

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS

TELEPHONIC MEETING OF THE
BOARD OF DIRECTORS

OPEN SESSION

Friday, May 22, 2015

10:35 a.m.

Legal Services Corporation
3333 K Street, N.W.
Washington, D.C. 20007

BOARD MEMBERS PRESENT:

John G. Levi, Chairman
Martha L. Minow, Vice Chair
Robert J. Grey Jr.
Charles N.W. Keckler
Harry J.F. Korrell, III
Victor B. Maddox
Laurie Mikva
Father Pius Pietrzyk, O.P.
Julie A. Reiskin
Gloria Valencia-Weber

STAFF AND PUBLIC PRESENT IN THE CORPORATION'S
OFFICES:

James J. Sandman, President
Lynn Jennings, Vice President for Grants
Management
Rebecca Fertig Cohen, Special Assistant to the
President
David L. Richardson, Comptroller and Treasurer,
Office of Financial and Administrative
Services
Carol A. Bergman, Director, Office of Government
Relations and Public Affairs
Treefa Aziz, Government Affairs Representative,
Office of Government Relations and Public
Affairs
Jeffrey E. Schanz, Inspector General
Laurie Tarantowicz, Assistant Inspector General
and
Legal Counsel, Office of the Inspector
General
John Seeba, Assistant Inspector General for
Audit,
Office of the Inspector General
Daniel O'Rourke, Assistant Inspector General for
Investigations, Office of the Inspector
General
David Maddox, Assistant Inspector General for
Management and Evaluation, Office of the
Inspector General
Lora M. Rath, Director, Office of Compliance
and Enforcement
Robin C. Murphy, National Legal Aid and Defender
Association (NLADA)(by telephone)

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Motions: 4, 20, 20

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

2 (10:35 a.m.)

3 CHAIRMAN LEVI: Why don't I call the
4 meeting, the duly noticed LSC Board of Directors,
5 published in the Federal Register, to order and
6 ask for a motion to approve the agenda.

7 M O T I O N

8 MR. MADDOX: So moved.

9 CHAIRMAN LEVI: Is there a second?

10 PROFESSOR VALENCIA-WEBER: I'll second.

11 CHAIRMAN LEVI: All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN LEVI: The first item on the
14 agenda is to consider and act on the Board of
15 Directors' transmittal to accompany the Inspector
16 General's Semiannual Report to Congress for the
17 period October 1, 2014 through March 30, 2015.

18 MR. MADDOX: Excuse me. John, there's a
19 lot of paper rattling, and I can barely hear you.

20 CHAIRMAN LEVI: I noticed the same paper
21 rattling. I don't know where that's happening,
22 but if folks can mute their lines if they're in

1 the middle of papers or something.

2 Carole, are you presenting this? And is
3 the Inspector General there for questioning?

4 MS. BERGMAN: John, it's very difficult
5 for us to hear you as well. So I don't know
6 if --

7 CHAIRMAN LEVI: I asked you if you're
8 presenting this.

9 MS. BERGMAN: No. Jim is, and yes, the
10 Inspector General is here.

11 CHAIRMAN LEVI: Okay. Good. Jim, do you
12 have anything you want to say about the
13 transmittal?

14 PRESIDENT SANDMAN: No. I think the
15 letter is self-explanatory, and I'd be happy to
16 entertain questions about it.

17 CHAIRMAN LEVI: Any comments or questions
18 from the Board on the transmittal of the report?

19 MR. MADDOX: I still feel -- go ahead,
20 Gloria.

21 PROFESSOR VALENCIA-WEBER: This is
22 Gloria. I don't have a question on the content

1 of the letter and what's been outlined. We do
2 have, on Legal Aid of Oregon, running again into
3 the five-year rule, which is our own rule.

4 Do we have it scheduled perhaps for a
5 future meeting to discuss whether or not we
6 should change that five-year limit?

7 PRESIDENT SANDMAN: Yes. Charles can
8 speak to that. But that is on the agenda of the
9 Ops and Regs Committee.

10 PROFESSOR VALENCIA-WEBER: Thank you.
11 That's sufficient.

12 MR. KECKLER: I'll just mention briefly
13 that we're going to do that in an omnibus, large
14 group of related regulatory provisions. But that
15 is definitely on the agenda.

