

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

GOVERNANCE & PERFORMANCE REVIEW  
COMMITTEE MEETING

OPEN SESSION

Saturday, January 26, 2013

8:55 a.m.

Hyatt French Quarter New Orleans  
800 Iberville Street  
New Orleans, Louisiana 70113

COMMITTEE MEMBERS PRESENT:

Martha L. Minow, Chairperson  
Sharon L. Browne  
Charles N.W. Keckler  
Julie A. Reiskin  
John G. Levi, ex officio

BOARD MEMBERS PRESENT:

Laurie Mikva  
Father Pius Pietrzyk, O.P.

## STAFF AND PUBLIC PRESENT:

James J. Sandman, President

Rebecca Fertig, Special Assistant to the President

Mark Freedman, Senior Assistant General Counsel,  
Office of Legal Affairs

Lynn Jennings, Vice President for Grants Management

Jeffrey E. Schanz, Inspector General

Thomas Coogan, Assistant Inspector General for  
Investigations, Office of the Inspector General

Carol Bergman, Director, Office of Government  
Relations and Public Affairs

Paul Furrh, Lone Star Legal Aid

Chuck Greenfield, National Legal Aid and Defender  
Association (NLADA)

Don Saunders, National Legal Aid and Defenders  
Association (NLADA)

Terry Brooks, American Bar Association

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## 1 P R O C E E D I N G S

2 (8:55 a.m.)

3 CHAIRMAN MINOW: Good morning. We're going to  
4 start the meeting of the Governance & Performance  
5 Review Committee.6 I would entertain a motion to approve the  
7 minutes.

## 8 M O T I O N

9 MR. KECKLER: So moved.

10 MS. REISKIN: Second.

11 CHAIRMAN MINOW: All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN MINOW: Great. Oh, is that Sharon?

14 MS. BROWNE: Yes. I'm on the phone.

15 CHAIRMAN MINOW: Wonderful. Hi, Sharon.

16 MS. REISKIN: Welcome.

17 MS. BROWNE: Thank you. Hi, everybody.

18 MR. KECKLER: Hi, Sharon.

19 CHAIRMAN MINOW: We miss you, but it's great  
20 you're here.

21 MS. BROWNE: Thank you.

22 CHAIRMAN MINOW: We're going to turn to staff

1 reports about evaluations. And let me just say a  
2 couple words about that. This is, of course, the  
3 Committee that makes everybody do evaluations, so  
4 there's in our purview a review of the board and board  
5 member self-evaluations as well as the committee  
6 evaluations.

7           It is the responsibility of each committee to  
8 spend some time looking at the evaluations and use them  
9 to help plan the agenda for the future. And so we will  
10 do that for our own Committee.

11           But as to the general, I just would like to  
12 know -- can we have a staff report on whatever you want  
13 us to know about the process? It does seem to work  
14 okay. Everybody answered it. Any questions about  
15 that, Carol?

16           MS. BERGMAN: Excuse me. Are you talking  
17 about general board --

18           CHAIRMAN MINOW: First I'm talking about the  
19 board ones.

20           MS. BERGMAN: The board evaluations?

21           CHAIRMAN MINOW: Correct.

22           MS. BERGMAN: Right. So there were three sets

1 of evaluations. There were committee evaluations,  
2 board evaluations, and then self-evaluations. This is  
3 Carol Bergman, for the record, Director of Government  
4 Relations and Public Affairs.

5 There's a summary document that's public for  
6 every document, and then there's a summary document in  
7 the board book of the board evaluations, and then the  
8 summary document of the self-evaluations is in the  
9 closed section of the board book.

10 The only thing I would mention is that only  
11 two of the non-board members filled out committee  
12 evaluations. We sent them to everybody, and I thought  
13 that, if you want to take note of that, that perhaps  
14 that process might be tweaked to get better  
15 participation there.

16 There were one or two comments that are worth  
17 bringing attention to of questioning the forms. And I  
18 just wanted to clarify for the record that my  
19 understanding is that these forms were adopted by the  
20 Board at a prior board meeting more than a year ago.  
21 So just to clarify that these were not our forms that  
22 we were creating now.

1           CHAIRMAN MINOW:    Sure.

2           MS. BERGMAN:    So that if the Board wanted to  
3 change the forms, it's the Board's role to change them.  
4    These were not in any way staff-created or --

5           MR. LEVI:    Oh, that's not true.  They were  
6 proposed by John Constance to the Board --

7           BY MS. BERGMAN:    Yes.

8           MR. LEVI:    -- and then the Board adopted them.

9           CHAIRMAN MINOW:    Approved them.

10          MS. BERGMAN:    Correct.

11          MR. LEVI:    But I think that if, based on your  
12 experience or recommendations from the Board, that  
13 changes are thought to be in order, you should propose  
14 them.  We can, but you can feel free to.  If your  
15 experience is such that, based on your review and your  
16 own professional expertise --

17          MS. BERGMAN:

18          MR. LEVI:    -- you want to suggest a tweak here  
19 and there --

20          CHAIRMAN MINOW:    Well said, John.  Or another  
21 way to put it is as we think ahead to next year, one  
22 possibility is to consider revising the forms.  So

1 before the time comes, we should review the forms.

2 And Carol, if you can help us look at what  
3 anybody said about problems with the forms connected  
4 with any other thoughts you may have, we should devote  
5 that as an agenda item at a future meeting.

