



October 14, 2010

*Electronic Delivery*

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Victor B. Maddox  
Louisville, KY

Thomas R. Meites  
Chicago, IL

Laurie Mikva  
Evanston, IL

Hon. Sarah M. Singleton  
Santa Fe, NM

The Honorable Charles E. Grassley  
Ranking Member  
U.S. Senate Committee on Finance  
Washington, DC 20510

The Honorable Darrell Issa  
Ranking Member  
U.S. House Committee on  
Oversight and Government Reform  
Washington, D.C. 20515

Dear Senator Grassley and Congressman Issa:

Please accept this as our response to your letter of October 5, 2010. We appreciate your continuing interest in the Legal Services Corporation (“LSC” or “Corporation”) and its 136 grantees across the nation. Since your last letter of July 29, 2010, the U.S. Census Bureau released data for the year 2009 showing that nearly 57 million Americans, including 19.6 million children, qualify for civil legal assistance from LSC grantees. That represents an increase of 3 million people from 2008. The economic downturn has brought high unemployment, falling incomes and increased hardship in low-income communities across the country. LSC grantees work diligently to help address these hardships but are unable to meet all the legal needs in their communities. We appreciate your support for our vital mission and we thank the Congress for providing increases in LSC appropriations.

As Chairman and President of the Corporation, we take very seriously our responsibilities to ensure that LSC is carrying out its critical mission of providing civil legal assistance to eligible clients. In our last letter, we affirmed our belief in doing all that we reasonably can to eliminate any possible fraud, waste and abuse, and affirmed our commitment to ensuring that federal funds are used in compliance with the law.

In that letter, we reported that the LSC Board of Directors had approved creation of an independent task force to review LSC’s fiscal oversight responsibilities. Last month, we announced most of the members of the Special Task Force on Fiscal Oversight. Task force members were selected for their expertise in fiscal and finance-related operations, and the task force will be able to reach out, as necessary, for additional expertise. The task force should not be seen as an alternative or replacement for the good work performed by our Office of Program Performance (“OPP”), Office of Compliance and Enforcement (“OCE”) and the Office of the Inspector General (“OIG”). Attached is a copy of the LSC press release announcing the appointments to the task force and website descriptions of the members.

Grantee oversight is one of LSC's most important functions. With regard to potential conflicts of interest regarding consultants for OPP, we share your concerns. On October 4, 2010, the LSC Office of Legal Affairs requested advice from the LSC Ethics Officer on whether engagement of grantee personnel on a paid basis to perform work for the Corporation presents an actual, potential or apparent conflict of interest for the Corporation. It should be noted, however, that the program reviews performed by OPP staff, augmented by consultants, are akin to peer reviews. Our programs are enriched when review teams can share best practices, new applications of technology and innovations learned in one setting with another grantee facing similar challenges and opportunities in another geographical area. LSC has a policy that requires all consultants to sign a written agreement certifying that they will be on leave without pay from their home program and not claiming compensation for services for any hours while being paid by the Corporation. Attached is a copy of a sample agreement.

The OCE has the primary responsibility for reviewing grantee compliance with the LSC Act, with congressional restrictions on LSC funds, and with LSC regulations and instructions. OCE does not hire or use grantee employees in its program reviews and audits. OCE augments its program visit teams, when necessary, by hiring experienced accountants and attorneys in an ongoing effort to ensure OCE integrity is not compromised by conflicts of interest or the appearance of conflicts.

Your letter also requests information on the specific policies that the Corporation revised and amended with respect to contracting policies. In September 2009, LSC management provided a detailed response to the OIG's audit of LSC's consultant contracts. Attached is a copy of the memorandum addressing all of the OIG recommendations and Management's response, including a copy of the revised Administrative Manual sections on procurement and contracting.

You also ask about plans for the Board's new Development Committee. The Board approved a resolution on July 31, 2010, to establish the Development Committee. At this time, no members have been appointed and no meetings held. The Board had been awaiting the confirmation and nomination of our full board before moving ahead with this Committee. The last four nominees for the LSC Board of Directors were just confirmed by the U.S. Senate on September 29, 2010, and the first meeting of the new full Board is scheduled for October 18-19, 2010.

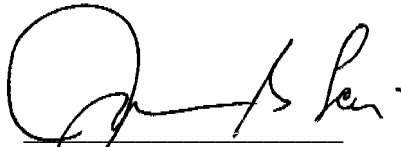
Now that we have our full Board, we plan to appoint Development Committee members in the coming months. We hope that the committee will serve as a forum for discussions on public-private partnerships, ways to assist grantees in diversifying funding, and how the Board can continue to sustain momentum for *pro bono* and volunteer efforts. LSC enjoys bipartisan support for its annual appropriation, and we cannot overstate the importance of federal grants

to the field programs. At the same time, we feel it prudent to explore possible alternative resources that will complement federal funding, at a time when Interest on Lawyer's Trust Accounts ("IOLTA") and state funding sources are significantly challenged.

