both your letter and the envelope must be clearly marked "Freedom of Information Act Appeal" and include the assigned FOIA Reference Number 2017-17. By filing an appeal, the agency is given an opportunity to review and reconsider your request and the agency's decision.

Also, please note that the Office of Government Information Services (OGIS), the Federal FOIA Ombudsman's Office, offers mediation services to assist in resolving disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

February 28, 2017 Page 2

> National Archives and Records Administration Office of Government Information Services 8601 Adelphi Road-OGIS College Park, MD 20740-6001 ogis@nara.gov 202-741-5770 877-684-6448

Please contact me at (202) 295-1632 or guytonh@lsc.gov if you have any questions.

Sincerely,

Helen Gerostathos Guyton

Helen Gerostathos Guyton FOIA Public Liaison and Assistant General Counsel

Analysis of Progress in Achieving Goals Established in LSC's *Strategic Directions 2006-2010*

Goal 1

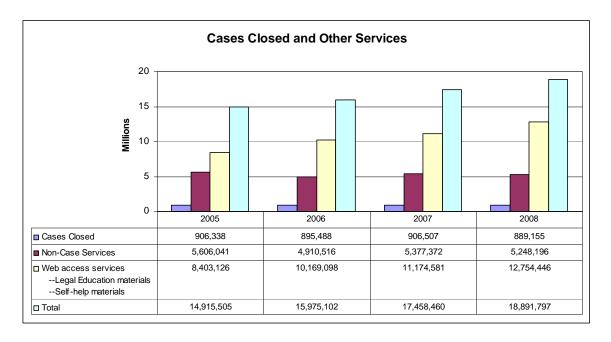
Increase public awareness of and support for civil legal services to low-income persons in order to respond appropriately to more of their legal needs

Objective 1: Increase access to and expand ways of providing assistance.

• Strategy: Encourage community outreach and education by grantees about legal rights and responsibilities and the types of assistance available from legal services programs.

LSC assisted grantees to establish statewide websites in every state to provide information and to direct low-income individuals to programs which provide assistance. The websites have become a major means of accessing information, as evidenced by the increase in page views recorded on such sites.

While the number of cases closed by grantees remained about the same during the period, grantees were able to expand the provision of services other than legal assistance, as evidenced by the increase in "other services" reported by grantees (called "matters" prior to 2008).

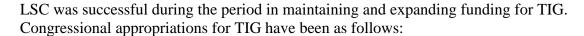


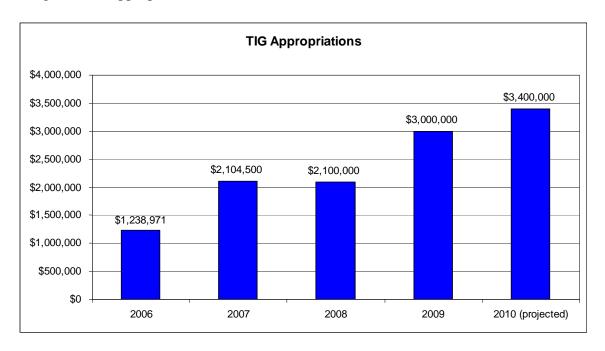
In addition to expanding information and services traditionally offered, LSC and its grantees during this period responded to the new demands generated by exceptional natural disasters that occurred in 2006 and the fallout from foreclosures following the

housing market collapse and economic recession in 2008. Hurricane Katrina created a huge displacement of people, especially poor people in Louisiana, and created major new demands for legal services programs both in the affected area and in areas where displaced persons settled. To assist grantees with responding to the crisis, LSC, in partnership with other organizations, established a disaster website, currently called www.disasterlegalaid.org, to provide information to people affected. The website received 280,134 page views from 2006-2009. In addition, LSC initiated a series of conference calls among grantees and support organizations during which providers of assistance could share information about how to overcome barriers to service, where to seek help for particular kinds of services, and discuss common problems. LSC continues to host these calls on a monthly basis.

Similarly, following the foreclosure crisis, LSC invited other national organizations and several grantee executive directors to participate in conference calls regarding foreclosure issues, and placed materials on LSC's website to provide information to grantees to assist in responding to the new and unexpected demands for foreclosure assistance. LSC continues to host these calls on a regular basis.

• Strategy: Use technology to expand access and availability, including through the expansion of Technology Initiative Grants (TIG).





Through a partnership with the State Justice Institute, LSC was able to award an additional \$1.23 million in TIG grants during the period 2006-2009. TIG grants have been instrumental in increasing access to information through websites and through the provision of court forms to *pro se* litigants. In addition to TIG grants, LSC negotiated an agreement with Lexis/Nexus to provide automated document assembly software to

grantees at no charge, which significantly improves the productivity of staff creating legal documents to assist clients.

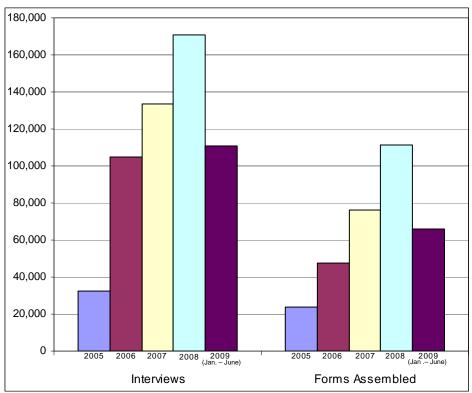
• Strategy: *Encourage expanded pro bono activities and contributions.*

The LSC Board of Directors, on April 28, 2007 adopted a resolution encouraging increased *pro bono* activities by attorneys. LSC encouraged local boards of directors to adopt similar resolutions, which 104 of them have done to date. During each visit of the LSC Board to a local program, the Board recognizes outstanding providers of *pro bono* assistance in the local area. In addition, LSC issued a program letter in December 2007 to provide guidance to programs on resources and innovative approaches available to more effectively integrate private attorneys into the provision of high quality civil legal assistance. During the past four years, cases closed by private attorneys working with LSC grantees varied between 93,000 and 97,000 cases closed, about 10% of all cases closed by LSC grantees.

Cases Closed by Private Attorneys							
2005	2006	2007	2008				
97,493	93,922	97,531	93,174				

• Strategy: Participate in the continued development of systems that support more effective pro se access where appropriate.

One of the emphases of LSC's TIG awards has been the development of forms on line to assist *pro se* litigants with court forms. Over 3300 forms have been developed for use in 27 states, the District of Columbia, and the Virgin Islands, and other states are modifying these forms for use in their states. More than half a million automated interviews have



been conducted since 2005 using this software, and more than 300,000 forms have been assembled. The following chart shows the number of automated interviews conducted and the number of *pro se* forms assembled over the past five years. In addition, LSC has been an active participant in the Self-Represented Litigants Network.