6 Julie?

7 MS. REISKIN: Just a small, non-substantive  
8 suggestion is could we do it fillable or in  
9 SurveyMonkey or in a way that --

10 CHAIRMAN MINOW: Very good, to make it  
11 electronic.

12 MS. REISKIN: Yes.

13 MR. LEVI: And maybe some consideration should  
14 be given to Carol's observation about the non-director  
15 board members --

16 CHAIRMAN MINOW: Yes.

17 MR. LEVI: -- or non-director committee  
18 members. Maybe we need to have a truncated -- because  
19 they --

20 CHAIRMAN MINOW: Well, maybe that or --

21 MR. LEVI: A one-pager or something.

22 CHAIRMAN MINOW: Or one thought I had on that

1 is maybe, Carol, if this makes sense, if you jog me, I  
2 will write those people personally next year to tell  
3 them why it matters to us. And we can try that for one  
4 year to see if that makes a difference before we alter  
5 what the instrument is.

6 MS. BERGMAN: I think that's a good idea. One  
7 of the most obvious things is that by having something  
8 where the bulk of it is checking boxes, I think that  
9 many people just -- it was done very routinely.

10 CHAIRMAN MINOW: Yes.

11 MS. BERGMAN: And I think we might want to  
12 tweak it enough to engage folks a little bit more and  
13 get a little bit more substantive response.

14 CHAIRMAN MINOW: I think that's good. That's  
15 good. So let's have as a future agenda item reviewing  
16 those forms, including the electronic versus other  
17 possibilities, and the content.

18 Let's just spend a moment on the evaluation of  
19 this Committee. Where people, I thought, really gave  
20 some good suggestions -- and I'm just going to look at  
21 the sheet; in my book it's page 134 -- we will very  
22 much take up today the request to have a better

1 understanding of GAO's role.

2           So I've asked Carol to begin her  
3 comments -- when we turn to the staff report on GAO  
4 implementation, to spend a couple of minutes just  
5 telling us a little bit more about GAO's role.

6           There's another idea, that we spend more time  
7 on implementation of Fiscal Oversight Task Force. And  
8 we'll work with Jim on what makes sense about that,  
9 whether it belongs here or somewhere else. It's a fair  
10 question. The Board wants to be brought up to date on  
11 that, and similar about other outstanding issues.

12           There is an issue also, Jim, whether this is  
13 the Committee that is supposed to have some role in  
14 research. And maybe we could have a semiannual  
15 briefing on that. Does that make sense?

16           PRESIDENT SANDMAN: Yes, it does.

17           CHAIRMAN MINOW: Great. And there were  
18 several very good ideas, I thought, about future  
19 topics. One came up yesterday, John. I wanted to know  
20 whether you want this Committee to take up the role of  
21 addressing governance for grantees, the board role of  
22 grantees.

1 MR. LEVI: Yes.

2 CHAIRMAN MINOW: So that can be on a future  
3 agenda as well.

4 And whether we should have a comprehensive  
5 review of the charter and the LSC's governance, and  
6 aligning performance reviews to achieve year-to-year  
7 comparison -- these are all good ideas that I think we  
8 need to mull about before we decide what our next  
9 particular topics are.

10 Ensuring that best practices are available to  
11 grantees -- I wasn't sure what that meant, whether that  
12 meant best governance practices or not. And I'm  
13 assuming for now it means best governance practices,  
14 and so I'll align that with this issue of model  
15 governance for grantees.

16 Any other comments on the evaluations for this  
17 Committee? Any thoughts?

18 (No response.)

19 CHAIRMAN MINOW: So let's turn to the GAO  
20 implementation. But before that, Carol, if you would,  
21 tell us a little more about what is GAO and why do we  
22 relate to them? I myself found most remarkable when

1 they changed their name from the General Accounting  
2 Office to the General (sic) Accountability Office.

3 MS. BERGMAN: Yes.

4 MR. SCHANZ: Government Accountability Office.

5 CHAIRMAN MINOW: Government, sorry.

6 Government Accountability Office. Did that make any  
7 difference? And can you tell us a little bit more?

8 MS. BERGMAN: I have no idea if it made any  
9 difference. That happens fairly recently.

10 GAO was created in 1921 with a broad mandate  
11 to investigate how federal dollars are spent. The  
12 Budget and Accounting Act transferred auditing  
13 responsibilities and claims functions from the  
14 Department of Treasury to an independent GAO.

15 And Congress gave GAO a dual mission: one, to  
16 support Congress in meeting its constitutional  
17 responsibilities; and secondly, to help improve  
18 performance to ensure accountability of federal  
19 government for the benefit of the American people.

20 So GAO was given the authority to conduct  
21 investigations and reviews at the request of  
22 congressional committees or in accordance with public

1 law or committee reports.

2 We also took a look at what kind of  
3 outstanding recommendations there were, since we've  
4 focused so much on the open-ended recommendations  
5 directed at LSC. At the moment, there are more than  
6 4,000 open recommendations from GAO directed at  
7 agencies. There are reports outstanding on 70 federal  
8 government agencies and 33 independent agencies.

9 CHAIRMAN MINOW: So we're in good company?

10 MS. BERGMAN: Indeed. And the 33 independent  
11 agencies are approximately 900 of the 4,000 open  
12 recommendations.

13 At the end of fiscal year 2012, 80 percent of  
14 GAO recommendations from five years earlier had been  
15 implemented. But it generally takes approximately four  
16 years for most recommendations to be fully implemented  
17 and closed out.

18 The agency with the most open recommendations  
19 is Department of Defense, with 1,090. Homeland  
20 Security has 336. And then in the 200s, we go down to  
21 Treasury and Transportation and State Department, HHS,  
22 Commerce, and then Agriculture is at 197, the VA at

1 176, Energy at 164, and Interior at 160. We stop  
2 there.