Lastly, with regard to the Sunshine Act, the Board and LSC are committed to transparency and accountability. Our meetings are conducted in full accordance with the Government in the Sunshine Act (5 USC § 552b) and our applicable deliberations and decisions are made before the public. As you know, the Congress included ten exemptions or reasons that the government can close an agency (Corporation) meeting. These include, for example, matters of strategy for collective bargaining, internal personnel rules and invasion of personal privacy. The Board is committed to conducting its business in the open and in full compliance with the Sunshine Act, while at the same time appropriately protecting the integrity of individual, confidential, personal and financial information as the Sunshine Act recognizes and respects.

We hope we have fully responded to the concerns expressed in your letter of October 5. If you have any remaining questions, please do not hesitate to contact us.

Sincerely yours,



John G. Levi  
Chairman



Victor M. Fortuno  
President

Attachments

cc: LSC Office of Inspector General



September 21, 2010  
**For Immediate Release**

Contact: Steve Barr  
(202) 295-1615  
[barrs@lsc.gov](mailto:barrs@lsc.gov)

## LSC Chairman Announces Members of Fiscal Oversight Task Force

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Victor M. Fortuno

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Laurie Mikva  
Evanston, IL

Hon. Sarah M. Singleton  
Santa Fe, NM

Washington, DC—John G. Levi, Chairman of the Legal Services Corporation (LSC) Board of Directors, today announced members of a Special Task Force on Fiscal Oversight charged by the Board with reviewing LSC's fiscal oversight responsibilities and how LSC conducts fiscal oversight of its grantees.

"This group will be strong and cohesive, and I am confident that the collective expertise of the Task Force and its findings will help us in our efforts to continuously improve LSC's fiscal responsibilities," Chairman Levi said. "The findings will be especially important as the Board works to expand legal assistance to low-income Americans across the nation."

The co-chairs of the Task Force are:

**Robert J. Grey Jr.**, a member of the LSC Board and a partner with Hunton & Williams. He is a former president of the American Bar Association.

**Victor B. Maddox**, a member of the LSC Board and a partner with Fultz Maddox Hovious & Dickens. He is a former Department of Justice trial attorney and a former counsel at the U.S. Senate Judiciary Committee.

The members of the Task Force are:

**Christian L. "Chris" Campbell**, senior vice president, general counsel, secretary and chief franchise policy officer for Yum! Brands, Inc.

**Jane Elizabeth Curran**, executive director of the Florida Bar Foundation and a leading expert on Interest on Lawyers' Trust Accounts.

**M. Christine DeVita**, president of The Wallace Foundation and an expert on innovative philanthropic practices.

**Terry M. Fraser**, principal, LarsonAllen LLP. She is a certified public accountant with experience advising more than 100 nonprofit organizations across the nation.

**Ronald M. Shaich**, co-founder of the Panera Bread Co. and executive chairman of the company's board. He has more than 25 years of experience as a chief executive.

**Paul L. Snyder**, retired Midwest area managing partner at KPMG. He is a certified public accountant and widely recognized expert on internal financial controls.

**Allan J. Tanenbaum**, general counsel and managing partner of Equicorp Partners. He has advised boards of directors concerning corporate governance, represents the State of Georgia in the American Bar Association's House of Delegates and is a leader in the Atlanta Bar Foundation.

**Nikki L. Tinsley**, a project management consultant. She served as inspector general for the Environmental Protection Agency from 1998 to 2006. A certified public accountant, she oversaw nationwide audits while at EPA.

**Douglas N. Varley**, a lawyer with Caplin & Drysdale's Washington office. His practice focuses on advising exempt organizations, including private foundations. He previously administered grant-making programs at the National Endowment for the Humanities.

**Michele S. Warman**, general counsel and secretary of The Andrew W. Mellon Foundation. Before joining the Mellon Foundation, she was a Rhodes Scholar, an associate at a law firm and a clerk at the U.S. Court of Appeals, D.C. Circuit.

The Board approved the Task Force's formation on July 21 and the above members were announced at the Board's meeting today. Chairman Levi said he may announce a few additional members in coming weeks.

The Task Force's report and findings are expected in the Spring of 2011. The Task Force will operate independently of LSC, but is authorized to conduct its work with any necessary support from the LSC staff and to engage consultants with the approval of the Board Chairman.