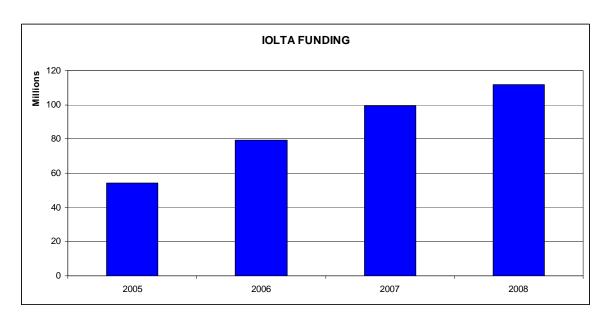
Objective 2: As the principal leader in the legal services/access to justice community, strengthen collaborations and strategic partnerships.

• Strategy: With judicial organizations

LSC's collaboration with the State Justice Institute enabled it to attract \$1.23 million over a four year period to make technology grants to grantees to work with court systems to develop better access and information for pro se litigants to court documents and processes. During LSC Board meetings, state supreme court justices have addressed the Board in a dozen locations around the country. Through meetings with chief justices and through articles in the publication of the Judicial Division of the American Bar Association, LSC has advocated for improved access to state courts for people unable to afford legal representation. In August 2009, the Conference of Chief Justices and the Conference of State Court Administrators jointly adopted a resolution supporting increased federal funding on a continuing basis for LSC.

• Strategy: With IOLTA groups

LSC has promoted the concept of the justice gap with IOLTA groups and state Access to Justice Commissions, helping to increase the funds provided by state IOLTA programs to LSC-funded grantees from \$54,093,492 in 2005 to \$111,797,730 in 2008. LSC staff, including President Barnett and Vice President Sarjeant, have participated in national IOLTA conferences, presenting on such topics as program evaluations and *pro bono* involvement.



• Strategy: With law schools and clinics

Following President Barnett's participation in a Yale University Law School colloquium, LSC developed a list of creative partnerships between LSC grantees and law schools and will be circulating the list to law schools as examples of what can be done. LSC grantees will be urged to use the list in contacts with their local law schools. LSC has also worked with the National Association for Law Placements to promote legal aid opportunities for graduating law students.

• Strategy: With private attorneys, bar associations, and corporate legal counsels

LSC established a partnership with the College of Law Practice Management (COLPM) to assist LSC on a *pro bono* basis by providing consulting on program management issues to LSC grantees. Three COLPM volunteers have participated in LSC's program visits to grantees through September 2009 to lend their knowledge and experience to the review and feedback on grantee program quality issues. In addition, LSC continues to work closely with the American Bar Association and its Standing Committee on Legal Aid and Indigent Defendants on issues related to the delivery of legal services to the poor.

• Strategy: With state equal justice communities

LSC continues to work with state Access to Justice Commissions as indicated above. Between 2005 and 2009, 16 additional states and the District of Columbia created access to justice commissions, bringing to 25 the total number of states with such commissions. LSC and its grantees have been active in the creation of each of those commissions, and many executive directors serve on their state commissions or as advisors to the commissions.

• Strategy: With federal agencies

In 2007, LSC worked with the Department of Housing and Urban Development to resolve issues surrounding the confidentiality of client data that assisted LSC grantees in being able to participate in HUD funding programs. From 2006-2008, LSC worked with the Federal Emergency Management Agency to allow greater access to legal aid attorneys by people affected by natural disasters. LSC continued its work with the Court of Veterans' Appeals to provide services to veterans appealing their claims. LSC met with Department of Justice officials to discuss ways of working together to promote access to legal representation.

• Strategy: With organizations that assist with disaster recoveries

In 2008, LSC entered into a memorandum of understanding with the American Red Cross to provide legal aid attorneys with access to Red Cross emergency operations centers so that people needing legal assistance following natural disasters could be referred to an available legal aid attorney. LSC also worked with FEMA as noted above. In partnership with the ABA, NLADA, and ProBonoNet, LSC helped create the website www.disasterlegalaid.org to provide information to people affected by natural disasters.

• Strategy: With other organizations interested in the delivery of legal services

LSC actively participates in the national conferences of the National Legal Aid and Defender Association and the annual Equal Justice Conference. The LSC Board of Directors reached out to a number of national organizations in 2008 and 2009 to solicit their participation in the development of LSC's budget and mission priorities.

Objective 3: More effectively inform the public of what LSC grantees do.

• Strategy: Collect and distribute stories about the meaningful differences made in clients' lives

LSC has significantly increased its efforts to distribute information about legal aid issues and the differences that legal services make in peoples' lives. LSC Updates has been improved and is now distributed to more than 5,000 people every other week. Each issue includes a story about the difference legal aid has made in a client's life. LSC also produced an annual report for 2008 that featured four client stories, and President Barnett's testimonies to Congress include client stories.

• Strategy: Continue to identify and publicize needs that are not being met

LSC updated its Justice Gap report in 2009 to document to what extent LSC grantees are still unable to serve those seeking help. The updated report confirmed the findings of the 2005 report, that LSC grantees are turning away one person needing help for each person they are able to serve. Partly as a result of LSC and its grantees' efforts to publicize the legal needs of the poor that are not being met, the number of media articles about legal aid have increased significantly, as evidenced by the following data from Meltwater News:

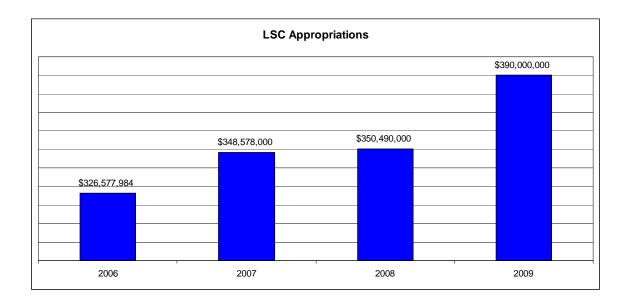
Category	2006	2007	2008	2009*
Mentions of LSC	978	411	665	921
Mentions of LSC Grantees	1,864	3,650	7,250	5,773

^{*}Includes articles published from Jan. 1 through Sept. 30, 2009.

Objective 4: Seek additional funding for legal services work.

• Strategy: The federal government

LSC has worked hard each year to achieve increased appropriations from Congress. The corporation has met with significant success, as evidenced by the following chart:



• Strategy: The private sector for projects of national significance

LSC has received almost \$300,000 in free advertising from the Google Adwords Campaign that began in 2008. More than 13,000 people per month access LSC's websites through this advertising in order to locate legal services programs in their area. LSC was also successful in negotiating with LexisNexis for \$150,000 in free software to enable LSC grantees to more easily assemble legal documents.

Goal 2

Enhance the quality and compliance of legal services programs

Objective 1: Effectively use LSC performance criteria and other indicia of high-quality legal services.

• Strategy: Encourage programs to use LSC performance criteria in program selfevaluations, planning, and program development.

LSC revised its Performance Criteria during 2006 and 2007 and distributed the criteria to all programs in March 2007. LSC provided training on the revised criteria in regional meetings of LSC grantees and at national conferences. LSC's competition process and OCE and OPP reports were restructured to focus on the performance criteria, and programs report as part of the grant application and renewal process on what they have done to meet the criteria.