3 CHAIRMAN MINOW: I'm feeling better already.

4 (Laughter.)

5 CHAIRMAN MINOW: So outstanding ones, we only  
6 have about four.

7 MS. BERGMAN: Four. We have four.

8 CHAIRMAN MINOW: Yes. So that's pretty great.

9 MS. BERGMAN: Yes.

10 CHAIRMAN MINOW: Well, thank you. That's a  
11 very helpful update. Sometime -- not today -- I'd love  
12 to understand who are the people that we are dealing  
13 with? What is their background? What is their  
14 training? Because it often looks like it's an  
15 accounting training. I don't know if that's true. But  
16 we don't have to answer that right now.

17 Why don't we turn to the outstanding  
18 recommendations.

19 MS. BERGMAN: Okay. Very good. The only  
20 thing I would say is that when I worked on Capitol Hill  
21 and I worked for a committee that was an oversight  
22 committee, I initiated numerous GAO investigations and

1 reports, and across the board was very impressed with  
2 the caliber of the folks that were engaged -- but, you  
3 know, like in anything, I think. But I'd be happy to  
4 come back with a greater analysis that's not anecdotal.

5           So in June 2010, GAO made 17 recommendations  
6 for improving LSC's grant-making and internal  
7 operations. And so far, LSC has accepted all of the  
8 recommendations. We've implemented 13 of the 17, and  
9 this is an increase of one since the last report.

10           GAO has closed ten, which is seven more than  
11 last time, including recommendation 3, which was about  
12 the independent risk-based assessment of the  
13 grant-making process.

14           MS. REISKIN: That's closed out?

15           MS. BERGMAN: Yes. It was just recently  
16 implemented, in November 2012, when there was a  
17 completion of an independent risk-based assessment of  
18 LSC's grant-making process by L&L Consulting.

19           The assessment is not subject to GAO's review,  
20 but LSC plans to implement a major part of their  
21 recommendations during the 2014 fiscal year grant cycle  
22 beginning in April.

1           GAO is still reviewing LSC's implementation of  
2 three outstanding -- well, there are a total of four,  
3 so I'll do them in two categories. Of the -- I guess  
4 actually there are two categories.

5           GAO is still reviewing LSC's implementation of  
6 three recommendations, and that's 4, 5, and 16. Four  
7 has to do with the LSC grants upgrades; 5 is risk  
8 criteria for scheduling site visits; and 16 is staff  
9 training on internal controls.

10           But GAO expects to close them out shortly.  
11 These have been pending since August, and it has to do  
12 with their staffing procedures and not having gotten  
13 back to us.

14           We recently submitted a GAO request for  
15 additional information with regard to recommendation 4.

16           We gave them a memo that detailed the changes made to  
17 the LSC grants and their cost-effectiveness.

18           So LSC is now still implementing the four  
19 outstanding recommendations, three of which are related  
20 to performance measures and annual assessments of  
21 employees, and the last one is related to the staffing  
22 assessment.

1           So the three regarding performance measures  
2 are recommendations 9, 10, and 12. And to address  
3 GAO's concerns over the human resources management, LSC  
4 has been in the process of developing, in conjunction  
5 with the employee union, a comprehensive performance  
6 management system.

7           A draft proposal is currently being evaluated  
8 by senior management, and once finalized, it will be  
9 subjected to the formal collective bargaining process.

10           In developing the new system, as we've talked  
11 about, LSC has issued a job analysis questionnaire  
12 referred to in the document as a JAQ. This went to all  
13 staff, and it sought to assess current position  
14 descriptions, identify the competencies required for  
15 each position, and develop appropriate performance  
16 measures.

17           Management has analyzed the results and is in  
18 the process of redrafting position descriptions, taking  
19 care to specifically tie them to our strategic plan.  
20 LSC has also recently engaged Quatt Associates, a  
21 management consulting firm, to assess LSC's employment  
22 compensation structure, including performance pay.

1           There may be adjustments to the proposed  
2 performance management system to reflect Quatt's  
3 findings and recommendations. We expect Quatt's  
4 evaluation to be completed in early to mid March.

5           The remaining recommendation, No. 11, which is  
6 the staffing assessment -- so in response to this, LSC  
7 has committed to creating a human capital plan that's  
8 consistent with the new strategic plan, and following  
9 the JAQ, the job analysis questionnaire, to all staff.

10           So senior Management have surveyed mid-level  
11 managers to gauge staffing needs, and Management has  
12 analyzed the results of those surveys and is in the  
13 process of developing a human capital plan that's tied  
14 to our strategic plan.

15           So that's where we stand on all the  
16 recommendations. What I want to specifically draw your  
17 attention to is that there was a telephone meeting with  
18 GAO on the 7th of January, where we updated GAO about  
19 LSC's continuing efforts to develop a comprehensive  
20 performance management system and the human capital  
21 plan.

22           They were very, very pleased with our

1 progress, and complimented Jim's effective management  
2 style. And they went out of their way to compliment  
3 the changes that have taken place and the management  
4 that has taken place under Jim Sandman.

5 They were also very understanding of our need  
6 to involve the union in developing and adopting the  
7 system and going through the ongoing collective  
8 bargaining process.

9 So they felt confident that all of the  
10 outstanding ones that hadn't been finalized were due to  
11 their staffing challenges internally, and that we were  
12 on board for everything else to be completed as soon as  
13 we move forward in the collective bargaining process.

14 CHAIRMAN MINOW: Well, that's excellent. So I  
15 want to commend you, Carol, in helping to move all of  
16 this along, and Jim, of course, in particularly the  
17 negotiations with the union and dovetailing that with  
18 this process.