16 PROFESSOR VALENCIA-WEBER: Thank you.

17 CHAIRMAN LEVI: Vic, did I hear you with
18 a comment?

19 MR. MADDOX: Yes, John. Thank you. I
20 thought the letter was very well done, clear and
21 complete and concise. I did have a question
22 about the attorney or the Inspector General's

1 transmittal itself. I don't know if this is the
2 appropriate time to ask it or if there's going to
3 be a presentation from Jeff.

4 MR. SCHANZ: On the Semiannual Report?

5 MR. MADDOX: Yes.

6 MR. SCHANZ: The Board transmits it to
7 Congress. So I'm a little bit confused as to
8 what you mean.

9 MR. MADDOX: That's in the text of your
10 Semiannual Report, Jeff. There's a reference to
11 the criminal conviction of one the employees.
12 There's a reference to another finding involving
13 one of the grantees. And they're in the
14 abstract. There's no mention of who these
15 grantees are or the people involved.

16 And I just wondered if that's the policy
17 that we've followed in the past? If that's a new
18 approach? I didn't realize that after a criminal
19 conviction, there was any reason to keep the
20 identity of the grantee or the convicted
21 individual out of the report. I'm just wondering
22 if that's the way you've typically done it.

1 MR. SCHANZ: That's how it's typically
2 done. On talking with quite a few attorneys
3 here, myself included. And of course, once
4 you're convicted, that's a public record.

5 MR. MADDOX: Right. So I was just
6 wondering why the report abstracts that
7 information rather than reports it. There was
8 also the reference to one of the grantees where
9 the president, President Sandman, has now found
10 in favor of Management's decision regarding the
11 questioned costs, and that's abstracted as well.
12 I just wondered if there's a reason to keep that
13 information out of the report to Congress.

14 PRESIDENT SANDMAN: Well, the report
15 covers the period through the end of March, and
16 my decision was in May. So that would ordinarily
17 be reflected in our next report.

18 MR. MADDOX: And then --

19 PRESIDENT SANDMAN: We know that --
20 sorry.

21 MR. MADDOX: The grantee with the
22 criminal conviction, was that also --

1 CHAIRMAN LEVI: That's November 12th.

2 PRESIDENT SANDMAN: That's just in
3 November.

4 CHAIRMAN LEVI: February 20, 2015.
5 What's the date of the --

6 PRESIDENT SANDMAN: It's certainly close
7 to --

8 CHAIRMAN LEVI: Well, it fits within the
9 period. But have we had a policy where we just
10 don't put names in? If we have, is that
11 something we want to talk about at some other
12 point?

13 MR. GALLAY: This is Joel Gallay
14 speaking. It's just been a matter of practice
15 for the office that we have not included
16 individuals' names or the grantees' names in
17 that. Especially once there's been a conviction,
18 that's certainly releasable information.

19 One thing, with respect to some grantees
20 where it's just been an individual that may have
21 been an outlier or something, there was a concern
22 about painting with a broad brush with respect to

1 the grantee.

2 CHAIRMAN LEVI: I see.

3 MR. GALLAY: So we exercise restraint in
4 not naming the grantee in those cases.

5 CHAIRMAN LEVI: Oh, yes. I don't think
6 the question went to that. I think his question
7 to who was the subgrantee.

8 MR. MADDOX: Yes. This may well be a
9 perfectly reasonable approach, Jeff, and it
10 seemed to me a little odd that the information is
11 presented in the abstract like this. I mean,
12 these are grantees receiving public funds. The
13 funds come from Congress. And it just seemed
14 like a complete report would explain where the
15 problem was found and provide that sort of
16 information. But if that's the policy --

17 CHAIRMAN LEVI: It was a subgrantee, not
18 a grantee, just to be clear, in this particular
19 case.

20 MR. MADDOX: Right.

21 MR. GALLAY: Correct. In the case of the
22 conviction, yes. That was a subgrantee. In the

1 case of the other one you referred to where it
2 was the former president, that was a grantee. We
3 can certainly reexamine that policy and actually
4 will do so in light of these comments going
5 forward.

6 MR. SCHANZ: You raise An interesting
7 point, Vic. But this is pretty much consistent
8 with every IG report that you read. I think it
9 goes to the notion if you don't want them baying
10 at the wounded. Once they're already convicted,
11 they're on the website as a conviction, by name.