• *Strategy: Use the competitive grant process to enhance program quality.*

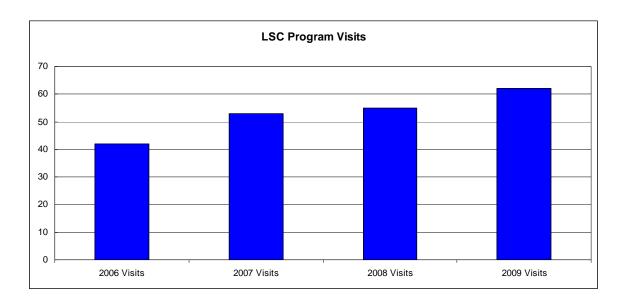
LSC revised its RFP process to track the performance criteria. OPP staff score each grant application based on the program's documentation of how it meets the criteria, and the counsel assigned to the program provides feedback to the program on areas for improvement. LSC revised the scoring system for grant applications in 2007.

Since each program submits an application once every three years, initial results of grantee scores on applications only reflect a general trend in grantee performance each year. In 2011, the fourth year of the new scoring system, LSC will be able to compare scores from the same programs over a three year period, for the first time being able to measure progress made by individual programs on the performance criteria.

• *Strategy: Use program visits to emphasize quality and compliance.*

LSC revised its operational procedures for OPP and OCE to improve coordination and communication between the offices with respect to grantee program performance. OCE in particular revised its procedures to assure closer oversight of grantees' internal financial controls.

LSC has increased the number of program visits over the four year period as shown in the attached chart:



LSC also sought to develop a measure for timeliness of resolution of OCE corrective action notices by grantees. After reviewing the results of a number of follow-up visits to confirm grantee resolution of OCE corrective action notices, LSC determined that using the notices by themselves as an indicator of timeliness of resolution was insufficient without on-site verification of the resolution. The existence of outstanding corrective action notices has been included as one of the risk factors in determining which programs to visit.

With respect to compliance, LSC identified the percentage of in-compliance findings by OCE during program visits as a performance measure. The annual in-compliance findings with LSC regulations for the five-year period are as follows:

Percentage Of In-Compliance Findings								
2006	2007	2008	2009					
			(Jan. – Sept.)					
96%	97%	96%	92%					

• Strategy: Make better use of data to identify and analyze recurring issues and focus on addressing those issues.

After analyzing the data being collected through grantee activity reports, LSC revised its Case Service Report handbook and conducted regional training on the revised handbook in order to improve accuracy in reporting. OPP and OCE are sharing data on each program visited to better identify issues that need attention and follow-up. Based on the findings of program visits, LSC is sending out annual advisories to all programs calling attention to problems that have been identified during program visits and reminding all programs of the proper procedures for avoiding the identified problems.

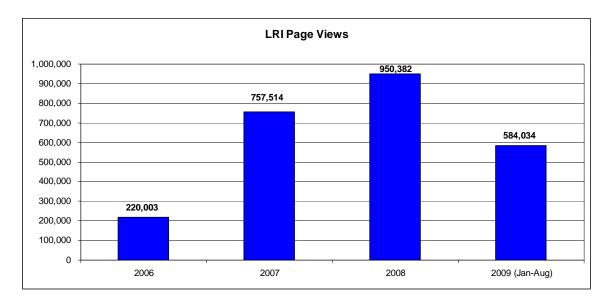
• Strategy: Contribute to the development of the ABA Standards for Providers of Civil Legal Services to the Poor.

LSC participated fully in the development of the ABA *Standards for Providers of Civil Legal Services to the Poor*, which was issued in 2007.

Objective 2: Increase training and technical assistance.

• *Strategy: Enhance the collection and distribution of best practices information.*

The LSC Resource Initiative (LRI) was redesigned and restructured in 2006 and a staff position created to staff it. LSC staff actively seeks information for LRI, and the LSC grant application asks for each program to identify information from the program that would be appropriate for LRI. In 2009, LSC established advisory groups of executive directors and LSC staff on Private Attorney Involvement, Fiscal Practices, and Board Governance, and the best practices identified by those groups will be posted to LRI. In addition, in the future, LSC plans for LRI to be a primary means of providing web-based training for program staff and board members.



• Strategy: Provide training for grantee staff on effective program operations and achieving full compliance with regulations.

LSC has been active over the five-year period in providing training for grantee staff. CSR training in 2007-2008 was provided throughout the continental U.S., with a total of 23 trainings conducted in person and by web-based trainings to more than 1,200 participants and 118 programs. LSC held a conference of all executive directors in 2008 to address quality and leadership issues. LSC has also conducted training sessions annually at six regional legal services conferences and at three national conferences.

Working with third parties such as the National Institute of Trial Advocacy (NITA), the Practicing Law Institute (PLI), and the American Law Institute American Bar Association

(ALI|ABA), LSC promoted additional training opportunities for grantee staff. NITA provided a free week-long training session for 75 of the newest legal aid attorneys among LSC grantees. The PLI offered free webinar training for legal aid attorneys, and LSC signed up more than 700 attorneys to participate. ALI|ABA is contacting LSC grantees to offer free webinar CLE training for legal aid attorneys. LSC conducted one web-based training for a new service provider, and has plans to expand into more web-based training based on the recommendations of the Fiscal Advisory Group and the Board Governance Advisory Group.

LSC's FY 2011 budget request contains a significant expansion of LSC's training capacity. An indicator for the amount of training provided to grantee staff by grantees was intended to be developed during the period, but the indicator has not been developed.

• Strategy: Continue to promote the diversity of legal services providers' boards, staff and leadership.

LSC conducted a pilot Mentoring Program from 2006-2008 to demonstrate one method of promoting diversity among legal services leaders, and, based on that experience, gave guidance to grantees on developing effective mentoring programs. One of the mentoring graduates is now an executive director of a grantee. Diversity in leadership development was a topic at LSC's Executive Director meeting in 2008, and grantee statistics show diversity improvements since 2005. Among the leadership at LSC grantees (defined as executive director through managing attorney level), the number of non-white leaders has increased from 229 to 258, an increase of 12.6%. Similarly, the number of women in leadership positions has increased from 422 to 474, an increase of 12.3%. Leadership has also gotten somewhat younger, with an increase from 127 to 138, or 8.6%, in the number of leaders under the age of 40.

While not a diversity issue, the retention of experienced attorneys at LSC grantees can be an indicator of program quality. According to grantee data, the turnover rate for attorneys has declined in the last four years:

Attorney Turnover							
2005	2006	2007	2008				
13.6%	13.8%	13.3%	12.2%				

Objective 3: Develop and enhance innovative approaches.

• Strategy: Design, implement, and evaluate innovative means for supporting grantee program development.

The LSC LRAP program was evaluated and proven to be an effective tool to assist in retaining legal aid attorneys. Congress has now authorized a broader program for legal aid attorneys with the potential of helping many more people. LSC is maintaining its commitment to its program and will reevaluate the need for an LSC program after the broader program is funded. LSC ran a pilot mentoring program from 2006-2008, with good success. The model program has increased grantee interest in having mentoring programs of their own. In at least one regional conference, grantee executive directors

have begun bringing to the conference for mentoring purposes rising leaders in their programs.