19 I would like to know -- I don't know which of  
20 you knows better -- what time frame we should expect  
21 for that work to proceed.

22 PRESIDENT SANDMAN: We anticipate having a

1 collective bargaining agreement concluded this year;  
2 we're hoping by late summer/early fall.

3           There's at least one recommendation, though,  
4 that would take a significantly longer period of time  
5 to close out. That's the one that has to do with  
6 employee performance evaluations, where they want to  
7 see two years of evaluations completed before they'll  
8 close out the recommendation.

9           CHAIRMAN MINOW: Thank you.

10           Are there comments or questions from the  
11 Committee? Julie?

12           MS. REISKIN: Yes. Two. For the record,  
13 Julie Reiskin. Two. One is, with the job  
14 questionnaires, you mentioned a couple times the  
15 strategic plan. But the fiscal oversight group had  
16 some very specific recommendations around competencies  
17 needed. Do you know what I'm talking about?

18           I'm wondering if there's a tie-in there, if  
19 we're tying those recommendations really more to the  
20 results to see if there's a discrepancy. Because I  
21 don't know that staff would always identify what the  
22 fiscal task force did, but they had some very specific

1 things. I know the strategic plan dovetails with that,  
2 but it wasn't specific.

3 CHAIRMAN MINOW: I think that's a great point.

4 I see Lynn nodding her head. But Jim, do you have  
5 comments?

6 PRESIDENT SANDMAN: Well, we plan to do that.

7 We also plan to create additional positions so that  
8 the job analysis questionnaires went to existing  
9 employees, asking them about what they do currently and  
10 whether they think their current job description is an  
11 accurate accounting of what they're doing currently.

12 MS. REISKIN: Oh, okay. And my second  
13 question, and this might be more appropriate with the  
14 Finance Committee, but you mentioned the -- I can't  
15 remember the --

16 MS. BERGMAN: Quatt. The name of the firm.

17 MS. REISKIN: Right, that are looking at  
18 compensation. And I noticed in the draft 990 there's a  
19 question that asks if we have a process for doing that,  
20 for looking at staff compensation or at least  
21 management compensation, and we answered "No." And I'm  
22 wondering if the answer should be "Yes."

1           PRESIDENT SANDMAN: I think "No" is the proper  
2 answer. The question relates to compensation of senior  
3 executives in the Corporation. We have a salary cap  
4 that is dictated by statute. And I make the cap, and  
5 the people below me are feathered below that.

6           MS. REISKIN: We don't have the authority or  
7 the ability to do anything as -- to really do that? Is  
8 that what you're saying?

9           PRESIDENT SANDMAN: We can't do anything that  
10 would exceed the cap. So it really -- I don't know  
11 what the point of a compensation survey that might  
12 traditionally be done in a different type of  
13 organization would be for us.

14          CHAIRMAN MINOW: Thank you, Julie.

15          Any other comments on the GAO dimension?

16          (No response.)

17          CHAIRMAN MINOW: Good. We do have a big  
18 agenda, so let's turn to the report on the Public  
19 Welfare Foundation grant. So Jim.

20          PRESIDENT SANDMAN: We have some good progress  
21 to report. We went through a process to identify  
22 consultants to assist us. We issued an RFP and got a

1 number of excellent responses. We have selected  
2 consultants and are about to conclude a contract with  
3 them. The consultants are Sanjeev Khagram of  
4 Innovations for Scaling Impact and David Bonbright with  
5 Keystone Accountability.

6 Both of them and their firms have extensive  
7 experience in evaluation for nonprofits. I think  
8 they're smart, savvy, sophisticated, and sensitive to  
9 the issues that our grantees are concerned about. They  
10 are focused on evaluation as a means to improve client  
11 service.

12 This is ultimately not about LSC and making  
13 demands on its grantees. It's about improving the  
14 effectiveness and the efficiency of the services that  
15 the grantees we fund deliver to their clients.

16 They also understand that if this effort is  
17 going to be successful in the long term, it has to be  
18 embraced by the grantees. If they do it only because  
19 LSC is compelling them to but really don't see the  
20 point and don't see how what we're inquiring about  
21 might help them to improve client service, we won't be  
22 successful.

1           They have experience with a variety of  
2 different nonprofits, and they are familiar with the  
3 types of issues that we've told them our grantees are  
4 concerned about. We've shared with them the comments  
5 that we got on our strategic plan from the grantee  
6 community and other information that we had from an  
7 issue of the Management Information Exchange journal  
8 last fall so that they could get a sense of what the  
9 environment is.

10           They are committed to a process that will be  
11 inclusive and collaborative. And their first steps  
12 will be to reach out to the grantee community and do a  
13 survey so that they can be fully informed of what the  
14 issues are and what the concerns of the grantees are.

15           They are ready to begin acting quickly. The  
16 bulk of their work will be done in this calendar year,  
17 but it will go over into 2014. We've talked to the  
18 Public Welfare Foundation about that because the  
19 original term of the grant was through the end of this  
20 year, and Mary McClymont told me that she anticipated  
21 it would take longer than December 31, 2013, and is  
22 fine with our going into next year.

1           CHAIRMAN MINOW: Well, that's great. And if  
2 there's any way in which the Board or the contacts that  
3 the board members have to other outside research could  
4 be helpful, let us know.

5           MR. LEVI: The one thing, after our  
6 Development Committee meeting, Vic Fortuno sent me this  
7 memo that's around from 2008 about our ability to  
8 raise -- how we go about raising funds.

