



## MEMORANDUM

**TO:** All LSC Program Directors

**FROM:** Lynn A. Jennings  
Vice President for Grants Management

**DATE:** October 30, 2014

**RE:** **Subgrant Agreements for 2015: Requests for Approval**

**President**  
James J. Sandman

**Board of Directors**  
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Zanesville, OH

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Albuquerque, NM

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This memorandum provides guidance regarding the submission of requests for Legal Services Corporation (“LSC”) approval of subgrants with terms starting on or after January 1, 2015.<sup>1</sup>

In past years, LSC has required recipients to provide subgrant-related information as a part of their competitive and/or renewal grant applications and, separately, in their application for subgrant approval. In 2014, as a part of LSC’s ongoing efforts to eliminate requests for duplicative information from recipients, and to provide more comprehensive and streamlined oversight assistance, LSC has revised its subgrant application process.

### **I. GUIDANCE FOR RECIPIENTS THAT HAVE ALREADY SUBMITTED SUBGRANT INFORMATION FOR 2015**

Recipients that have submitted subgrant information for 2015 through LSC grants should now complete Step 2 of the approval process. Step 2 instructions are provided below and in LSC Grants. The subgrant approval process established in 45 CFR § 1627.3(a)(2) allows 45 days for LSC’s review of proposed subgrant agreements. **This timeline requires that requests to approve subgrant agreements with a January 1, 2015 commencement date be submitted to LSC for final approval no later than November 17, 2014.**

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<sup>1</sup> Recipients requesting LSC approval for subgrants with effective dates starting before January 1, 2015, are asked to refer to the process outlined in LSC’s Memorandum to All LSC Program Directors from Lynn A. Jennings, Vice President for Grants Management, dated October 17, 2013, available at <http://grants.lsc.gov/sites/lsc.gov/files/Grants/RIN/BB/Announcements/2014%20Subgrant%20Guidance%20Memo.DOCX>.

## II. GUIDANCE ON THE 2015 SUBGRANT APPLICATION PROCESS

As in years past, this online application process will be accessed from LSC Grants at <https://lscgrants.lsc.gov>. LSC will continue to require that each applicant submit its request(s) for subgrant approval electronically. Recipients seeking subgrant approval for subgrants starting on or after January 1, 2015, are required to apply for their subgrant(s) using a two-step process. Recipients can access both steps via their LSC Grants homepage under the heading “Subgrants.”

### *Step 1: Submission of Subgrant-Related Information*

Recipients are required to provide the information requested in the LSC Grants data fields – located in the **Subrecipient Profile**, **Subgrant Summary**, and **Subrecipient Budget** screens – and to upload a **Draft Subgrant Agreement**.<sup>2</sup> Recipients are encouraged to use LSC’s **2015 Subgrant Agreement Form (Form A)**<sup>3</sup> as a model subgrant agreement, which is available on LSC’s Recipient Information Network and attached hereto. If the 2015 Subgrant Agreement Form provided by LSC is not used, the proposed agreement should include, at a minimum, the substance of the provisions of that form.

Completion of Step 1 neither obligates the applicant to execute the proposed subgrant, nor does it obligate LSC to approve the draft subgrant agreement provided.

### *Step 2: Request for Subgrant Approval*

Applicants are required to review the information previously submitted in the LSC Grants data fields and to make any updates or required changes. Applicants seeking approval to renew an existing subgrant are asked to update the Subrecipient Profile form to reflect the number of cases closed by the subrecipient within the most recent four quarters. All applicants are required to upload an **Executed Subgrant Agreement**. Lastly, applicants are also asked to summarize any changes made to the information in the LSC Grants data fields, and to summarize any differences between the Draft Subgrant Agreement and the Executed Subgrant Agreement.

As also explained above, the subgrant approval process established in 45 CFR § 1627.3(a)(2) allows 45 days for LSC’s review of subgrant agreements. As such, a request must be submitted at least 45 days in advance of the subgrant agreement’s effective date.

## III. GENERAL GUIDANCE FOR ALL SUBGRANT APPLICANTS

### **Applicability to All LSC Grants**

Recipients are reminded that 45 CFR Part 1627 applies to *all* grant funds received from LSC: Basic Field, Native American, Migrant, Pro Bono Initiative Fund, and Technology Initiative

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<sup>2</sup> Applicants submitting step 2 immediately after step 1 may upload either a Draft Subgrant Agreement in step 1 and an Executed Subgrant Agreement in step 2, or an Executed Subgrant Agreement in both steps.

<sup>3</sup> The 2015 form is similar to that used in past years; however, LSC has eliminated the requirement that subgrantees give LSC notice of training or community/client education events and provide LSC with a set of materials pertaining to these events. The 2015 Form also no longer contains a “Type of Service” section.

Grants. All LSC grant recipients should review the provisions of 45 CFR Part 1627, especially the definitions at Section 1627.2, to ensure that advance approval is requested and received from LSC before the commencement date of the subgrant agreement. Recipients are also reminded that using LSC funds for a subgrant agreement without receiving LSC's prior approval may result in the initiation of a questioned cost proceeding under 45 CFR Part 1630 to recover the funds expended.