With respect to other innovative programs, in response to Hurricane Katrina LSC initiated a disaster response program which, through conference calls with grantees and other partners and through a special website, assisted grantees in responding to disasters in their areas and assisted people affected by natural disasters to find legal help when it was needed. Similarly, in response to the foreclosure crisis in 2009, LSC convened conference calls and participated in a special website to provide similar types of information.

To assist LSC with program visits and to assist grantees with management expertise, LSC entered into an agreement with the College of Law Practice Management (COLPM) to provide volunteer consultants to participate with LSC on program visits. These experts in law practice management offer advice to programs on improving their management and offer LSC staff their expertise in analyzing management effectiveness. The program began in 2009, and three COLPM consultants have participated through September of 2009.

• Strategy: Continue emphasis on technology initiatives and develop a strategic vision for LSC's technology investments.

Using a conference of experts in the field, LSC developed a vision for technology development entitled *Technology Capacities that Should be in Place in a Legal Aid Office Today*. That document was shared with grantees, and grantees must report as part of their grant applications and renewals (beginning with grants for 2010) their progress on acquiring the technologies (or demonstrate that a particular technology is not needed by them).

Through TIG grants, LSC has continued to emphasize innovative means for providing information and services to grantees as indicated earlier. The annual TIG conference has been expanded to include not only technology directors but also other grantee management staff. Reports on successful TIG projects have been published on LRI for others to emulate. Congress has consistently funded TIG grants, with the House Appropriations Subcommittee Chairman in 2009 inviting LSC to ask for more money for TIG in future years.

• Strategy: Work to improve support for hard to serve areas and populations, e.g., rural areas, migrants, Native Americans, limited English proficiency clients.

Through TIG, LSC has focused a number of technology grants on how to better serve clients in rural areas. From 2008 to 2009, LSC conducted an intensive review of the needs of Native American grantees, concluding that available data in 2009 demonstrated that the needs of Native Americans remained about the same in 2009 as they had been in 2002, the last time that Native American issues were reviewed.

Goal 3

Ensure that LSC operates efficiently and effectively

Objective 1: Increase LSC's productivity.

• Strategy: Develop closer collaboration between operating units of LSC.

In 2008, LSC made a major effort to develop closer cooperation among its program offices and between its program offices and the OIG. Joint meetings were begun and have continued. Operating procedures were rewritten for both OPP and OCE to reflect better coordination between the two. Joint visits were evaluated and found not to be effective in accomplishing LSC's objectives. Instead, as indicated above, LSC is conducting more program visits to more grantees.

• Strategy: Make LSC a model of diversity and inclusiveness.

LSC has maintained the diversity of its management since 2005, with approximately equal numbers of men and women employed overall. In the officers and managers category, racial and ethnic minorities comprise 39% of the total and women comprise 43% of the total.

• Strategy: Add to the capacity of LSC staff by enhancing skills through training and career development.

LSC has added a professional development component to the requirements for annual performance appraisals to identify areas of professional development for staff. Offices are providing group training on selected topics, and staff are attending local, regional, and national training conferences on relevant topics. More training opportunities for staff are planned, and a method for tracking training of individual staff members will be instituted.

• Strategy: Enhance database capacities and knowledge management capabilities.

LSC has acquired and implemented major upgrades to its two major technology systems during the five year period. WorkSite software has provided significant new knowledge management tools for document development, storage, and recall, and is being widely used within LSC. EasyGrants software has been acquired and modified to replace LSC's aging grants database. In addition, LSC has added a programmer in order to develop more specialized applications for LSC management and grants oversight needs. Upgrades to LSC's software for human resources and accounting were also implemented in 2008. OIT developed a list of sixteen technology performance indicators based on industry standards to measure LSC's performance in maintaining competitive capabilities, and LSC is competitive in each of the areas.

• Strategy: Ensure timeliness of LSC written products.

LSC has made a major effort to improve its production of reports based on program visits. In 2008, a timeline for program visit report production was developed for both OPP and OCE. There have been improvements in the timeframe for report completion, and based on a review of visit reports for 2008 and the first half of 2009, 70% of OPP reports were completed within the established timeline. Timeliness of report production for OCE improved in the first half of 2009, with 58% of OCE reports completed on time. Consideration is being given to extending the permissible timeframe for OCE reports in select situations such as the need for Office of Legal Affairs review or legal opinions and when the recipient program requests an extension of time to respond to the draft report.

Filling vacancies quickly remains a concern for LSC. As LSC seeks to expand its grants oversight function, filling vacancies quickly is a priority for the Corporation.

With careful oversight from the Board of Directors, LSC has been able to speed the completion of its annual audit such that the audit for FY 2008 was released in January 2009. LSC's goal remains to have the audit released in December following the close of the fiscal year in September.

Objective 2: Use resources effectively.

• Strategy: Conduct bottom-up reviews of LSC operations focusing on efficient practices and fiscal responsibility.

Bottoms-up reviews of OHR, OFAS, OIT and OIM were conducted by LSC in 2005 and 2006. Overall, since 2004, there has been a 10% reduction in staff in the Executive Office and the support offices at LSC. LSC's administrative costs have remained very low, less than 4% of its budget, during the five-year period.

• Strategy: Encourage initiatives for cost savings.

LSC has been able to cut costs in a number of areas since 2005. Through the internet travel initiative, LSC demonstrated that it could save \$50,000 per year. The internet pilot was made a permanent part of LSC's travel policies. In addition, through the acquisition of better technology, LSC's communications costs were reduced for data and long distance communications. The addition of more Treos has increased some costs for telecommunications but has also increased productivity for LSC's travelers. The LSC Board reduced costs by conducting its annual meeting at LSC's offices.

• Strategy: Review space requirements and modify as appropriate.

In 2005, LSC reviewed its space requirements and benchmarked itself against other organizations employing attorneys, such as the Department of Justice, the National Endowment for the Arts, the U.S. Postal Service General Counsel's Office, and surveys of law firms. LSC consolidated some of its offices and subleased space until the summer of 2010, when the need for additional space will be revisited.

According to the benchmark data collected in 2006, LSC's space allocations were comparable to the Department of Justice and to the National Endowment for the Arts and less than the General Counsel's Office of the Postal Service and the average law firm.

Objective 3: Review administrative requirements for grantees.

• Strategy: Examine and, where appropriate, amend regulations.

Each year the Board of Directors has reviewed LSC's regulations and identified those needing revision. Since 2005, the following regulations have been amended: 45 CFR Part 1624, Prohibition Against Discrimination on the Basis of Disability; 45 CFR Part 1621, Client Grievance Procedures; and 45 CFR Part 1602, Procedures for Disclosure of Information under the Freedom of Information Act.

• Strategy: Examine and, if appropriate, simplify and streamline data collection from grantees.

This remains an area of opportunity for LSC.

