




## MEMORANDUM

**TO:** All LSC Program Directors

**FROM:** Karen J. Sarjeant   
Vice President for Programs and Compliance

**DATE:** October 6, 2005

**RE:** **Subgrant Agreements for 2006: Requests for Approval**

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This memorandum is to provide guidance regarding submission for LSC approval of subgrant agreements for the year 2006.

The subgrant approval process established in 45 CFR § 1627.3 allows 45 days for LSC's review of proposed subgrant agreements. (*See* 45 CFR § 1627.3(a)(2)). This time line requires that subgrants with a January 1, 2006 commencement date be submitted to LSC for approval by November 15, 2005.

Until further notice, we will continue the same procedures for approval of 2006 agreements as were used for the 2005 agreements and will use the same Subgrant Agreement Form used in 2005. Also included in this package are a 2006 Budget Form and a Subrecipient Profile Form, which must accompany each request for approval of a subgrant agreement. **To obtain approval, recipients should submit two fully executed copies of an agreement to Danilo Cardona, Director, Office of Compliance and Enforcement, by November 15, 2005.** In addition, recipients should ensure that an audit for each of their 2004 subgrants has been submitted to the Office of Inspector General in accordance with the terms of their 2004 subgrant agreements.

To facilitate and expedite the review of your request for approval of 2006 subgrants, you are encouraged to use the Subgrant Agreement Form enclosed. If you do not use the Subgrant Agreement Form, your proposed agreement should, at a minimum, include the substance of the provisions of that form and must include the Budget Form and Subrecipient Profile Form, if it is to be approved.

## **PAI Subgrants**

In addition to 45 CFR Part 1627, subgrants are also affected by 45 CFR Part 1610. This is the regulation designed to implement statutory restrictions on the use of non-LSC funds by LSC recipients. Section 1610.7(c) is particularly relevant and provides:

For transfer of LSC funds to bar associations, *pro bono* programs, private attorneys or law firms, or other entities for the sole purpose of funding private attorney involvement (PAI) activities pursuant to 45 CFR Part 1614, the prohibitions or requirements of this part shall apply only to the funds transferred.

## **CSR Reporting**

Since the accuracy of CSR reporting is critical, recipients must ensure that each subgrantee has a copy of the CSR Handbook (2001 Edition) and that subgrantees fully comply with CSR reporting guidelines.

## **Mergers/Consolidations**

Programs contemplating mergers or consolidations should consider whether a subgrant will be necessary as an interim measure until the merger or consolidation has been completed. Be reminded that all the requirements of 45 CFR Part 1627 apply to such subgrants as well. Thus, a request for LSC's approval should be submitted 45 days prior to the proposed beginning date of such a subgrant.

## **Programs Significantly Impacted by Hurricanes Katrina and/or Rita**

LSC will allow some flexibility on this deadline for those programs significantly impacted by the recent disasters. Although the 45 day deadline will be waived for such programs, any requests for subgrant approvals must be received by LSC prior to the proposed beginning date of the subgrant and include a brief notation as to why the deadline should be waived.

Please contact Lora M. Rath, Program Counsel, at (202) 295-1524 or [rathl@lsc.gov](mailto:rathl@lsc.gov), if you have any questions regarding this memorandum, or if you need further guidance regarding your submission of a subgrant agreement for approval.

Enclosures: Subgrant Agreement Form  
Subrecipient Budget Form  
Subrecipient Profile Form

## **SUBGRANT AGREEMENT FORM**

**Recipient Name:**

**Recipient Number (if any):**

**Subrecipient Name:**

**Subrecipient Telephone Number:**

**Term of Agreement:**

**Purpose of Agreement (Please state briefly the general purpose of the subrecipient agreement):**

**Services to be Provided (Please circle the appropriate number(s)):**

1. Library/resource material--development
2. Library/resource material--maintenance
3. Resource material--distribution
4. Facilitate cooperation among legal services organizations
5. Public relations
6. Technical assistance
7. General administrative support--space, staff, telephone service
8. Attorney training/training development
9. Public or client training/training development
10. Client intake/screening/referral
11. Attorney recruitment
12. Litigation support
13. Attorney representation-compensated
14. Attorney representation--pro bono
15. Attorney representation--judicare
16. Other

(Please describe)

The Recipient and Subrecipient (collectively referred to as the "Parties") hereby agree as follows:

**I. TERMS AND CONDITIONS**

A. Duties of the Parties

(Describe in detail the duties that each party to the agreement will perform)

Include the following information:

1. information on the organizational structure of the Subrecipient;
2. state whether the Subrecipient will directly perform the services or will pass all or substantially all the funds to another entity which will perform the services;
3. the geographic area in which the Subrecipient will operate;
4. the priority areas in which legal services will be provided (if applicable);
5. any additional information necessary to fully describe the duties of the parties to this agreement.

