LSC

Legal Services Corporation

Instruction for Planning the Orderly Conclusion of the Role and Responsibilities of a Recipient of LSC Funds

To effectuate the requirements of grant assurance #19d, in the event that the Recipient merges or consolidates with another LSC grantee, changes its current identity or status as a legal entity, or ceases to be a direct recipient of LSC grant funds at the end of the grant term or during the grant term for whatever reason, it will:

a. Provide the LSC Office of Program Performance with written notice at least sixty (60) calendar days prior to any of the above events.

b. Submit to the LSC Office of Program Performance, either at the time that it provides the written notice in (a) above, or within fifteen (15) calendar days from being notified by LSC that it will cease to be a recipient of LSC grant funds, a plan for the orderly conclusion of the role and responsibilities of the recipient of LSC funds. The plan should describe:

1. The immediate transition planning with the new provider, particularly as related to intake, accounting of all open cases (including PAI cases) and transfer of existing cases and contracts.

2. The projected LSC fund balance remaining after the cessation of funding, including an estimate of any anticipated unrealized derivative funds. The Recipient understands that the expenditure of any LSC funds after the cessation of LSC funding shall have the express written approval of LSC pursuant to 45 CFR § 1630.5(b)(1). The Recipient further understands that the existing LSC fund balance amount, if any, shall be returned to LSC at the time of the submittal of the closing audit, and that any later realized derivative funds, whether anticipated at the time of closeout or not, shall be returned to LSC within (fifteen) 15 calendar days of their receipt by the Recipient.

3. An accounting of all real property purchased in whole or in part with LSC funds. The Recipient agrees to abide by any agreement it has with LSC governing the purchase of real property purchased in whole or in part with LSC funds. The accounting should include:

   i. the address and a brief description of the property and the date it was acquired;

   ii. the total amount of funds expended to acquire or improve the property, including principal and interest payments, and payment for capital improvements;

   iii. the total amount of LSC funds expended to acquire or improve the property, including principal and interest payments, and payment for capital improvements;

iv. an independent valuation of the fair market value of the property;

v. a statement indicating the program's proposed plans for disposing of the property pursuant to the Property Acquisition and Management Manual, if applicable, and any real property agreement between LSC and the program; and

vi. copies of any agreements or contracts between LSC and the Recipient related to the property, including any agreements or contracts governing the disposition of the property and any correspondence relating to the initial approval of use of LSC funds to acquire the property.

4. The total costs associated with cessation of LSC funding, and funds available to meet those costs, supported by a budget detailing the planned closeout expenditures, and plans for securing payment or reimbursement due under contract from non-LSC sources.

5. An accounting of each item of personal/non-expendable property purchased after October 15, 2001 in whole or in part with LSC funds that has a current market value exceeding $5,000. The accounting list should include for each item of property:

   i. a brief description of the property item;

   ii. the date of acquisition of the property item;

   iii. the total amount of funds expended to acquire the property;

   iv. the amount of LSC funds expended to acquire the property;

   v. the fair market value of the property; and

   vi. a proposed plan for disposing of all such property pursuant to the Property Acquisition and Management Manual, as applicable, that includes: if the property is proposed to be transferred to an LSC recipient, the name of the LSC recipient to whom the property will be transferred; or if the property is proposed to be transferred to another non-profit organization serving the poor in the Recipient's service area, the name and address of such organization. The Recipient understands that such transfers must have the prior approval of LSC.

c. Certify at the time it submits the plan(s) as required by (b) above that an Independent Public Accountant will audit the recipient's financial statements, internal controls and compliance with applicable laws and regulations in accordance with the LSC Audit Guide for Recipients and Auditors and Government Auditing Standards. The audit must encompass the full period of the grant term and any transitional funds awarded by LSC unless otherwise directed in writing by LSC. It shall submit to LSC's Office of the Inspector General an engagement letter from its Independent Public Accountant that includes an estimate of the LSC-funded portion of the total estimated audit cost as required under section 509(c) of the 1996 LSC appropriations act and subsequent appropriations acts.

d. Certify at the time it submits the plan(s) as required by (b) above that it will submit Grant Activity Reports in a format specified by LSC in a timely manner.

e. Participate in an orderly and professional transition of functions to the new provider delivering services in the service area.

f. Agree that, after it gives notice to LSC or after receipt of notice from LSC of the cessation of funding, the receipt of all future installments after such notice shall be contingent upon satisfactory completion of all closeout obligations imposed by LSC including the obligations described herein.

g. Agree that any attorneys' fees claimed or collected and retained by the Recipient after the cessation of funding that relate to LSC funded work performed during the grant term shall be considered derivative income, subject to return to LSC in accordance with paragraph b(2), above.

h. Prepare a detailed plan, budget, and timeline for all closeout procedures; approved by LSC before being implemented.

i. Agree that LSC will withhold funds for all closeout expenditures, including costs for: the final audit, all staff and consultant services needed to perform closeout activities, and file storage and record retention.

j. Certify to the manner and means for storing and retaining recipient records.

k. Identify the key fiscal, accounting, case handling, and management tasks that must be accomplished to ensure all aspects of the closeout are completed to the satisfaction of LSC.

l. Certify that the key fiscal, accounting, case handling, and management tasks will be completed to the satisfaction of LSC.

m. Identify the accounting system used and the expertise needed to complete any final accounting entries to ensure submission of an audit report acceptable to LSC.

n. Identify and provide contact information for the accounting firm that has the capacity to provide accounting services to complete the closeout process should that become necessary.