• Strategy: Explore the development of nationwide contracts for service, e.g., technology, health care.

LSC successfully negotiated with LexisNexis to provide automated document assembly for grantees at no charge. LSC worked with Clearinghouse to put on line at no charge training materials for new legal aid attorneys. LSC explored the possibility of having LSC grantees included among the organizations eligible to use the federal General Services Administration pricing for contracts for goods and services but was unsuccessful.



Policy on Selecting Grantees for On-Site Evaluations

As part of its oversight operations, the Legal Services Corporation (LSC) conducts periodic on-site evaluations of grantees' programmatic quality, fiscal strength, and regulatory compliance. To maximize efficiency and effectiveness, LSC strategically allocates its oversight resources, prioritizing on-site evaluations for the most high-risk grantees – grantees evidencing significant programmatic, fiscal, or regulatory compliance issues – as well as grantees that have not been visited recently or that serve uniquely challenging client populations. LSC uses the following risk-based assessment process to select grantees for programmatic, fiscal, and regulatory evaluations each year.

PURPOSE OF ON-SITE EVALUATIONS

LSC's on-site evaluations serve a variety of oversight objectives. *Programmatic* on-site evaluations (*e.g.*, "Program Quality Visits" (PQV), "Capability Assessment Visits" (CAV), or "Program Engagement Visits" (PEV), depending on the reason for the visit) are performed by LSC's Office of Program Performance (OPP) and are used to evaluate the quality of legal services provided and the strength of grantee *non-fiscal* management operations. The LSC Performance Criteria, ABA Standards for Provision of Civil Legal Aid, and LSC regulations and guidelines are used in these evaluations. These visits may result in recommendations for improvement within a monitored implementation period or the imposition of special grant conditions.

Fiscal and regulatory compliance on-site evaluations (e.g., "Compliance Reviews" (CR), "Program Integrity Reviews" (PIR or 1610 Reviews), "Follow-Up Reviews" (FUR), and "Focused Internal Control Reviews" (FIC)) are performed by LSC's Office of Compliance and Enforcement (OCE) and are used to evaluate and enforce grantee compliance with the LSC Act, LSC regulations and guidelines, and Grant Assurances, and to test the strength of grantee fiscal systems and internal controls against the Accounting Guide for LSC Recipients and other fiscal standards. These visits may result in recommendations for improvement, mandatory corrective action items, or other enforcement action, including questioned costs and grant reduction or termination proceedings.

EXHIBIT 4

PQVs are comprehensive visits that are typically one week in length and conducted by a team led by the OPP staff liaison to the program. CAVs are conducted as part of a competition assessment and are performed when there are multiple applicants, an applicant that is not a current grantee, or when OPP needs additional information to make a funding recommendation. PEVs are shorter visits, typically of two to three days in duration, designed to follow-up on a recent PQV or to assess specific areas of inquiry or concern.

CRs assess a grantee's policies and procedures in relation to various regulatory requirements and other guidance provided by LSC. During a CR, OCE will examine a grantee's internal controls and, if applicable, their Technology Initiative Grants, to ensure compliance with relevant policies, regulations, or guidelines. PIRs or 1610 Reviews focus specifically on assessing a grantee's compliance with 45 C.F.R. Part 1610, LSC's program integrity regulations. FICs assess a grantee's fiscal systems to ensure adequate internal controls exist and that sufficient policies and procedures have been implemented to safeguard LSC funds. FURs assess whether a grantee has taken sufficient steps to cure any deficiencies noted during a prior CR, PIR or FIC which had resulted in required corrective actions being issued.

TIMING OF THE SELECTION PROCESS

The selection process takes place in the summer and fall before the calendar year during which visits will occur. Scheduling occurs throughout the calendar year, but the first quarter visit schedule (January – March) is completed by no later than the preceding December.

OPP SELECTION PROCESS

OPP Risk Factors:

Primary Risk Factors -

- Date of last OPP quality visit (PQV or CAV)
- Date of last OPP engagement visit (PEV)
- Significant programmatic issues identified by LSC, including the Office of Inspector General (OIG), or other reliable sources (*e.g.*, Government Accountability Office (GAO), other funders, regulatory authorities, Congress, etc.)

Secondary Risk Factors -

- Regulatory compliance issues identified by OCE
- Fiscal issues identified by OCE
- Concerns resulting from financial statement reviews
- Significant complaints filed or pending against the program
- Technology Initiative Grant (TIG) performance issues
- Size of the grantee service area, client population, or grant award/budget
- Transition in grantee management (e.g., new Executive Director or Chief Financial Officer)
- Issues concerning board composition (*e.g.*, 45 C.F.R. § 1607 compliance; size; length of tenure; composition; or transition)
- Issues identified by
 - LSC personnel as a result of contact with grantees;
 - OPP as part of the competitive grant evaluation or through the grantee's required reporting;
 - Other funders; and
 - OIG, including A-50 referral information³ provided to OCE or other information from the OIG that is referred to management for follow up
- Particular areas of interest to be considered in prioritizing visits (*e.g.*, recent natural disasters or other emergencies, or areas of programmatic interest, such as Private Attorney Involvement (PAI), online intake, internal control mechanisms, or initiatives relating to LSC's Strategic Plan)

OPP's Application of Risk Factors: OPP uses a weighted ranking system that divides the risk factors into two categories: primary and secondary. These categories carry different numerical

A-50 referrals" are typically referrals made by the OIG to LSC management as a result of findings and recommendations made to grantee management contained in the audits conducted by Independent Public Accountants. LSC has determined that an effective grantee audit follow up system not only ensures the prompt and proper resolution of audit findings and recommendations and the implementation of corrective action, it also ensures a complete record of the actions taken on findings and recommendation is maintained. LSC's A-50 policies and procedures are intended to incorporate the concepts of the Office of Management and Budget (OMB) Circular A-50, *Audit Follow Up*

values depending on the level of risk posed. Each grantee receives a total score based on the number and type of risk factors identified.

1. Primary Risk Factor – Date of last OPP visit(s)

- 1 point is assessed for each year from the date of the last Program Quality Visit (PQV) or Capability Assessment Visit (CAV) relative to the upcoming grant year. This determines the "age" of the PQV or CAV.
- If the grantee has never had a PQV or CAV, 10 points are assessed.
- If the grantee had a Program Engagement Visit (PEV) *after* the last PQV or CAV, the PQV or CAV score is divided by 2 and the PEV score is added to that amount to generate a total score.

2. Primary Risk Factor – Significant programmatic issues identified by LSC or other reliable sources

• OPP staff mark "yes" or "no" to indicate whether this factor is present and indicate the nature of the issue. Grantees receive 5 points if "yes" is selected, and 0 points for "no."

3. Secondary Risk Factors -

• OPP staff mark "yes" or "no" to indicate whether these factors are applicable. Grantees receive 1 point if "yes" is selected and 0 points for "no" for each factor identified.