(Attach additional pages as necessary)

B. Type of Contract (Mark with an "X")

flat fee  fee for service (cost-reimbursable)

retainer  other  
(Please state)

C. Amount of Funds

(45 C.F.R. Section 1627.3(a)(1) requires that the agreement specify the exact amount of funds to be transferred. The amount need not be stated as a lump sum, so long as the exact amount is determinable. If payment is to be made on an installment basis, the agreement should specify the number of payments, the amount of each payment and the date of each payment).

D. Term of Contract

(45 C.F.R. Section 1627.3(b)(1) requires the agreement to clearly reflect a term not in excess of one year. The agreement should specify both an effective date and a termination date).

E. Additional Provisions

(Attach additional pages as necessary)

**II. ADDITIONAL PROVISIONS**

PLEASE SELECT ONE APPLICABLE PARAGRAPH FROM EACH SECTION OR EXPLAIN IN THE TRANSMITTAL LETTER WHY NONE IS APPLICABLE. PROVISIONS WHICH DO NOT APPLY SHOULD BE CROSSED OFF AND INITIALED BY RECIPIENT AND SUBRECIPIENT).

A. Fidelity Bond Coverage

The Parties agree that the Recipient's fidelity bond coverage shall be extended to provide identical coverage to the Subrecipient and the Subrecipient's directors, officers, employees, and agents to the same extent as it would the Recipient.

or

The Subrecipient shall provide its own fidelity bond coverage for the Subrecipient's directors, officers, employees and agents to the same extent Recipient's fidelity bond covers Recipient's directors, officers, employees and agents (45 C.F.R. Section 1629).

B. Financial Statement Audit Requirements

The Parties agree that funds transferred to the Subrecipient under this agreement shall be separately disclosed and accounted for, and reported by natural line item in the Recipient's audited financial statement.

or

The Parties agree that funds transferred to the Subrecipient under this agreement shall be included by natural line item in a separate audit report of the Subrecipient.

or

The Parties agree to an alternative method for satisfying LSC's annual audit requirement. Prior written approval for the alternative arrangement has been obtained from LSC's Compliance and Enforcement Division and is attached to this agreement (45 C.F.R. Section 1627.3(c); 45 C.F.R. Section 1614.6(d)).

C. Malpractice Insurance

The Parties agree that Recipient's Lawyer's Professional Liability Insurance shall be extended in the amount of \_\_\_\_\_ to cover the Subrecipient and all attorneys recruited by or providing services on behalf of the Subrecipient under this subgrant agreement.

or

All attorneys recruited by the Subrecipient shall provide their own Lawyer's Professional Liability Insurance (LSC Policy).

### III. STANDARD PROVISIONS (APPLY TO ALL SUBGRANT AGREEMENTS)

#### A. LSC Statutes, Regulations, etc.

The Parties agree that LSC funds provided under this agreement are governed by the LSC Act, Congressional restrictions having the force of law, Corporation regulations, instructions, guidelines and assurances (45 C.F.R. Section 1627.3(e)).

#### B. Oversight Rights

The Parties agree that LSC has the same oversight rights with respect to the Subrecipient as apply to the Recipient (45 C.F.R. Section 1627.3(e)).

#### C. Priorities

The Parties agree that services provided by the Subrecipient will be provided consistent with the Recipient's Priorities (42 U.S.C. 2996f).

#### D. Audit and Accounting Guide

The Parties agree that funds transferred under this agreement are subject to the audit and financial requirements of LSC's 1996 Audit Guide, including the Compliance Supplement thereto, and of LSC's 1997 Accounting Guide for Recipients and Auditors.

#### E. Recipient Responsibilities

The Recipient agrees that it is responsible for ensuring the proper expenditure, accounting for, and audit of delegated funds in accordance with 45 C.F.R. Section 1627.3(c); this responsibility includes ensuring that the subrecipient actually submits a timely audit report to LSC, if the subgrant agreement provides for separate reporting by the subrecipient.

#### F. Orderly Termination

The Parties agree to an orderly termination of this agreement in the event the Recipient's funding is terminated or the Recipient is not refunded by LSC and for suspension of activities if the Recipient's funding is suspended by LSC (45 C.F.R. Section 1627.3(b)(2)).

#### G. Training and Community/Client Education

Should the subrecipient provide training or community/client education, it is agreed that the subrecipient will give LSC reasonable notice of these events. Furthermore, the subrecipient will provide LSC with a set of materials pertaining to these events.

**III. STANDARD PROVISIONS (CONTINUED)**

H. Migrant/Immigration Cases

Should the Subrecipient provide legal services in migrant and/or immigration cases, the Parties agree to comply with 45 C.F.R. Section 1626 and other applicable law.

I. Treatment of Unexpended Funds

It is understood that all unexpended subgrant funds remaining at the end of the subgrant period must be included in the Recipient's fund balance. Such funds must be returned to the Recipient, unless the subgrant is renewed and these funds are used as a part of the subgrant amount in the next subgrant period. If such unexpended subgrant funds are not returned to the Recipient and are used as part of the next subgrant period's amount, LSC must be notified of the amount of funds so used, and if the amount of funds is more than 10% of either subgrant, LSC approval must be obtained under the procedures of Section 1627.3(b)(3) (Sections 1627.3(b)(1) and (3)).



On behalf of the Recipient and Subrecipient, I hereby certify that, to the best of my knowledge, the information in this Agreement is true and correct and agree to bind the Parties to the provisions of this Agreement.

\_\_\_\_\_  
Name of Program Director  
(Recipient)

\_\_\_\_\_  
Name of Chairperson  
(Recipient)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Program Director  
(Subrecipient).

\_\_\_\_\_  
Name of Chairperson  
(Subrecipient)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**ANNUAL SUBRECIPIENT BUDGET  
PROJECTED EXPENSES OF 2006 LSC FUNDS**

**LSC GRANT TYPE:** \_\_\_\_\_  
(Basic Field, State Support, Migrant, etc.)

Recipient Number: \_\_\_\_\_  
 Recipient Name: \_\_\_\_\_  
 Subrecipient Name: \_\_\_\_\_  
 Term of Subgrant: \_\_\_\_\_  
 Subgrant Funding Amount: \_\_\_\_\_

EXPENSE CATEGORY		BUDGET
<b>PERSONNEL</b>		
Lawyers	1	
Paralegals	2	
Other Staff	3	
Employee Benefits	4	
<b>TOTAL PERSONNEL</b>	5	\$
<b>NON-PERSONNEL</b>		
Space -Rent/Lease	6	
-Mortgage Payments	7	
-Other Expenses	8	
Equipment Rental	9	
Office Supplies & Expenses	10	
Telephone	11	
Travel -Board Members	12	
-Staff & Other	13	
Training -Board Members	14	
-Staff & Other	15	
Library	16	
Insurance	17	
Dues and Fees	18	
Audit	19	
Litigation	20	
Property Acquisition (1)	21	
Purchase Payments (2)	22	
Contract Services to Client (3)	23	
Contract Services to Applicant (3)	24	
Other(3)	25	
<b>TOTAL NON-PERSONNEL</b>	26	\$
<b>TOTAL SUBGRANT FUNDS</b>	27	\$

NOTES:

Note 1 YES \_\_\_\_\_ NO \_\_\_\_\_

Is any one purchase as defined in 45 C.F.R. § 1630.5(b)(1)&(2) for \$10,000 or more? If yes, please provide a supporting schedule listing the type of property, purchase price, and date of purchase. Do these payments relate to a purchase in excess of \$10,000 as defined in 45 C.F.R. 1630.5(b)(1) &(2)? If yes, please complete schedule as requested in Note 1.

Note 2 YES \_\_\_\_\_ NO \_\_\_\_\_

Note 3 YES \_\_\_\_\_ NO \_\_\_\_\_

Is any service/expense in excess of \$5,000? If yes, please provide a supporting schedule listing The type of service fees charged and date of services.

## SUBRECIPIENT PROFILE

(Formerly Form E-1(d))

Recipient Number: \_\_\_\_\_

Recipient Name: \_\_\_\_\_

1. Please submit this form for each subgrant agreement.

Subgrant Name: \_\_\_\_\_

**Mailing**

Address: \_\_\_\_\_  
(Street or PO Box) (City) (ST) (Zip)

Program Director: \_\_\_\_\_ Phone: \_\_\_\_\_

2. List all counties (or other geographical units as applicable) served by this subrecipient:

3.      Amount              Term (Mo/Yr)              Purpose              Type of LSC Grant  
\_\_\_\_\_              \_\_\_\_\_ to \_\_\_\_\_              \_\_\_\_\_

4. Has this subrecipient's 2004 LSC fund balance been included in the Recipient's 2004 fund balance?     Yes     No

Not LSC-funded

If answer is no, indicate the amount of LSC fund balance omitted. \$ \_\_\_\_\_

5. Total number of cases closed by this subrecipient for the most recent four quarters available (specify dates):

LSC Funded: \_\_\_\_\_ Non-LSC Funded: \_\_\_\_\_

6. If this is a renewal of a subgrant currently in existence, indicate the total number of cases closed during the four quarters preceding those listed above.

LSC Funded: \_\_\_\_\_ Non-LSC Funded: \_\_\_\_\_

7. Check the items which best describe the procedure(s) used by the program to monitor and evaluate the work and activities of this subrecipient:

On-Site Visit               Financial Report Reviewed:     Monthly     Quarterly

Review of Legal Work     Monthly or Quarterly Progress Report

Monitor Case Statistics     Other (Specify): \_\_\_\_\_

**IF ADDITIONAL SPACE IS NEEDED, PLEASE PHOTOCOPY THIS FORM**