9           I want to make sure we're all -- well, not  
10 that we're -- I just can't -- but we're a 501(c)(3),  
11 and I've just not run into this significant level of  
12 what appears to be roadblocking. And I'd really like  
13 to understand why we think we're under such -- we have  
14 to be so careful here beyond that which other  
15 not-for-profits have to engage in terms of where we  
16 register, who we have to -- so this needs, I think --

17           CHAIRMAN MINOW: Is it because we're a D.C.  
18 entity?

19           MR. LEVI: He sent this to me, and it does  
20 impact all of these efforts to raise money. And I  
21 think it needs a thoughtful -- I don't know, whether  
22 this is the Committee or we should be doing it out of

1 the Institutional Advancement. But somehow.

2 CHAIRMAN MINOW: So should we put this on our  
3 agenda? Or we'll talk with Jim about where that goes.

4 MR. LEVI: Where we want to do it. Out of the  
5 Institutional Advancement, probably, or here.

6 PRESIDENT SANDMAN: I'd like to look at the  
7 memo and then make a recommendation.

8 MR. LEVI: Yes. Look at the memo.

9 PRESIDENT SANDMAN: One other thing I wanted  
10 to report on the Public Welfare Foundation grant. We  
11 are close to concluding the formation of a small  
12 working group to work with LSC Management and the  
13 consultants, a group that would include grantees and  
14 other funders.

15 One group we want to be closely coordinated  
16 with is the IOLTA community. They're in the very same  
17 business we're in. They fund legal services programs.  
18 They do oversight. We don't want to be creating  
19 duplicative reporting requirements for our grantees or  
20 unnecessary additional reporting requirements without  
21 involving our fellow funders.

22 CHAIRMAN MINOW: That sounds very sensible.

1           Well, in a minute we'll turn to the next  
2 agenda item, unless there are comments about this  
3 Public Welfare grant, which is the discussion of the  
4 President's evaluation. But I see that Carol Bergman  
5 has left her chair, and I just want to say thank you  
6 for your great assistance to this Committee.

7           So Jim gave us, I think, a very good and  
8 thorough description of the work of the past year of  
9 the President in relationship to specific  
10 responsibilities. Jim, do you want to say something  
11 first, and then maybe people will have some comments?

12           PRESIDENT SANDMAN: I welcome your feedback.  
13 I don't have anything to add to what I submitted in my  
14 written evaluation.

15           CHAIRMAN MINOW: Great. Charles?

16           MR. KECKLER: Yes. Thanks, Martha.

17           I think the self-evaluation is fair. I was  
18 curious -- going forward, we have to -- an evaluation  
19 is based, as everybody knows, of course, who's doing  
20 this, but it was based on the initial job description  
21 for the President.

22           That's fine. But I think that in the

1 self-evaluation, you mentioned, and I think also  
2 fairly, that at this point, you now have a thorough  
3 understanding of your role and of the particular  
4 challenges and issues arise during your presidency such  
5 that we don't necessarily need to be tied to that  
6 initial job description.

7           So I think one thing that the Committee needs  
8 to take up is, indeed, how to be evaluated next year.  
9 And you've helpfully suggested a set of goals there  
10 that I think, in general, are fine.

11           The only comment that I would make about them  
12 are, one, you talk, I think, correctly about the  
13 strategic plan. And implicit in that are things that  
14 we've talked about as a Board, and indeed talked about  
15 today, which are two associated plans, one an  
16 implementation plan for the strategic plan that  
17 involves some annual goals or metrics for the  
18 Corporation, and secondly, what came up today, which is  
19 the human capital plan.

20           So I think that with those thoughts as thing  
21 to work on, that they're fine.

22           The other comment I would have about your

1 goals in there are that I guess just as a governance  
2 matter, I guess I might rephrase some of the goals that  
3 you had about specific hiring of staff as in general.

4 I mean, you can think about the broader, more  
5 broad terms about enhancing the capacity of the  
6 Corporation to do fiscal oversight and enhancing our  
7 development capacity in part through hiring some more  
8 people, as you suggest.

9 So with that, I think the goals are fine. And  
10 I would suggest to the Committee that they adopt them  
11 as the basis for your evaluation for the coming year.

12 CHAIRMAN MINOW: I think that's a very useful  
13 comment.

14 I have a couple of specific things to say  
15 besides praise, because praise is due and Jim did a  
16 great job this year. I want to call out a couple of  
17 particularly great things, but then also just have a  
18 couple other comments.

19 "No FOIA backlog" is a great phrase. I think  
20 I want that on a t-shirt.

21 (Laughter.)

22 CHAIRMAN MINOW: I think that's really just

1 excellent.

2 I think that the combination on your work,  
3 Jim, in making progress on the internal operations and  
4 also on the goal of making LSC an outstanding voice for  
5 civil legal services for poor people, great progress on  
6 all of that.

7 I guess, in looking at the goals for next  
8 year, I wonder if there can be some thought that you  
9 give -- if you want our help, that's fine -- to what is  
10 the strategic dimension of your speaking engagements?  
11 What is the strategic dimension of your  
12 relationship-building?

13 So you've done a superb job for the last two  
14 years in doing both, speaking everywhere, making it  
15 clear that this organization is a leader and is a  
16 force, and in building the connections. But now that  
17 that first stage is done, I think that there's another  
18 stage to do.

19 A related question about specificity -- again,  
20 it doesn't have to be at the level of the goal, but it  
21 would be something, I think, for us to be able to talk  
22 about a year from now -- would be to think about the

1 implementation of the two plans, as Charles said, but  
2 also the pro bono plan; also, the issue of how to  
3 accommodate or deal with the issues in Congress.

4 Those are obviously the overarching big  
5 elephants in the room, but we want to be able to talk  
6 about how to break that off into bite-sized pieces of  
7 progress and goals.