Established in 1974, LSC, an independent 501(c)(3) nonprofit corporation, receives an annual appropriation from Congress to promote equal access to justice and to provide for high-quality civil legal assistance to low-income individuals and families. About 95 percent of the appropriation is distributed as grants to 136 independent nonprofit legal aid programs across the country.

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### Robert J. Grey Jr.



Robert J. Grey Jr.

Robert J. Grey Jr. was nominated to serve on the Board of Directors of the Legal Services Corporation by President Barack Obama on August 6, 2009, and his nomination was confirmed by the U.S. Senate on March 19, 2010.

Mr. Grey served as president of the American Bar Association from 2004-2005 and Chair of the ABA House of Delegates from 1998 to 2000. During his tenure as ABA president, he instituted the American Jury Initiative

to educate the public on the importance of service, led programs to increase diversity in the legal profession, and fought to safeguard the profession's independence.

Mr. Grey received his B.S. from the Virginia Commonwealth University in 1973 and his law degree from Washington and Lee University in 1976. He started his own law firm in 1978. In 1982, he was appointed by Governor Charles S. Robb to the Virginia Alcoholic Beverage Control Board. He was appointed Chair in 1983 and served until 1985.

Mr. Grey joined Hunton & Williams in 2002, and is also affiliated with the McCammon Mediation Group Ltd. His practice focuses on government relations and administrative matters before state and federal agencies. He serves as the Vice Chair of the Hunton & Williams Community Service Committee.

Mr. Grey has also chaired the ABA Committee on Research about the Future of the Legal Profession (2000-02), the Commission on Opportunities for Minorities in the Profession (1992-95) and the Rule of Law Initiative.

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### Victor B. Maddox



Victor B. Maddox

Victor B. Maddox was nominated to serve on the Board of Directors of the Legal Services Corporation by President Barack Obama on December 17, 2009, and his nomination was confirmed by the U.S. Senate on March 19, 2010.

Mr. Maddox is a partner in the Louisville, Kentucky law firm of Fultz Maddox Hovious & Dickens, PLC, where he is responsible for a broad range of trial, arbitration and appellate matters involving constitutional and public

policy law and commercial and business litigation. From 1987-1995, he was a partner at Brown, Todd & Heyburn, one of Kentucky's largest law firms.

In addition to his private practice experience, Mr. Maddox served as a Trial Attorney for the Civil Division Commercial Litigation Branch at the U.S. Department of Justice, where he represented a wide variety of federal agencies in commercial litigation across the country, at both the trial and appellate level. Later, he served as Counsel for the U.S. Senate Judiciary Committee, on behalf of Senator Mitch McConnell. In this role, he provided legal advice on civil rights and discrimination laws, intellectual property, constitutional law, criminal and white-collar crime law and judicial nominations. Mr. Maddox was also appointed to the Kentucky Registry of Election Finance in 1994.

He received his B.B.A. summa cum laude from Ohio University, Athens in 1978 and his J.D. cum laude from Indiana University, Bloomington in 1981.

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## ATTORNEYS



### **Douglas N. Varley**

Member, [Washington, D.C.](#)

(202) 862-7818

[dnv@capdale.com](mailto:dnv@capdale.com)

[Download V-Card](#)

Douglas N. Varley is a member of Caplin & Drysdale's Washington, D.C. office. He became a member of the firm in February, 2000.

### **Services**

Mr. Varley's practice focuses principally on advising exempt organizations, in particular, private foundations. He has guided the design of major grantmaking programs and participated in the development of national public educational campaigns targeted on a range of significant policy issues. In addition to helping a diverse array of nonprofit organizations comply with the rules governing lobbying and political activities, his areas of concentration also include such matters as international philanthropy, restrictions on executive compensation, transactions with for-profit organizations, and minimizing unrelated business income tax. Before embarking on his legal career, Mr. Varley administered grantmaking programs for college and university faculty at the National Endowment for the Humanities.

### **Professional Activities**

Mr. Varley has written numerous articles and other pieces on tax-exempt organizations topics and has spoken at national meetings, including the Council on Foundations Annual Conference, the ABA Tax Section's Exempt Organizations Committee and the ALI-ABA program on Tax-Exempt Charitable Organizations.

#### **Practice Area**

[Exempt Organizations](#)

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#### **Education**

J.D., University of Virginia  
School of Law, 1994,  
*Virginia Law Review*

M.A., University of Chicago,  
1988

B.A., University of Virginia,  
1983, *Phi Beta Kappa*

#### **Bar and Court**

**Admissions**

District of Columbia

Virginia

#### **Other Professional**

**Affiliations**

American Bar Association



## **Nikki L. Tinsley - Senior Manager/Consultant**



Over twenty-five years of audit and management experience in the United States Inspector General Community to include strategic planning, human resources and financial management, program development and evaluation, and organization representation and liaison.