Individual risk factor scores are added together to generate a total score for each grantee. Grantees are then ranked in descending order by their total score. Grantees receiving the highest scores are generally prioritized for a PQV, subject to the ultimate selection process described below, unless the grantee was recently visited, or other factors, like LSC's strategic plan priorities or a natural disaster, require LSC to visit a lower-ranked grantee sooner. Programs with high scores not selected for PQVs, programs requiring follow-up of a recent PQV, or programs identified with specific areas of inquiry or concern, are candidates for PEVs.

OPP Site-Selection Steps:

- **Step 1.** The risk-based selection process begins with OPP program liaisons. During the summer and as part of the grant competition process, each program liaison completes a risk analysis form using LSC Grants software (**Appendix 1**).
- **Step 2.** Based on the risk analysis form results, program liaisons make site visit recommendations to their respective OPP regional team (north, south, and west).
- **Step 3.** The regional teams review liaison recommendations and prioritize recommended visits based on the risk factors.

- **Step 4.** A spreadsheet is generated ranking all grantees based on the weighted risk factors, the results of which are used as the primary basis for selecting the grantees that will receive a program quality visit in the upcoming year.
- **Step 5.** An OPP-wide meeting is held to discuss the regional teams' recommendations and review the risk assessment scores of all of the LSC grantees. Based on the recommendations, risk factors, application of professional judgment, and availability of resources, OPP staff generate a preliminary list of grantees to visit.
- **Step 6.** OPP and OCE share their preliminary site visit lists with each other in order to address any overlaps. Depending on the relative risk factors noted by each department, OPP and OCE will determine whether they will perform a joint visit to the program, schedule separate visits, or whether either OPP or OCE will defer the visit to another year.
- **Step 7.** OPP submits a final site visit recommendation list to the Vice President for Grants Management, who approves the list or makes changes based on her professional assessment of all relevant factors.
- **Step 8.** Following the selection of grantees for PQVs, OPP reviews the risk assessment chart and determines which grantees will receive PEVs.

OPP Documentation of Site-Selection Process: In addition to the risk assessment forms that are saved in LSC Grants for each grantee, OPP documents the results of its risk-based selection process in an Excel spreadsheet that lists all LSC grantees in descending order by rank, identifies each risk factor with a written indication of whether the risk factor was present for each grantee, and displays the score each grantee received under the ranking system. A separate memo is prepared for the Executive Office identifying the programs recommended for PQVs and the reasons for the selection decision, including the basis for not including programs with "higher scores" or including programs with "lower scores." If the Vice President for Grants Management disagrees with an OPP recommendation, the Vice President records the reason(s) for her decision. OPP saves the risk assessment chart and recommendation memos to LSC's document management system.

OCE SELECTION PROCESS

OCE Risk Factors:

- Date (and type) of most recent OCE visit
- Date (and type) of most recent OPP visit
- Significant compliance issues identified by LSC (including OIG) or other reliable sources (e.g., GAO, other funders, regulatory authorities, Congress, etc.)
- Other issues identified by
 - LSC personnel as a result of contact with grantees (e.g., fraud reports);
 - Grantee self-inspection reports;
 - OIG:
 - Other funders; and
 - Semi-annual reports

- Number, nature, and outcome of complaints filed against a grantee during the previous two years
- Special areas of interest (for example, in 2012/2013 OCE looked at several of the Native American programs)
- Grantee-specific significant issues
- Audited Financial Statement Review/Fiscal RFP Assessment of the fiscal portion of the competitive grant application
- A-50 referrals⁴
- Transition in leadership
- Particular areas of interest to be considered in prioritizing visits (e.g., recent natural disasters or other emergencies, or areas of fiscal or regulatory interest, such as Private Attorney Involvement (PAI), online intake, internal control mechanisms, or initiatives relating to LSC's Strategic Plan).

OCE's Application of Risk Factors: OCE uses a ranking system that assesses both the number *and nature* of risk factors applicable to each grantee. Grantees with a high number of risk factors, the nature of which pose a significant risk of loss or non-compliance, are preliminarily selected for site visits in descending order.

The number of risk factors applicable to a grantee provides the preliminary basis for selection. OCE staff members then analyze whether the nature and details of those factors pose a significant enough risk to warrant a visit. This second step moves beyond the objective risk factors, allowing staff to evaluate, in their professional judgment, the subjective nature of the circumstances giving rise to the factors.

While some grantees may meet many risk factors, the nature and the circumstances underlying a particular risk factor may mitigate the risk and not warrant an on-site evaluation. The professional judgment of staff is an important component of the OCE risk-based selection process.

For example, if OCE compiled information in three risk categories (*e.g.*, a high error rate in the most recently reported self-inspection of cases closed during the previous calendar year, high number of complaints initiated, and A-50 referrals from the OIG) for Grantee 1, and information about two risk categories (*e.g.*, information provided by the OIG or OPP regarding potential compliance concerns and information revealed during OCE staff review of audited financial statements) for Grantee 2, OCE will assess each factor to determine the significance of the information available, not just the number of factors implicated. In this example, although OCE has information related to three factors for Grantee 1, it is necessary to look further at whether there is a reason for the high self-inspection error rate, what the nature of each

_

⁴ See note 3, above.

⁵ At the beginning of each calendar year, LSC grantees are required to perform a self-inspection on sample selection of cases closed during the prior year to determine whether the case files contain sufficient information to support reporting them to LSC. As a result of the self-inspection process, grantees report the percentage of sampled cases which would not be eligible to be reported to LSC due to missing or inaccurate data. The data reviewed during the self-inspection includes, but is not limited to: documentation of applicant eligibility under 45 C.F.R. Part 1611 and 1626, whether a case was a duplicate of another case, whether the legal advice provided was adequately documented, and whether the case was closed in a timely manner after completion. A high self–inspection error rate is currently considered to be 5% or more of the sampled cases reviewed.

complaint and the outcome of the investigation undertaken was, and the type of A-50 referral(s) and outcome of any investigations. Often times an increase in the reported self-inspection error rate is the result of a recent OCE visit during which time a misinterpretation of a regulation or CSR reporting requirement was noted; the majority of recent complaints lodged against Grantees are denial of representation or inadequate representation – neither of which is often resolved in the complainants' favor; and A-50 issues are sometimes minor compliance issues – such as a failure to obtain requisite retainer agreements. OCE also will review the information for the two factors related to Grantee 2 to determine the significance of the potential compliance concerns raised by OIG/OPP and the nature of the issues noted during the audited financial statement review. If, for example, the audited financial statement review noted repeated failures to comply with LSC's PAI requirement and/or fund balance issues, such issues would be considered more significant than the three factors noted for Grantee 1.