8 I particularly want to commend your  
9 development of a fabulous working relationship with the  
10 OIG and your wonderful hires. So I think, a year ago,  
11 the latter was maybe my biggest concern, is that we had  
12 not yet hired some people to help you do your job.

13 Now you really have. There are a few more to  
14 do, but it's really, I think, a terrific team. I think  
15 everybody feels the infusion of energy and the sense  
16 that things are really happening. And I just commend  
17 you because I think that the hardest thing that we have  
18 in our jobs as managers is hiring and leading other  
19 people. And I think you're doing that very, very well.

20 Any other thoughts people have? John, do you  
21 have any comments?

22 MR. LEVI: I just want to say I wish every

1 decision that I made in life was as good as the  
2 decision we made to hire Jim.

3 CHAIRMAN MINOW: I agree with that. And I  
4 think that the general buckets in which you are great  
5 are not bad ways to think about characterizing your  
6 goals for the coming year, which is being the voice for  
7 the organization externally, developing the capacity  
8 internally, and implementing strategic plans of several  
9 sorts. So well done.

10 So I think now we'll turn to the Inspector  
11 General's performance review. Welcome, Jeff, to the  
12 table, and thank you for your great work this year and  
13 for your submission.

14 Would you like to say something to begin?

15 MR. SCHANZ: Yes, I would, Madam Chairman.  
16 Thank you for your support during the past year. I  
17 echo your comments about the President of the LSC. And  
18 I'm happy, and very rarely are IGs happy.

19 (Laughter.)

20 MR. SCHANZ: But we have new hires -- talk  
21 about the infusion of people. I have auditors on the  
22 road. I think we're making a difference in the

1 fiduciary responsibility of this Board over the funds  
2 that are granted to them by Congress.

3 I have cordial relationships with Congress.  
4 They are interested in my work. They read the  
5 semiannual reports, and actually have questions on  
6 them.

7 So with that as a predicate, I do have copies  
8 of what I provided to the Committee. I will make one  
9 change because as I went through my performance  
10 appraisal, I turned to the Board for work plan. So  
11 even though I sent that to the Committee, I also have  
12 to provide that, and I'll do that later in the day  
13 during open session of the Board.

14 CHAIRMAN MINOW: Great. Excellent. Can I  
15 burden you to report to this Committee what you told me  
16 yesterday that someone told you?

17 MR. SCHANZ: Well, this is outside of the  
18 rating period, but it's a great start to this current  
19 year. We just issued -- and if you look on our  
20 website, it'll show you that we issued -- a report on  
21 internal controls over Lone Star Legal Aid.

22 The executive director of that program and I

1 walked over to the state building yesterday, and he was  
2 thanking me for the work that we did. And I say I'm  
3 happy, but it took too long, and I try to get reports  
4 out current and relevant so it's useful.

5 He said that our team not only did a great  
6 job, he thanked us profusely, naming the lead auditor,  
7 which is Tony Ramirez, and said that even though the  
8 report surfaced some key issues, he said it wasn't in  
9 the report what was most beneficial to him, which was  
10 the conversations with a skilled lead auditor.

11 He was able to rectify issues that didn't rise  
12 to the level of materiality for the audit report. But  
13 he said, "Thank you, thank you, thank you." He said,  
14 "We're an amalgamation of several programs," and he  
15 said, "I knew we had some holes." And he said, "You  
16 helped us fill those holes."

17 So I was very -- that's why I said IGs aren't  
18 always happy. But I was very happy to have met him. I  
19 don't meet the EDs; the audit team does. And I don't  
20 go to their entrance or exit conferences. So it was an  
21 opportunity to get unsolicited feedback that I really  
22 appreciated.

1           CHAIRMAN MINOW: Well, not only when you're  
2 happy are we happy, but also that's the kind of  
3 feedback that we most -- it makes us all very, very  
4 proud of the work that you do, the work that this  
5 organization does, strengthening the capacity of  
6 grantees to avoid real problems.

7           I also want to commend you, Inspector General,  
8 on your side of the building, the good relationship  
9 with our President, which I think has been really an  
10 excellent development for the organization.

11           I saw two comments in committee evaluations  
12 that I thought were relevant for you, and so I thought  
13 I'd mention them here. I don't have particular views  
14 about what to do with them, but I think this is an  
15 appropriate place to raise them.

16           One comment was from the general board survey,  
17 a call for timely and apparent or clear information  
18 from the OIG regarding events, bad events, among  
19 grantees to avoid the Board being blindsided. That was  
20 a verbatim comment. And another was a comment given to  
21 the Audit Committee, calling for needed improved  
22 coordination with the OIG.

1           MR. SCHANZ: I'll start with the latter  
2 because I have that in front of me. I believe some of  
3 those issues related to my stubbornness, my insistence  
4 on independence and objectivity in the development of  
5 the Audit Committee charter.

6           CHAIRMAN MINOW: I see.

7           MR. SCHANZ: I am always open to meet any  
8 board member or any committee member. But I  
9 believe -- and that was Bismarck: You really shouldn't  
10 see how laws are made, or sausages made. And that was  
11 sort of the history, I believe, of the Audit Committee  
12 charter.

13           So there was a lot of give and take and back  
14 and forth on that. And at the end of the day, I drew a  
15 line when I thought my independence was being  
16 challenged by the words in the charter. So that may  
17 have been the genesis of those comments.

18           But that's fine. This is part of my  
19 transparency and discussion with the Committee, and  
20 subsequently the Board, as to my performance. And now  
21 I can improve.