Ms. Tinsley currently serves as senior manager of domestic Management Consulting and Advisory Services Operations for EAM, Inc. / Mosley & Associates. She manages projects and other staff engagements for clients involving domestic contracts. She assists in marketing company services and performing personal consulting services (advice and counsel). Clients include a wide variety of CPA and consulting firms, and technical firms in the areas of strategic planning and management.

Ms. Tinsley was the Inspector General for the Environmental Protection Agency (EPA) from November 1998 until February 2006. Prior to being appointed by the President and confirmed by the U.S. Senate as Inspector General, she served for almost two years as EPA's Acting Inspector General. She simultaneously served as Inspector General for the U.S. Chemical Safety and Hazard Investigation Board. Successfully integrated IG activities into Agency operations while maintaining organizational independence required by law.

As the Inspector General, she provided audit oversight and conducted criminal investigations for organizations having over \$8 billion annual appropriated funding. She worked with political leaders and Agency managers to develop national environmental goals and strategies to protect human health and the environment.

As the Divisional Inspector General at EPA for five years (1990-1995), Ms. Tinsley headed audit operations in two Offices of Inspector General regional offices and the ten states served by the offices. She organized and managed audit programs including auditing regional operations, contractors, grantees, and laboratories located in the regions. She oversaw nationwide audits of EPA integrity program and budget execution.

Ms. Tinsley has a Masters Degree in Management and is a Certified Public Accountant (CPA). Professional affiliations include:

- § President's Council on Integrity and Efficiency, Human Resource Committee Chair
- § Advisory Council on Government Audit Standards Member
- § Comptroller General's Domestic Working Group Member
- § Intergovernmental Audit Forum, Past Executive Committee Representative
- § Association of Government Accountants, Awards Board Member
- § Institute of Internal Auditors Member
- § Colorado State Board of Accountancy Member

Ms. Tinsley was honored with the AGA Distinguished Federal Leadership Award in 2004.



**Allan J. Tanenbaum**  
**General Counsel & Managing Partner**  
**Equicorp Partners LLC**  
**The Prominence Building**  
**3475 Piedmont Rd., Ste. 1660**  
**Atlanta, Georgia 30305**  
**(404) 442-1534 (direct dial)**  
**(404) 433-4591 (cell)**

Allan J. Tanenbaum is the General Counsel & Managing Partner of Equicorp Partners LLC, an Atlanta-based private investment and advisory firm. From 2001 through 2005, Tanenbaum was Senior Vice President – Legal, General Counsel and Corporate Secretary of AFC Enterprises, Inc., a NASDAQ Company which operates and franchises quick service restaurant concepts. Prior to joining AFC, Tanenbaum was in private practice for 30 years, specializing in business transactions.

Tanenbaum has a broad range of experience in representing public and private companies in financing, mergers and acquisitions, compliance and corporate governance matters. He has managed public offerings of debt and equity securities, as well as institutional private placements of high-yield securities and venture capital financings. Acquisitions and dispositions have included transactions between public companies, transactions involving small to middle market private companies, and related bank and private financing transactions.

Tanenbaum has advised Boards of Directors and Board Committees concerning corporate governance, both under Sarbanes-Oxley and under common law fiduciary principles, and has implemented compliance programs for companies after they have gone public. He has managed a broad variety of litigation and special matters, including shareholder class actions, derivative suits, government investigations and Board Committee investigations, and has experience in alternative dispute resolution, arbitration and mediation, and other innovative approaches to risk management and dispute resolution.

Tanenbaum formerly chaired the American Bar Association's Division of Public Education which promotes public understanding of and respect for the law and the legal process, as well as the Council of the ABA's 501(c)(3) Fund for Justice and Education. He represents the State of Georgia in the ABA's House of Delegates, is a liaison to the Georgia Supreme Court Chief Justices' Commission on Public Trust and Confidence, and Vice President of the Atlanta Bar Foundation. Tanenbaum has also been involved in the national initiative of the American Bar Association dealing with the public's perception of the legal profession. As former Chair of the ABA'S Commission on Partnership Programs, he helped develop a nationwide program to improve client relations and communications.

Tanenbaum is a frequent lecturer on corporate governance and securities matters to business and professional groups. He currently serves on the Board of Directors and chairs the Corporate Governance Committee of DSW Shoe Warehouse, a New York Stock Exchange company.