12 And I will float it around the CIGIE to
13 see if we -- yes. We could do that. We just
14 haven't been in the habit of doing so.

15 MR. MADDOX: That's fine, Jeff. Maybe we
16 can just follow up on it at some point. So I
17 appreciate that.

18 CHAIRMAN LEVI: Any other comments or
19 questions?

20 FATHER PIUS: Yes. This is Father Pius.

21 CHAIRMAN LEVI: Does somebody have a
22 motion to approve the transmittal?

1 FATHER PIUS: Can you hear me? Can you
2 hear me, John?

3 CHAIRMAN LEVI: Hello?

4 FATHER PIUS: John, can you hear me?

5 CHAIRMAN LEVI: Yes.

6 FATHER PIUS: I just have a couple
7 comments. Is that all right?

8 CHAIRMAN LEVI: Sure. Is this Father
9 Pius?

10 FATHER PIUS: This is Father Pius. It
11 is.

12 CHAIRMAN LEVI: Welcome.

13 FATHER PIUS: Can you hear me okay?

14 CHAIRMAN LEVI: Yes.

15 FATHER PIUS: Thank you. All right. It
16 took me a bit to call in. A couple of things.

17 One, on the transmittal letter, actually
18 I would make a suggestion. This is a new
19 chairman and a new committee, and I think we
20 might think about treating him that way. That
21 is, just as we had a note of thanksgiving to the
22 outgoing chairman in the last letter, I think it

1 would be at least hospitable to have a note of
2 welcome to the new chairman and staff.

3 And also, because it's a new chairman and
4 a new staff, I was surprised that we didn't
5 include a paragraph on the pro bono grants. So I
6 would suggest adding back the paragraph on the
7 pro bono innovative grants just to include them
8 in this because we do have a new chairman and a
9 new staff.

10 So that's my suggestion on the letter.

11 MS. BERGMAN: Father Pius?

12 FATHER PIUS: Yes?

13 MS. BERGMAN: Father Pius, this is Carol.

14 I just wanted to respond to those comments for
15 you.

16 FATHER PIUS: Sure.

17 MS. BERGMAN: Although Senator Alexander
18 is the new chair because of the Republican
19 control of the Senate, he's been the ranking on
20 the committee for a number of years and was the
21 chair prior to that when the Republicans
22 controlled the Senate last. So I think that's

1 why we didn't think of this. And the staff are
2 the exact same staff who have been with him
3 throughout this process.

4 FATHER PIUS: So they're pretty familiar
5 with all this.

6 MS. BERGMAN: Yes. And then the pro bono
7 awards were not made during this time period.

8 FATHER PIUS: Oh, yes, I know. No. I
9 was just thinking because it was the new staff.
10 But that seems to be fine.

11 My other comment is just really a comment
12 to the IG, and just a note of congratulations. I
13 was happy to see that the number of QCRs that
14 were done is one of the highest you've done in a
15 six-month period since you started doing them
16 four years ago. So those numbers are good.

17 But I was a little surprised that the
18 number of fraud awareness briefings was way down
19 -- or not way down, but a little bit down -- and
20 was wondering if that's just cyclical, or does
21 this substance that you have run through the
22 grantees on the fraud awareness briefings?

1 MR. O'ROURKE: Father, this is Dan
2 O'Rourke. We're getting close to the end of the
3 fraud awareness goal of reaching out to all the
4 grantees for fraud awareness briefings. We've
5 reached the amount of 132 grantees for fraud
6 awareness briefings, so we have three left to
7 complete our cycle of all the grantees throughout
8 the country.

9 So we're getting to the end cycle, and
10 we're going to discuss going back to other
11 grantees and subgrantees, the ones we haven't
12 seen in a few years, to redo it. But our goal is
13 to finish up the complete cycle of all the
14 grantees that are out there.

15 FATHER PIUS: That's very helpful. Thank
16 you.

17 MS. MIKVA: This is Laurie Mikva. I have
18 a question for the IG. So the five audits all
19 seemed to find some significant programs with the
20 grantees. And my question is, is this just to be
21 expected? Are we not properly training our
22 grantees? I don't know. I guess that's my

1 question.