22           CHAIRMAN MINOW: Well, that may be what was

1 the source of that comment. I wasn't clear. So that's  
2 helpful for us to know.

3 As to the other comment, I think that, in  
4 general, the goal of clear and transparent  
5 communication is one that you've been very active in  
6 pursuing. And we are just all mindful of it. And I  
7 think that the good communication that you and Jim have  
8 is the best way that we can deal with that other  
9 comment given to a committee.

10 Other comments?

11 MR. KECKLER: Thank you, Jeff, for your work  
12 over the past year. I wanted to ask briefly -- I know  
13 that last year the OIG created a pilot program for  
14 regulatory vulnerability assessments.

15 MR. SCHANZ: Correct.

16 MR. KECKLER: And I was wondering what your  
17 thoughts or assessment of those has been and how and if  
18 you plan to continue on with those.

19 MR. SCHANZ: We have divided up the grantees  
20 by quarter. So we've done one-fourth of those. I'm  
21 expecting a capstone report from the investigations  
22 unit that conducts that. The AIGI will be at the board

1 meeting and we can ask him directly because he has the  
2 facts and figures on that.

3 Any time, generically, any time we can get  
4 into a grantee, I think we've having some degree of  
5 benefit. They know that people are concerned about  
6 doing the right thing. They know that the hammer, as  
7 it were, the IG, is looking at their performance and  
8 looking at their compliance.

9 Now, that said, that's not our highest  
10 priority. Our highest priority is trying to preclude  
11 the opportunities for fraud, waste, and abuse. But  
12 that's just another tool in our toolbox that we feel  
13 very -- that we're getting some benefit from it and  
14 making sure the grantees, using the Lone Star example,  
15 know that this is an issue of fiduciary responsibility  
16 that they have and we take very seriously.

17 MR. KECKLER: Thank you.

18 CHAIRMAN MINOW: That's a very fine program.

19 Coming off of yesterday's panel discussion  
20 about disaster preparedness and then the later  
21 afternoon discussion about succession preparedness, it  
22 made me wonder whether it's any part of your audit

1 review to make sure that each of the grantees has both  
2 of those, disaster preparedness plans and succession  
3 preparedness.

4 MR. SCHANZ: I believe -- I'll have to get  
5 back with you, Madam Chairman -- I believe that it is  
6 part of our audit program. How deep we drill into that  
7 I do not know at this point. But I can find out.

8 CHAIRMAN MINOW: Thank you.

9 MR. SCHANZ: And that's a very good suggestion  
10 because we're getting money from Hurricane Sandy and  
11 there may be other opportunities. And we have to be  
12 able to say that, yes, we have clean hands in this.

13 CHAIRMAN MINOW: That's great. Thank you.

14 That's what I have for your --

15 MR. LEVI: I want to just say --

16 CHAIRMAN MINOW: Yes, John?

17 MR. LEVI: I want to thank Jeff and his team  
18 for the fraud awareness briefing that they provided  
19 this year, and invite you, at any time that you have a  
20 briefing of that magnitude, that you think that you  
21 would like to show the Board, I invite you to let us  
22 know. And we'll be happy to make the time.

1           MR. SCHANZ:   Okay.

2           MR. LEVI:   I also want to say that I do  
3 appreciate very much the establishment of trust between  
4 your team and the Board and Jim because as you've  
5 pointed out, your highest responsibility -- well,  
6 really it's ours, too, ultimately.

7           To the extent that we can help head off issues  
8 because of lousy internal controls that you spot, help  
9 a grantee correct, while it may never become a  
10 prosecution or a conviction or whatever, hopefully you  
11 avoided that.

12          MR. SCHANZ:   Correct.

13          MR. LEVI:   So I just want to encourage your  
14 team and to tell them that we do appreciate that that's  
15 such an important part of what they're doing, is  
16 prophylactic, and that we want to avoid so we don't  
17 have to read about it -- and that every one of these  
18 dollars, particularly, as you see the prime need and  
19 the low funds -- every dollar misspent is a terrible  
20 thing.

21          So just to motivate your team and say that we  
22 are keeping a close watch ourselves on this. To me, I

1 would like to think that every one of our grantees has  
2 the gold standard in terms of internal controls. And  
3 hopefully --

4 MR. SCHANZ: I would like to disabuse you of  
5 that, Mr. Chairman.

6 MR. LEVI: I know. I know. But with your  
7 help, we'll try to get there.

8 MR. SCHANZ: Thank you very much. I do have  
9 one more item.

10 Last year, during the performance appraisal,  
11 Charles asked for a comparative analysis. And I do  
12 have that, and I can explain the production if you want  
13 to get into that level of detail.

14 But we did a peer review this year of the SEC  
15 Inspector General, which is time-consuming. We did  
16 four congressionals, as I delineated in the materials  
17 that I sent to you. That becomes pretty much my top  
18 priority. And I give it -- the last one, in fact, I  
19 did myself because I had the most skill sets in  
20 answering Representative Issa.

21 So if I could distribute this to the  
22 Committee.

1           CHAIRMAN MINOW: Please do. Thank you. And  
2 you anticipated my last comment, which is that I wanted  
3 to say it gives, I think, us all a source of great  
4 pride to know that your reputation is such that you are  
5 called upon to conduct peer reviews, and your office is  
6 a resource and a model. So I think that's really  
7 excellent. Thank you.

8           Maybe we can just -- to be explicit, this is  
9 such a useful kind of chart, let's ask for it again  
10 next year. I think that's great.

11          MR. SCHANZ: Yes. I plan on doing that.  
12 Thank you.

13          CHAIRMAN MINOW: All right. Well, I think  
14 that your process for doing the self-evaluation and  
15 evaluation for next year can be just the same. Use  
16 your work plan.