A graduate of the University of Virginia School of Law, Tanenbaum earned his Bachelor of Science degree in Economics from the Wharton School of Finance & Commerce at the University of Pennsylvania.

A native of Savannah, Georgia, Tanenbaum's community involvement is primarily related to children's issues including serving on the Boards of Directors of The Hank Aaron Chasing the Dream Foundation; The Atlanta Bar Foundation; The Truancy Intervention Project; Juvenile Diabetes Research Foundation — Georgia; Camp Kudzu (for children with diabetes); the Southern Education Foundation; and is a founding director of The Children's Museum of Atlanta.

# Paul L. Snyder

## Director

Christopher & Banks Corporation

Plymouth , MN

Sector: SERVICES / Apparel Stores

## 61 Years Old

Paul Snyder, 61, retired as a practicing Certified Public Accountant from KPMG in 2009 after 39 years of service, including as KPMG's Midwest Area Managing Partner. He is also a past member of KPMG's United States Board of Directors, as well as KPMG's Americas Board of Directors. Mr. Snyder is a director of Securian Group, Inc., a financial services company headquartered in St. Paul, Minnesota. He is also a member of the Board of Directors of The St. Paul Foundation, a member of the Board of Directors of the Minneapolis YMCA and its Executive Committee, and a Life Trustee of the Chicago Historical Society. On April 28, 2010, Paul L. Snyder accepted the offer from the Board of Directors of Christopher & Banks Corporation to join the Board as a new director effective May 3, 2010.

## Forbes Ranking

Christopher & Banks - 181st on the Forbes 200 Best Small Companies in 2006
Christopher & Banks - 6th on the Forbes 200 Best Small Companies in 2003
Christopher & Banks - 7th on the Forbes 200 Best Small Companies in 2002
Christopher & Banks - 9th on the Forbes 200 Best Small Companies in 2001



[www.panerabread.com](http://www.panerabread.com)

# Company Overview

## Management Bios

### **Ronald M. Shaich**

EXECUTIVE CHAIRMAN OF THE BOARD

Ron Shaich transitioned to the role of Executive Chairman of the Board of Panera Bread Company in May 2010. He is the co-founder and, for over 25 years, served as the Chief Executive Officer of the company. Shaich began his career in the bakery-cafe industry in 1981, when he opened a small cookie store in downtown Boston. Shortly thereafter, he combined his cookie store operations with a local bakery to co-found Au Bon Pain Co., Inc. The company has been publicly traded since June 1991.

In 1993, Shaich led Au Bon Pain's purchase of a 19-location bakery-cafe concept called Saint Louis Bread Company, and launched the comprehensive re-staging of Saint Louis Bread. Under Shaich's leadership, average unit volumes at Saint Louis Bread increased by 75 percent between 1993, and 1997, the year the Saint Louis Bread began its national expansion using the name Panera Bread Company.

In 1998, Shaich reached the difficult decision to sell all of Au Bon Pain's business units, including the flagship Au Bon Pain brand, and bet the future of the company on the growth of Panera Bread. This plan was approved in May 1999, and the company was renamed Panera Bread (NASDAQ: PNRA). Panera Bread finished the second quarter of 2010 with 1,399 bakery-cafes, delivering fresh, authentic artisan bread and cafe foods in a warm and engaging environment.

In his over 25 years as CEO, Shaich received widespread recognition for his leadership. In 2005, Shaich received the International Foodservice Manufacturers Association's Gold Plate Award as the outstanding leader in the food service industry that year.

Shaich received a Bachelor of Arts degree from Clark University in 1976, and a Master's Degree in Business Administration from Harvard Business School in 1978.

Shaich serves as a member of the Lown Cardiovascular Research Foundation. He has also served as Chairman of the Board of Trustees of Clark University, and is a former Treasurer of the Massachusetts Democratic Party.

### **William W. Moreton**

CHIEF EXECUTIVE OFFICER AND PRESIDENT

William "Bill" Moreton was named Chief Executive Officer and President of Panera Bread and to the Board of Directors in May 2010, succeeding the company's co-founder, Chairman and Chief Executive Officer Ron Shaich. Moreton rejoined the company in October 2008 as Executive Vice President & Co-Chief Operating Officer.

Prior to joining Panera, Moreton served as President and Chief Financial Officer of Potbelly Sandwich Works. He also



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Washington DC



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**Bookkeeping Basics**  
No trained bookkeeper on staff? No problem. Many nonprofits don't have a trained bookkeeper on staff. This crucial function goes to whoever has the time and the willingness to do it.