2 MR. SEEBA: This is John Seeba. I think
3 it is kind of routine. I think probably what
4 happens for most grantees, and it's typical, I
5 think, in a lot of auditees' organizations, is
6 documentation and policies and procedures are
7 always the last thing to get redone, updated,
8 those types of things.

9 I think that's the nature of a lot of
10 businesses that are like that, and people don't
11 necessarily have a structured time period where
12 they reevaluate their policies and procedures and
13 those sorts of things.

14 I think what we've been talking about
15 within the IG'S Office is just putting out a
16 compendium report that we would send out to all
17 the grantees that would show some of the
18 deficiencies that we tend to find regularly. And
19 hopefully that would supplier some reevaluation
20 of grantee policies within their own
21 organizations.

22 MR. SCHANZ: And Laurie, this is Jeff.

1 What we usually find is that practices are ahead
2 of policy documentation. But according to the
3 regs and the restrictions, they have to have
4 certain policies in place regardless of whether
5 the practices are ahead of their policies.

6 In a lot of respects, what we find in
7 some of the more enlightened grantees that we go
8 to will make some of those changes while we're
9 still onsite.

10 MS. MIKVA: Thank you.

11 CHAIRMAN LEVI: Any other questions?
12 Comments?

13 PRESIDENT SANDMAN: This is Jim. I have
14 a comment, following up on what Jeff just said,
15 and a suggestion to the IG'S Office.

16 I think peer-to-peer education about
17 matters like this is most effective, and if
18 grantees were to hear from others about how
19 they're keeping current with policies in addition
20 to keeping current with the practices, that would
21 be wonderful.

22 If the IG'S Office identifies grantees

1 that they think are doing a particularly good
2 job, it would be great to enlist them to conduct
3 trainings or webinars for others. I think the
4 field might just hear it differently if it comes
5 from one of their own. Not to say that we
6 shouldn't continue to do all of the other things
7 that we're doing, but I think it would be a great
8 add-on.

9 MR. SCHANZ: I think that would be a
10 follow-on to what John was talking about, is
11 putting together a list of common findings. But
12 as far as going down to the grantee level, that's
13 pretty much recent, to say, okay. This is what
14 the IG has found in these cases. Or I would add
15 on to that, this is what OCE and OPP have found
16 as a best practice. And maybe we could marry the
17 two.

18 PRESIDENT SANDMAN: Yes. I agree with
19 that. I think implementing this is ultimately a
20 Management responsibility. But I'd like
21 Management and OIG to work together to identify
22 not just the problems, but the programs that are

1 doing things well and hold them up, shine a
2 spotlight on them, and let them share their
3 experience with others.

4 MR. GALLAY: Just to throw one other
5 thing out that everybody could probably take
6 comfort from, you notice that in almost every
7 case -- there were just a few exceptions
8 throughout this period -- the grantees agreed
9 with all the recommendations and took steps to
10 implement them promptly, steps which the OIG
11 regarded as meeting our expectations and meeting
12 our recommendations.

13 CHAIRMAN LEVI: Any other comments or
14 questions? These have all been good comments and
15 questions. And who just was the last speaker
16 there?

17 MR. GALLAY: That was Joel Gallay.

18 CHAIRMAN LEVI: Good. Yes. Any other
19 questions? Comments from the Board?

20 (No response.)

21 CHAIRMAN LEVI: Then could I have a
22 motion to approve this report?

1 M O T I O N

2 FATHER PIUS: So moved.

3 CHAIRMAN LEVI: Second?

4 MR. MADDOX: Second.

5 CHAIRMAN LEVI: All in favor?

6 (A chorus of ayes.)

7 CHAIRMAN LEVI: Opposed?

8 (No response.)

9 CHAIRMAN LEVI: Abstention?

10 (No response.)

11 CHAIRMAN LEVI: Okay. Public comment?

12 (No response.)

13 CHAIRMAN LEVI: New business?

14 (No response.)

15 CHAIRMAN LEVI: Motion to adjourn?

16 M O T I O N

17 MR. MADDOX: So moved.

18 MS. MIKVA: Second.

19 CHAIRMAN LEVI: And include within it

20 with best wishes for Memorial Day weekend to

21 everybody. And I assume the motion carried, and

22 we'll be adjourned.

1 (Whereupon, at 10:52 a.m., the Board was
2 adjourned.)

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