17          MR. SCHANZ: Yes.

18          CHAIRMAN MINOW: Respond to the kind of  
19 questions that we've raised. I think that will be  
20 perfect.

21          MR. SCHANZ: Okay. Thank you very much, Madam  
22 Chairman.

1           CHAIRMAN MINOW:   So excellent.   Thank you.

2   Thank you very much.

3           MR. SCHANZ:   Thank you.

4           CHAIRMAN MINOW:   As to other business, one  
5   topic I wanted to raised myself is yesterday's meeting  
6   of the Promotion and Provision Committee did not have  
7   time to do its review of its committee evaluations.  
8   And that is something that we're obliged to do, but  
9   there's not a time frame in which that has to happen.

10          MR. LEVI:   Does the Chair want to do it right  
11   now, or is this not appropriate?   Does it need to be  
12   done in the Committee?

13          MS. MIKVA:   I don't believe the whole  
14   Committee is here.   But other than that, I think maybe  
15   it's something that would be appropriate to do when we  
16   are clear about what we see in the future, and I think  
17   that's still developing.   So I think this might be  
18   better done by phone at a later time or at the next  
19   meeting.

20          CHAIRMAN MINOW:   I think that's perfectly  
21   appropriate.   And to the extent that I can be helpful  
22   with that, John and I can talk about that.   And Laurie,

1 we can be in touch on that.

2           So we can check that off, at least as we're  
3 aware of it. And although it didn't happen in  
4 yesterday's committee meeting, we've done it for  
5 purposes of this public meeting and we'll continue it  
6 for the future.

7           Any other business? Yes?

8           MR. LEVI: Was there any pressing in it that  
9 required us to act?

10          CHAIRMAN MINOW: There is nothing pressing in  
11 it. I talked to Vic. There's nothing pressing.

12          MR. LEVI: I think I should say one thing  
13 about the overall board evaluation, which was -- on the  
14 whole, I agreed with everything, and what as a Board  
15 we're trying to use our meeting time to accomplish.

16          But I am aware that -- and yesterday was an  
17 example -- that some of the presentations to the Board,  
18 the panel presentations, have been regarded as better  
19 than others. And I do recognize that Board time is  
20 valuable.

21          So I take it personally as a responsibility to  
22 make sure that we use that time as effectively as

1 possible to educate the Board and to have at the same  
2 time opportunity for the local providers to speak to  
3 us.

4           But I do hope that we can figure out ways  
5 together that we can make some strides in improving,  
6 and to some extent utilizing a little bit more of  
7 modern technology in some of these presentations.

8           I have had board members -- I did see board  
9 members saying that they felt that sometimes the panels  
10 crowded out the ability to have more thoughtful  
11 discussion. Certainly that was not the intent at all.

12           My vision of the panels has been that for many  
13 of us, two years in this role is not that much time to  
14 get familiar with all of the issues around the country.

15           And as you can tell, when we're in an area and we  
16 haven't been here for 20 years, you want to sort of see  
17 if you can get a little understanding of what life is  
18 like there and how it affects us in our work.

19           So I have tried to use the meeting time both  
20 the create space for the Committees to report, but also  
21 to have these educative times so that we can do our  
22 jobs better. But I am certainly open to suggestions,

1 and I'm very much aware of the fact that there are  
2 tensions in building a board schedule and calendar  
3 that, you know, if you provide time for this, then  
4 you're crowding time for that.

5           So I did read those, and I am aware of them  
6 and will work ever harder to make sure that board time  
7 is well spent.

8           CHAIRMAN MINOW: Thank you, John. And one  
9 thing about being an academic is that you're kind of in  
10 the business of constantly grading people. So maybe  
11 this was your desire in giving me this committee chair  
12 role, that my role is not only to be in the role of  
13 evaluating others, but also to be involved in  
14 self-evaluation.

15           I think that that's a very healthy aspect of  
16 this whole organization. It's a learning organization.  
17 Everybody's learning. Everybody's constantly trying  
18 to figure out how to do what we do better. And that's  
19 what I think is one of the best hallmarks of this  
20 organization.

21           In that spirit, one of the suggestions that  
22 was given to us is that we have a closed meeting. So

1 after I call for public comment, I'm going to ask for a  
2 motion for closed session.

3 Is there public comment?

4 (No response.)

5 CHAIRMAN MINOW: Seeing no public  
6 comment -- yes?

7 (Pause)

8 CHAIRMAN MINOW: Well, we can also postpone it  
9 and do it next time. We don't need to do it now. It's  
10 just a suggestion that, in general, it's healthy for  
11 this Committee periodically to have a closed session.  
12 So we'll -- go ahead, Charles.

13 MR. KECKLER: I was just going to say that to  
14 do that, we just need to figure out what the closed  
15 session will be about and get just an authorization on  
16 one of those topics.

17 MR. LEVI: Actually, you haven't noticed a  
18 closed session.

19 MR. KECKLER: Right. We have to notice it.

20 CHAIRMAN MINOW: Okay. Good. So I'm just  
21 raising it as a subject, and the Committee will  
22 consider what might be a good topic to consider for

1 closed session. But next time that we notice a  
2 meeting, let's notice a closed session.

3 I will consider a motion to adjourn.

4 M O T I O N

5 MS. REISKIN: So moved.

6 MR. KECKLER: Second.

7 CHAIRMAN MINOW: All in favor?

8 (A chorus of ayes.)

9 CHAIRMAN MINOW: Very good. Thank you.

10 (Whereupon, at 9:45 a.m., the Committee was  
11 adjourned.)

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