**All the Way to the Bank**  
All the Way to the Bank publication from LarsonAllen's nonprofit and government group.

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- Vision and Mission Statement
- Message from M. Christine DeVita, President

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#### Funding Guidelines

#### Directors & Staff

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## M. Christine DeVita

### President

M. Christine DeVita joined The Wallace Foundation in 1987 and has been its president since 1989. Under her leadership, the foundation has evolved from a collection of small family funds into one of the nation's 40 largest foundations with assets of more than \$1 billion.

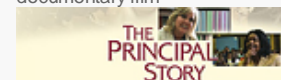
The foundation applies a unified strategy to all of its work, combining program, evaluation and communication expertise in an effort to deliver social benefits beyond the recipients of direct grants through the development and sharing of knowledge. Its work was profiled in *Creative Philanthropy*, by Helmut K. Anheier and Diana Leat.

DeVita has spoken about innovative philanthropic practices in venues including The Council on Foundations, Grantmakers for Education, The Arts Council of Winston-Salem & Forsyth County, the New England Museum Association, Duke University and Bates College. She is Chair of the Board of Directors of The Foundation Center and a member of the visiting committee of Harvard's Graduate School of Education.

Born in New York, DeVita earned her B.A. degree magna cum laude from Queens College of the City University of New York and her J.D. degree cum laude from Fordham University School of Law where she was an editor of the *Fordham Law Review*. She is admitted to practice in New York and before the United States Supreme Court.

#### Spotlight

- Video Commentary on "Learning from Leadership"
- In Improving After-School, Management Matters, Too
- Webinar: Reducing Summer Learning Loss
- Resources for developing school leadership, accompanied by *The Principal Story*, a PBS documentary film



- Summaries of Upcoming Research

#### In The News

- Wallace: New Effort Reflects Growing Interest in Leadership
- Philanthropy Group Spotlights "Candid" Wallace '09 Report
- Journal Article Details How Wallace Carries Out Its Work

#### Notable and Quotable

"The key to lifting demand for the arts may well lie in reversing the 30-year-long decline in arts learning, both in and out of schools."  
- Increasing Arts Demand Through Better Arts Learning

### Knowledge Topics

#### Current Areas of Focus

- Arts Participation and Arts Education
- Educational Leadership
- Out-of-School Time Learning

#### Areas of Continuing Interest

- Libraries
- Adult Literacy
- Museum Audience Development
- Urban Parks
- Advancing Philanthropy
- School Counseling
- Teacher Recruitment

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## Yum! Senior Officers

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### **David C. Novak**

Chairman, Chief Executive Officer and President  
Yum! Brands, Inc.

### **Samuel Su**

Vice Chairman of the Board, Yum! Brands, Inc.  
Chairman & CEO, Yum! Brands China Division

### **Graham D. Allan**

CEO  
Yum! Restaurants International (YRI)

### **Scott O. Bergren**

President and Chief Concept Officer  
Pizza Hut

### **Jonathan D. Blum**

Senior Vice President, Chief Public Affairs Officer  
Yum! Brands, Inc.

### **Emil J. Brolick**

Chief Operating Officer  
Yum! Brands, Inc.  
President  
Long John Silver's and A&W

### **Anne P. Byerlein**

Chief People Officer  
Yum! Brands, Inc.

### **Christian L. Campbell**

Senior Vice President, General Counsel, Secretary and Chief Franchise Policy Officer  
Yum! Brands, Inc.

Chris Campbell is Senior Vice President, General Counsel, Secretary and Chief Franchise Policy Officer for Yum! Brands, Inc. In this role, Chris oversees all legal activities of the company and he is responsible for the oversight of the company's purchasing as a Director of the Company's purchasing cooperative with its franchisees, and for the administration and coordination of franchise and multibrand policies. Chris joined Yum! Brands, Inc. from Owens Corning, where he held the titles Senior Vice President and General Counsel. Chris holds a Bachelor and Masters degree in economics from Northwestern University (1972), and a law degree from Harvard Law School (1975). In addition, he completed the Advanced Management Program at Harvard Business School in 1992. Chris also serves on numerous professional boards.



### **Richard T. Carucci**

Chief Financial Officer  
Yum! Brands, Inc.

### **Greg Creed**

President and Chief Concept Officer  
Taco Bell

### **Roger Eaton**

President and Chief Concept Officer  
KFC

### **Larry Gathof**

Vice President and Treasurer  
Yum! Brands, Inc.

### **Timothy P. Jerzyk**

Senior Vice President, Investor Relations  
Yum! Brands, Inc.

### **Ted F. Knopf**

Senior Vice President, Finance and Corporate Controller  
Yum! Brands, Inc.

### **Patrick C. Murtha**

Chief Operating Officer  
Pizza Hut

### **Micky Pant**

President of YRI and Global Branding  
Yum! Brands, Inc.