OCE Site-Selection Steps:

- **Step 1.** The risk-based selection process begins with the OCE Director, who generates an Excel chart that lists grantees in descending order from the date of their last OCE visit.
- **Step 2.** OCE staff members are asked to provide the Director with recommendations on which grantees should be visited based on the risk factors identified above, applying their professional knowledge of compliance and enforcement issues for all grantees.
- **Step 3.** The Director inputs that feedback, along with factual information and circumstances relating to each risk factor, into the Excel chart for each grantee. The grantees that meet the most factors, the underlying circumstances of which pose a significant risk, are ranked in descending order of severity of risk. The Director preliminarily selects grantees for site visits based on rankings and availability of resources.
- **Step 4.** OPP and OCE share their preliminary site visit lists with each other in order to address any overlaps. Depending on the relative risk factors noted by each department, OPP and OCE will determine whether they will perform a joint visit to the program, schedule separate visits, or whether either OPP or OCE will defer the visit to another year.
- **Step 5.** OCE submits a final site visit recommendation list to the Vice President for Grants Management. If the Vice President for Grants Management disagrees with an OCE recommendation, the Vice President records the reason(s) for her decision.
- **OCE Documentation of Site-Selection Process:** OCE documents the results of its risk-based selection process in an Excel spreadsheet that lists all LSC grantees by name; each risk factor, with a written indication of whether the grantee satisfied the factor and the underlying reason why; the risk factors each grantee met and a brief assessment of whether the aggregated factors for each grantee pose a significant risk; and the reasons for the selection decision. The chart is updated periodically throughout the year to reflect the scheduling of visits to grantees which deviates from the results of the risk-based system. OCE saves the risk assessment chart and recommendation memos in LSC's document management system.

11.15 Public Communications about LSC's Access to Justice Work

LSC needs to communicate consistently about our access to justice work, so that the public, our funders, our access to justice partners, and our grantees do not receive conflicting messages. We encourage our employees to participate actively in the legal aid community. Employees who are invited or would like to communicate publicly about LSC's access to justice work in their official capacity with LSC (by identifying themselves as an LSC employee or by using their LSC title) must receive pre-approval from the Office of Government Relations and Public Affairs (Carl Rauscher, x1617). Examples of public communications covered by this policy include publishing a journal article, submitting official comments, giving a statement to the press, making blog contributions, giving a speech, etc.

Employees who wish to communicate publicly about matters related to their wages, benefits, terms and conditions of employment, or working conditions, are not subject to this policy. This policy is not intended to preclude or dissuade employees from engaging in legally protected activities under state or federal labor and employment laws (for example, the Civil Rights Act, Occupational Health and Safety Act, or the National Labor Relations Act).

Consistent with our <u>Code of Conduct on Restricted Political Activities</u>, employees are reminded that they may not identify themselves as LSC employees if they post political content on social media. This does not include listing LSC as your employer or including your LSC title in the "general information" section of a social media account.

OFFICE OF COMPLIANCE & ENFORCEMENT

	OFFICE OF COMPLIANCE & EN FINANCIAL STATEMENT REVIEW I						
R	NO		(C)		_		
Recipient Na	ime						
Fiscal Year E	End						
-							
	CALCULATION INPUT FIELDS						
	INFORMATION INPUT FIELDS			AFS	AFS	AFS	
FINANCIAL STATEMENTS				Amounts	Page	Note	EXPLANATION
LSC Grant Support	(include all non-basic field derivative income with grant funds)		Basic Field				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Native American				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
	Check Calculation		Migrant				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
Total AFS LSC Support and Revenu	ue		TIG				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
Total Revenue per tab	0		Inkind/Non-cash (Goods and Services)				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
Difference	0		Other Grants: Special/One Time				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
	Should be -0-		Special/One Time				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Special/One Time				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
Derivative Incor	ne Basic Field Derivative Income Only		Interest Income				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Court Awards/Attorney Fees				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Sales Proceeds				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Rental Income				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Cash Donations and Contributions				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Other				Review the Recipient's Statement of Activities, Statement of LSC Fund Activity or Notes to the Financial Statements
			Total Net Assets				Review the Statement of Financial Position for the Amount or Notes to the Financial Statements
	·		Net Property and Equipment				Review the Statement of Financial Position for the Amount or Notes to the Financial Statements
Net Asset Balan	ce Include: Basis Field, Migrant, Native American		LSC Net Assets (see left for exclusions)				Review the Statement of Financial Position for the Amount or Notes to the Financial Statements
	Exclude: Property, Debt, Special/One-Time		Non-LSC Net Assets	0			Review the Statement of Financial Position for the Amount or Notes to the Financial Statements
	PAI Expenditures		PAI Expenditures				Review the Recipient's PAI Schedule and Schedule of Revenue, Support and Expenses for the Amount & Notes to the Financial Statements
	PAI Experiultures		PAI Experialitires				Statements
LSC RECORDS		AIMS	Total LSC Support				Obtain the Amount from the Office of Inspector General AIMS Report
200 112001120		,	Net Assets LSC				Obtain the Amount from the Office of Inspector General AIMS Report
			PAI Expenditures				Obtain the Amount from the Office of Inspector General AIMS Report
		ODGA					Obtain the Amount from the ODGA Report
			Native American				Obtain the Amount from the ODGA Report
			Migrant				Obtain the Amount from the ODGA Report
			TIĞ				Obtain the Amount from the ODGA Report
			DAI Doguiroment	0			Calculated Based On Farmula (ODCA Basis I CC Cront* 135) Fatered on 136

0

PAI Requirement

Calculated Based On Formula (ODGA Basic LSC Grant*.125) Entered on I26

OFFICE OF COMPLIANCE & ENFORCEMENT FINANCIAL STATEMENT REVIEW MEMORANDUM (ESRM)

COMMENTS: FSRM Compliance Findings

INFORMATION INPUT FIFT DS

	FINANCIAL STATEMENT	REVIEW WEINORANDOW (FSKW)	IN ORMATION INFOTTILEDS
RNO	0		Do not change any other cells.
Recipient Name		0	
Fiscal Year End	1/0/1900		

				Varia	ances			
A - Analysis of AFS Values				AFS vs.	AFS vs.			
LSC GRANT SUPPORT	<u>AFS</u>	AIMS	RECORDS ODGA	AIMS <u>Over (Under)</u>	ODGA <u>Over (Under)</u>	AFS Page		Comments
Basic Field	0		0		0	-		
Native American	0		0		0			
Migrant	0		0		0			
TIG	0		0		0			
Inkind/Non-cash (Goods and Services)	0							
Other Grants: Special/One Time Special/One Time Special/One Time	0 0 0					-	- - -	
LSC Grants Support Total (w/o TIG, Inkind/Non-cash and Other Grants: Special/One Time)	0							
PAI Ratio (1614.1) PAI Exp.	#DIV/0! 0	0	0	0	0	-		

DERIVATIVE INCOME						
Interest Income	0			-	-	
Court Awards/Attorney Fees	0					
Sales Proceeds	0					
Rental Income	0					
Cash Donations and Contributions	0					
Other:	0					
Derivative Income Total	0					
TOTAL LSC SUPPORT	0	0	0			
Net Assets Balance (Fund Balance) (Excluding Property, Debt and Other Grants: Special/One Time)						
LSC	0	0	0	0		
Non-LSC Fund Bal Ratio (1628.3)	0 #DIV/0!					