Under 45 CFR Part 1610, a subgrant of LSC funds is considered a Part 1610 transfer of LSC funds in almost every situation. This regulation implements statutory restrictions on the use of non-LSC funds by LSC recipients. With the exception of PAI transfers, the prohibitions and requirements in Part 1610 apply to both the LSC and non-LSC funds of the person or entity receiving the transfer (with modifications to the priorities and timekeeping requirements). See 45 CFR § 1610.7.

### **Private Attorney Involvement (PAI) Subgrants**

In 2014, LSC revised 45 CFR Part 1614, the regulation governing, among other things, LSC's PAI rule, activities, and allocations. The revised rule will be effective as of November 14, 2014, and is available at <https://www.federalregister.gov/articles/2014/10/15/2014-24456/private-attorney-involvement>.

Further, the provisions of 45 CFR § 1610.7, regarding restrictions on non-LSC funds of entities receiving transfers of LSC funds, contain the following exception regarding transfers that are *solely* for PAI activities:

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**

The accuracy of CSR reporting is critical, and recipients must ensure that each subrecipient that is performing case work has a copy of the CSR Handbook (2008 Ed., as amended 2011). Recipients must ensure that subrecipients 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. All of 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.



**2015 SUBGRANT AGREEMENT FORM**  
**FORM A**

**Recipient Name:**

**Recipient Number:**

**Subrecipient Name:**

**Subrecipient Email:**

**Term of Agreement:**

**Total Monetary Amount to be Subgranted:**

**Please provide details regarding the scope and purpose of the Subgrant Agreement:**

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); and
5. any additional information necessary to fully describe the duties of the parties to this Agreement.

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

flat fee       fee for service (cost-reimbursable)

retainer       other (Please state)

C. Amount of Funds to be Transferred (45 CFR § 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 CFR § 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 Sheets if Needed)

**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 MUST BE CROSSED OFF AND INITIALED BY A REPRESENTATIVE OF BOTH THE RECIPIENT AND THE 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 CFR Part 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 CFR § 1627.3(c) and 45 CFR § 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 which have the force of law, Corporation regulations, instructions, guidelines and assurances (45 CFR § 1627.3(e)). The Parties also agree that if this agreement is a transfer of LSC-funds under 45 CFR § 1610.7, then the non-LSC funds of the Subrecipient are subject to LSC's prohibitions and requirements as specified in 45 CFR Part 1610, with the specific exceptions in Section 1610.7 for PAI transfers and the modification on priorities and timekeeping stated therein.

#### B. Oversight Rights

The Parties agree that LSC has the same oversight rights with respect to the Subrecipient as apply to the Recipient (45 CFR § 1627.3(e)).

#### C. Priorities

The Parties agree that services provided by the Subrecipient will be provided consistent with the Recipient's Priorities (42 USC 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 2010 Accounting Guide for Recipients (effective August 23, 2010).

#### 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 CFR § 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 CFR § 1627.3(b)(2)).

G. Migrant/Immigration Cases

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

H. 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 45 CFR § 1627.3(b)(3). See 45 CFR §§ 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 Executive Director (Recipient)

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Date \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Name of Executive Director (Subrecipient)

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Date \_\_\_\_\_

Date \_\_\_\_\_

# NEW SUBGRANT INQUIRIES

## FORM B

*Applicants should submit a set of answers for each new subgrant.*

*Copy and paste this set of questions for each subgrant into a single word processing document. When finished responding to the inquiries, convert the document to PDF and upload it to the online system at [www.lscgrants.lsc.gov](http://www.lscgrants.lsc.gov).*

*Answer all questions, unless otherwise noted.*

Check the applicable box in the table below:

<input type="checkbox"/>	This is a subgrant of LSC funds
<input type="checkbox"/>	This is a subgrant of non-LSC funds <sup>1</sup>
<input type="checkbox"/>	This is a subgrant of LSC and non-LSC funds <sup>2</sup>

1. Is this subgrant for PAI activities? If yes, in addition to the LSC funds transferred under this subgrant, are non-LSC funds also being transferred to support those PAI activities? If yes, what is the amount of non-LSC funds?
2. Describe the qualifications of the subrecipient (e.g., length of time in existence, number of staff, type of organization, reputation in the legal community):
3. Describe the anticipated benefits to the recipient of the subgrant relationship:
4. Describe the activities to be performed by the subrecipient. In the description state whether services will be targeted to specific population groups, e.g., senior citizens, persons with limited English proficiency, veterans:
5. Describe the recipient's system for assessing the quality of the work performed by the subrecipient (This may include an on-site visit, a monthly or quarterly progress report, review of legal work, monitoring case statistics, reviewing financial/audit report(s), or other methods. Include a description of the oversight provided by the board of directors.):
6. Describe the recipient's system for ensuring that the subrecipient adheres to the terms and conditions of the subgrant agreement and applicable LSC requirements (This may include an on-site visit, a monthly or quarterly progress report, review of legal work, monitoring case

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<sup>1</sup> For purposes of this question, the term "subgrant" is used generally and not as defined in 45 CFR § 1627.2(b)(2).