### **Laurance Roberts**

Chief Operating Officer  
KFC

### **Rob Savage**

Chief Operating Officer  
Taco Bell

## **Michele S. Warman**

### **General Counsel and Secretary**

Michele S. Warman serves as General Counsel and Secretary of The Andrew W. Mellon Foundation.

Ms. Warman received a J.D. from Harvard Law School in 1988, where she was an editor of the Harvard Law Review. She received an A.B. from Princeton University in 1982, where she received the M. Taylor Pyne Honor Prize, the university's highest undergraduate distinction, and a B.A. from the University of Oxford in 1985, which she attended as a Rhodes Scholar. In 2004, Ms. Warman was honored as one of New York's Outstanding Women of the Bar by the New York County Lawyers' Association.

Before joining the Foundation in 1999, Ms. Warman was an associate at the law firm of Davis Polk & Wardwell, and a law clerk at the U.S. Court of Appeals, D.C. Circuit. At Davis Polk, Ms. Warman worked on a wide range of litigation matters, and provided pro bono representation for civil rights groups in amici briefs before the U.S. Supreme Court and for indigent clients.

Ms. Warman is a member of Princeton University's Woodrow Wilson School of Public & International Affairs' Advisory Council, and has also served on the Committee on Academic Programs and the Executive Committee of the Alumni Council. She has served on the Rhodes Scholarship selection committees in New York and Connecticut. Ms. Warman is admitted to the U.S. Supreme Court, S.D.N.Y., E.D.N.Y., New York, Massachusetts, and Washington, D.C. Bars.





Writer's Direct Telephone  
(202) 295-1570

January 19, 2010

Re: Program Quality Visit  
Inland Counties Legal Services

**Interim President**  
Victor M. Fortuno

**Board of Directors**  
Frank B. Strickland  
Atlanta, GA  
*Chairman*

Michael D. McKay  
Seattle, WA  
*Vice Chairman*

Jonann C. Chiles  
Little Rock, AR

Thomas A. Fuentes  
Lake Forest, CA

Herbert S. Garten  
Baltimore, MD

David Hall  
Boston, MA

Thomas R. Meites  
Chicago, IL

Laurie Mikva  
Evanston, IL

Bernice Phillips-Jackson  
Buffalo, NY

Sarah M. Singleton  
Santa Fe, NM

Dear Mr./Ms.:

This letter will confirm the consulting agreement between you and the Legal Services Corporation ("LSC"). Pursuant to this agreement, you will provide the Office of Program Performance (OPP) with the services outlined below:

1. Assist Office of Program Performance staff with on-site program quality visit, including pre-trip preparation, to the offices of Inland Counties Legal Services for February 8 -12, 2012.
2. Participate in debriefing conferences held with Office of Program Performance staff.
3. Following the on-site visit, provide a written summary of each quality assessment interview conducted, including a list of significant observations related to the criteria, indicators, and areas of inquiry in the LSC Performance Criteria and relevant sections of the ABA Standards for the Provisions of Civil Legal Aid.

This consulting agreement will begin on January 25, 2010 and extend through June 12, 2010, unless LSC determines that your services should be discontinued prior to that date. The rate of compensation will be **\$500.00** per day, for a maximum of twelve (12) days. **The daily rate is based on a 7.5 hour workday and any hours worked less than 7.5 will be paid on a pro-rated basis.** Enclosed are time sheets to be completed and submitted by consultants. All transportation and travel expenses in connection with this matter will be paid in accordance with LSC's guidelines.

You are being engaged for this work as an independent contractor hired by LSC and you are not an agent or employee of LSC. LSC is not responsible for any employment tax withholding, or fringe benefits, including health insurance or employee benefits for you. In addition, because independent contractors are not subject to Social Security withholding, any contributions required under the Social Security Act must be made by you. Please contact your local Social Security Office for assistance in this matter. Finally, you hereby represent you are authorized to work in the United States.

You are not entitled to claim compensation for services for any hours of a working day for which they have received compensation from any other LSC-funded source. If your request is paid in violation of this provision, the Legal Services Corporation will recover such compensation.

You agree that any materials developed under this Agreement shall be considered to have been created on a work for hire basis and that LSC is the sole owner of all rights, titles and interest to all materials prepared, developed, created or used under this Agreement, provided that LSC shall not have any interest in materials developed by you in connection with work outside this Agreement.

You recognize that you may have access to certain confidential information. You will not disclose, without prior written consent or authorization of LSC, any confidential information to any person, for any reason or purpose whatsoever.