OFFICE OF COMPLIANCE & ENFORCEMENT FINANCIAL STATEMENT REVIEW MEMORANDUM (FSRM)

	RNO 0	All fields below are inform			ation input.		
Recipient N							
Compliance Re	Wiew of AFS	<u>YES</u>	<u>NO</u>	<u>N/A</u>	COMMENT		
1.	Are Comparative Financial Statements Presented?						
2a.	Is LSC Grant Activity Reported Separately?						
2b.	Is TIG Reported Separately?						
3a.	Are PAI Revenue and Expenses Reported Separately?						
3b.	Is the 12 1/2% PAI Requirement Met?						
3c.	Were any PAI Waivers Requested and/or Granted?						
4.	Are LSC Expenses Reported by Natural Line Items?						
5.	Are Client Trust Fund Accounts in Agreement?						
6.	Are LSC Property Items Properly Reported and Accounted?						
7a.	Are LSC Net Assets Equal To or Less Than 10% of the Total LSC Support?						
7b.	Were any LSC Net Assets Waivers Requested or Granted?						
7c.	Do LSC Net Assets Have a Positive Balance?						
8a.	Are there any approved LSC sub-grants?						
8b.	Are LSC Subgrants Properly Reported?						
9.	Do the PAI Allocated Costs Exclude all Non-LSC Subgrants' Costs and Other Non-LSC Costs?						
10.	If There are Donated goods and services, Have They Been Properly Reported?						
11.	Were There Significant or Unusual Items Found in the FSRM Review Such as Unusual Transactions Unexplained Interfund Transfers, or AFS Disclosures Such as Large Cash Balance/Overdrawn Position, Excessive Payroll Liabilities, Contingencies and Commitments, or Inadequate Breakdown of Other Support or Costs?						
12.	Was an Unmodified Opinion Issued on the AFS?						
13.	Were Material and/or Significant Deficiencies Found By the Auditors?						
Material and/or	r Significant Deficiencies Found by Auditors						
		_	_				
COMMENTS:					_		
Questionnaire	Findings						
<u>wacsuominane</u>	<u> </u>				_		

OFFICE OF COMPLIANCE & ENFORCEMENT FINANCIAL STATEMENT REVIEW MEMORANDUM (FSRM)

 KNO	0	
Recipient Name	0	_
Fiscal Year End	1/0/1900	CALCULATION INPUT FIELDS
		INFORMATION INPUT FIELDS

Calculation and Analysis of Financial Ratios:

A - Current Ratio:

Current Ratio Analysis: 2015 2014 2013 Current Assets **Current Liabilities Current Ratio** #DIV/0! #DIV/0! #DIV/0!

The current ratio formula: Current assets/Current liabilities

*Total Current Assets and Total Current Liabilities are recorded on the Recipient's Statements of Financial Position; and also

A current ratio of over 1 is good news because for every dollar in current liabilities there is more than one dollar in current assets, which means the recipient has liquidity and will be able to pay obligations as they become due.

If the current ratio is less than 1, indicate in COMMENTS below and investigate.

B - Total Debt Ratio:

Total Debt Ratio:	<u>2015</u>	<u>2014</u>	2013
Total Liabilities			
Total Assets			
Total Debt Ratio	#DIV/0!	#DIV/0!	#DIV/0!

The total debt ratio formula: Total debt/Total assets

Total debt includes all liabilities.

***Total Debt and Total Assets are recorded on the Recipient's Statements of Financial Position; and also review the Notes to Financial Statements.

The total debt ratio measures the proportion of a company's assets that are financed by debt.

A total debt ratio of 1 or less is good. Debt ratios higher than 1 indicate the recipient is more leveraged and has more debt than assets, which increases its financial risks.

If the total debt ratio is greater than 1, indicate in COMMENTS below and investigate.

C - Defensive Interval Ratio:

Defensive Interval Ratio:	2015		2	014	2	013
Unrestricted Cash						
Marketable Securities						
Receivables						
Unused Line of Credit						
Total Cash,						
Marketable						
Securities, unused						
Line of Credit, &	\$	-	\$	-	\$	-
Average Monthly Expenses						
Defensive						
Interval Ratio						
(Months)	#DIV/0!		#D	IV/0!	#D	IV/0!

The defensive interval ratio formula: (Cash + Marketable Securities + Receivables+Unused Line of Credit)/(Average Monthly Expenses after Remov **Cash, Marketable Securities, Receivables are recorded on the Recipient's Statements of Financial Position; and also review the Notes to Financial Statements.

Total Expenses for the Fiscal Year are recorded on the Recipient's Statements of Functional Expenses, after Removing the Non-Cash Expenses, which are divided by 12 in order to calculate the average monthly expenses.

The higher the number of months the better for the organization.

The defensive interval ratio is a liquidity ratio that measures how many months a Recipient can operate and finance its daily activities if no additional funds or cash flows were received.

The higher the number of months the better for the organization.

If the defensive interval ratio less than 3, indicate in COMMENTS below and investigate.

D - Percentage Increase or (Decrease) in Expenses

Percentage Increase (Decrease) in Expenses	2015	%	2014	%	2013	%
Program	2010	#DIV/0!	2014	#DIV/0!	2010	#DIV/0!
Management And General		#DIV/0!		#DIV/0!		#DIV/0!
Fundraising		#DIV/0!		#DIV/0!		#DIV/0!
Total Expenses	\$ -		\$ -		\$ -	•
% Increase (Decrease)		#DIV/0!		#DIV/0!		
Total Support Revenue (Contributions & Grants)						
% Increase (Decrease)		#DIV/0!		#DIV/0!		

- 1) Explain increases or (decreases) in total expenses over 10%.
- 2) Explain increases or (decreases) in total revenue over 10%.
- 3) Compare percentage change in expense type over year. Any changes over 5% should be investigated.
 4) Compare percentage change in each expense category against the increase in total revenue to see if they correlate.

Results of 1) to 4) should be included in COMMENTS below and investigated.

E - Percentage Increase or (Decrease) in Unrestricted Net Assets

Percentage Increase (Decrease) in Unrestricted Net Assets	2015		2014		2013
Unrestricted Net Assets, end of year					
% Change in Unrestricted Net Assets		#DIV/0!		#DIV/0!	

If the percentage decrease in unrestricted net assets is greater than 10% indicate in COMMENTS below and investigate.

COMMENTS:

Financial Ratios Compliance Findings

OFFICE OF COMPLIANCE & ENFORCEMENT FINANCIAL STATEMENT REVIEW MEMORANDUM (FSRM)

RNO	0		
Recipient Name		0	
Fiscal Year End	1/0/1900		

FOLLOW UP?:

	YES	NO	N/A
Any Communication with Recipient?			
Letter Sent?			
Phone Call?			
D			
Response Required?			
Dates Initiated:			
Date Due:	-		
	-		
Has Corrective Action Been Taken?			
ANALYSIS COMPLETED BY (initial):		DATE:	
DEVIEW COMPLETED DV (initial)		DATE	
REVIEW COMPLETED BY (initial):		DATE:	
LOGGED INTO FSRM DATABASE BY (initial):		DATE:	