<sup>2</sup> For purposes of this question, reference to a "subgrant [ ] of non-LSC funds" is used generally and not as defined in 45 CFR § 1627.2(b)(2).

statistics, reviewing financial/audit report(s), or other methods. Include a description of the oversight provided by the board of directors.):

7. Are/will funds from this subgrant be used to provide a full range of legal services to a specific geographic area within the overall service area, in lieu of such services being provided by the recipient?

*Question Nos. 8-12 below are only for new subgrants that are intended to provide a full range of legal services to a specific geographic area within the overall service area.*

8. Describe the geographical area for which the subrecipient is providing or will provide a full range of legal services:
9. Describe the subrecipient's responsibilities and involvement in assessing the legal needs of the client community; identifying new and emerging legal needs; establishing priorities and setting goals, based on the most critical legal needs; and strategic planning:
10. Describe the subrecipient's office and staffing structure; the operation of the intake system; the subrecipient's Limited English Proficiency policies, and the subrecipient's involvement in outreach efforts:
11. Describe the subrecipient's systems for legal work management and supervision; staff training; plans to ensure access to specialized expertise and legal research materials; use of private attorneys; and community legal education and pro se efforts:
12. Describe the subrecipient's board governance, overall management and administration; financial management, resource development efforts, and participation in an integrated legal services delivery system:

# RENEWAL SUBGRANT INQUIRIES

## FORM C

*Applicants should submit a set of answers for each renewal subgrant.*

*Copy and paste this set of questions for each subgrant into a single word processing document. When finished responding to the inquiries, convert the document to PDF and upload it to the online system at [www.lscgrants.lsc.gov](http://www.lscgrants.lsc.gov).*

*Answer all questions, unless otherwise noted.*

Check the applicable box in the table below:

	This is a subgrant of LSC funds
	This is a subgrant of non-LSC funds <sup>1</sup>
	This is a subgrant of LSC and non-LSC funds <sup>2</sup>

1. Is this subgrant for PAI activities? If yes, in addition to the LSC funds transferred under this subgrant, are non-LSC funds also being transferred to support those PAI activities? If yes, what is the amount of non-LSC funds?
  
2. When was the subgrant originally initiated:
  
3. Why was the subgrant initiated:
  
4. Describe the benefits of the subgrant relationship realized by the recipient in the prior year and those anticipated during the proposed subgrant period:
  
5. Describe the qualifications of the subrecipient (e.g., length of time in existence, number of staff, type of organization, reputation in the legal community):
  
6. Describe the activities performed by the subrecipient in the prior year and those to be performed by the subrecipient during the proposed subgrant period. In the description state whether services were/will be provided to specific population groups, e.g., senior citizens, persons with limited English proficiency, veterans:
  
7. Describe the recipient's system for assessing the quality of the work performed by the subrecipient (This may include an on-site visit, a monthly or quarterly progress report(s), review

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<sup>1</sup> For purposes of this question, the term "subgrant" is used generally and not as defined in 45 CFR § 1627.2(b)(2).

<sup>2</sup> For purposes of this question, reference to a "subgrant [ ] of non-LSC funds" is used generally and not as defined in 45 CFR § 1627.2(b)(2).

of legal work, monitoring case statistics, reviewing financial/audit report(s), or other methods. Include a description of the oversight provided by the board of directors.):

8. Describe the recipient's system for ensuring that the subrecipient adheres to the terms and conditions of the subgrant agreement and applicable LSC requirements (This may include an on-site visit, a monthly or quarterly progress report (s), review of legal work, monitoring case statistics, reviewing financial/audit report(s), or other methods. Include a description of the oversight provided by the board of directors.):
9. Does the amount of this renewal subgrant(s) differ from the previous year? If so, please indicate the change by approximately percentage (+ or -):
10. Do the terms of this proposed renewal subgrant agreement differ from the prior year subgrant agreement: If yes, please briefly explain the difference(s):
11. Are/will funds from this subgrant be used to provide a full range of legal services to a specific geographic area within the overall service area?

*Question Nos. 12-17 are only for renewal subgrants that are to provide a full range of legal services to a specific geographic area within the overall service area.*

12. Describe the geographical area for which the subrecipient is providing or will provide a full range of legal services:
13. Describe the subrecipient's responsibilities and involvement in assessing the legal needs of the client community; identifying new and emerging legal needs; establishing priorities and setting goals, based on the most critical legal needs; and strategic planning:
14. Describe the subrecipient's office and staffing structure; the operation of the intake system; the subgrantee's Limited English Proficiency policies, and the subrecipient's involvement in outreach efforts:
15. Describe the subgrantee's systems for legal work management and supervision; staff training; plans to ensure access to specialized expertise and legal research materials; use of private attorneys; and community legal education and pro se efforts:

16. Describe the subrecipient's board governance, overall management and administration; financial management, resource development efforts, and participation in an integrated legal services delivery system:

17. Describe the three most significant accomplishments of this subgrant relationship over the past year: