

Thank you for providing this opportunity to comment on the *Fiscal Oversight Task Force Report to the Board of Directors* (the “Report”). At the outset, I support any measure that will improve the efficiency and effectiveness of LSC. I am also in agreement with the Report to the extent that it references efficiency and effectiveness in terms of reducing the burdens on grantees and reinforcing the capabilities of grantees. However, I am not altogether certain that I agree that the actions contained in the Report are likely to achieve such efficiency or improve effectiveness.

Although the Report recommends consolidation of the offices of Program Performance (“OPP”), Compliance and Enforcement (“OCE”) and Information Management (OIM”), it fails in its stated purpose to discuss how such consolidation will “increase coordination”, “strengthen the level of fiscal oversight that LSC exercises”, “create a more efficient and effective system for evaluating and monitoring internal controls”, or how such consolidation will “allow LSC to enhance its process for grantee fiscal oversight”.

Within LSC, OPP is commonly viewed as the office within LSC that fosters the delivery of high quality legal services to eligible clients. OCE, on the other hand, is viewed as the office within LSC charged with the responsibility for ensuring that the activities undertaken by grantees are consistent with applicable authority. However, the Report neglects to address whether a consolidated OPP and OCE can effectively promote and regulate grantee activity. The Report is silent as to how the proposed Office of Grants Administration (“OGA”) would discharge those duties of OPP and OCE that are not necessarily fiscal, *e.g.*, assessing program quality, development and communication of policy, ensuring compliance with LSC’s case service reporting requirements, review and assessment of recipients’ policies, review of alleged statutory and regulatory violations, etc., remain unanswered.

Additionally, contrary to the information contained in the Report, OCE site visit workplans clearly advise team members of their obligation to share information with each other and most certainly with the team leader. Moreover, assessment of internal controls is *not* limited to evaluating segregation of duties. The assessment of internal controls during OCE site visits includes testing the recipients’ compliance with a variety of LSC regulations, instructions and guidelines, including, in many instances, the guidance provided by the Office of Management and Budget. Nor does the expertise of OCE staff come primarily from having previously worked for grantee programs. The expertise of OCE staff comes from a variety of sources including grantee programs, non-profit organizations, private practice and government service. What is more, the OCE staff are among the more tenured of all of LSC’s staff.

Nonetheless, the Report offers many worthwhile suggestions, including ensuring that staff are properly trained and ensuring that employees with fiscal oversight roles have the necessary knowledge and skills. All staff, whether OPP or OCE, should have some familiarity with the laws, regulations, rules, instructions and guidelines governing the use of LSC funds. All staff should also have some familiarity with the LSC Performance Criteria, the LSC Accounting Guide and the CSR Handbook. As noted in the Report, a shared understanding within OPP and OCE of their respective roles and responsibilities related to fiscal oversight, sufficiency of internal controls and assessment of regulatory compliance, coupled with establishing and communicating fiscal oversight responsibilities and goals across LSC, would facilitate increased coordination and allow LSC to enhance its process of grantee oversight and create a more efficient and effective system for evaluating.

I also wholeheartedly agree that LSC should institute a “cradle-to-grave” approach to grants management and suggest that the inventory of activities necessary to provide full and complete fiscal oversight begin with reviewing the information required of grant applicants. LSC should ensure that such information reflects the applicants’ ability to steward LSC funds appropriately. Specifically, LSC should review the grant application to ensure it is collecting information sufficient to provide some insight into the applicant’s capacity for financial management. Grantee reviews tailored according to the risk assessment process, together with optimization of the knowledge and skills of OPP and OCE staff should be an additional consideration.

As well, the Report commendably recommends that LSC define and promulgate a strong organizational culture - the lack of which to date has contributed more to gaps in fiscal oversight than the fact that such responsibility is shared by OPP, OCE and OIG. I could not agree more that there is a need to balance LSC’s emphasis on grantee quality, compliance and fiscal responsibility with an organizational dynamic that results in high morale and commitment of LSC staff. As such, the appointment of individual with an understanding of grants management and fiscal oversight is imperative. Whether such individual is appointed at a Vice-President level or is appointed at the level of manager or director should be less important than ensuring that such person has an understanding of LSC grants management, fiscal oversight, and the LSC statutory and regulatory framework.

Whichever structure LSC chooses, it is important that LSC demonstrate that it is more than just a financial resource, but rather is a capable grants making organization that shares with its grantees the responsibility for quality, compliance and proper financial management.