LSC shall have the right to terminate this Agreement if, for any reason, you shall fail to fulfill, in a timely manner, the obligations under this Agreement. In the event that LSC terminates this Agreement, LSC shall be liable only for payment for services rendered under this Agreement prior to the effective date of termination.

You and LSC each agree to indemnify and hold harmless the other party, including its directors, agents and employees, from and against all claims, actions, liabilities, costs and expenses, including reasonable attorneys' fees, which may result from its respective negligent acts or omissions in the performance of this Agreement.

All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person, sent by facsimile with confirmed receipt via fax, or sent via United States Registered Mail to the following:

Janet LaBella  
Director, Office of Program Performance  
Legal Services Corporation  
3333 K St. NW  
Washington, DC 20007  
(202) 337-6813 (fax)

This Agreement constitutes the entire agreement of the parties with respect to the provision of services specified herein. Modifications of this Agreement shall be valid only if made in writing and signed by both parties to this Agreement.

The invalidity of any provision of this Agreement shall in no way affect the validity of any other provision of this Agreement. If any provision of this Agreement cannot be legally enforced to its fullest extent, then such provision shall be enforceable to the maximum extent permitted by law, and the parties hereto consent and agree that such provision may be judicially modified accordingly in any proceeding brought to enforce such provision.

This Agreement shall be governed by and interpreted in accordance with the laws of the District of Columbia.

If this offer is acceptable to you, please countersign, date and return the original of this letter to the Office of Human Resources and retain a copy for your records. **Failure to return the signed contract within thirty (30) days will result in a delay in paying for services rendered until such time as the original signed contract is returned to the Office of Human Resources.**

Sincerely,

Alice C. Dickerson, Director  
Office of Human Resources

AGREED:

APPROVED:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
Janet LaBella, Director  
Office of Program Performance

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Date

**If you are an employee of an organization that receives LSC funds, please sign the following certification:**

I hereby certify that I will be in a leave without pay status from \_\_\_\_\_  
(Program Name)

on the days I am performing services for LSC pursuant to this contract. I will not receive funds from \_\_\_\_\_ or any other LSC funded source for the days on  
(Program Name)

which I am compensated by LSC.

Signature: \_\_\_\_\_  
(Consultant)

Date: \_\_\_\_\_

Enclosures

## MEMORANDUM

**TO:** Ronald Merryman

**FROM:** Charles Jeffress 

**DATE:** September 16, 2009

**SUBJECT:** Response to OIG Audit of LSC's Consultant Contracts

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President Barnett's June 23, 2009 memorandum to the Inspector General stated that LSC would be revising its Administrative Manual to implement the recommendations contained in the OIG's Audit of LSC's Consultant Contracts. Attachment 1 is a copy of the revised manual (except for the proposed new Records Management chapter) for your review and consideration. We would appreciate your response by September 23, 2009. We plan to conduct training for LSC staff on this manual on September 29, 2009, and put all of the revised procedures in place by October 1, 2009. We believe that the revised manual is responsive to the recommendations of the audit and request that all recommendations be closed.

Our more specific response to each of your recommendations follows.

Recommendation 1: LSC has resolved the classification of OPP and OCE consultants and is now classifying future program visit consultants as temporary employees.

Recommendation 2: A requirement has been included in the revised Administrative Manual, Chapter 1, Part I, Section C.3., requiring that all contract decisions be fully documented, and Chapter 1, Part III, Section B.1., requiring that all contracts be approved by the Comptroller and the Office of Legal Affairs.

Recommendation 3: With respect to acquisition planning for consultants, LSC has implemented a revised budget planning procedure for FY 2010 and 2011 that requires office directors to specify the level of regular employees, temporary employees, and contractors needed during the year to carry out the offices' responsibilities (see attachment 2). This document is reviewed by the Vice President or CAO supervising the office and is reviewed by the Comptroller prior to the budget's being approved by the LSC Executive Team.

Recommendation 4: The revised Administrative Manual contains a provision to preclude contractors receiving payment from two LSC sources at the same time (see Chapter 1, Part I, Section B.7.).

Recommendation 5: LSC will not be using consultants for routine program visits, and the temporary employees will only be paid for hours worked for LSC.

Recommendation 6: Clear documentation is required by the revised Administrative Manual in Chapter 1, Part III, Sections B.2.c and d whenever consultant contracts are not awarded competitively.

Recommendation 7: All consultant contracts must be approved by the Comptroller and the Office of Legal Affairs (OLA), as stated in Chapter 1, Part III, Section B.1 of the Administrative Manual.

Recommendation 8: The revised Administrative Manual includes a requirement that LSC contracts contain all OLA-recommended provisions, as stated in Chapter 1, Part III, Section B.3.

Recommendation 9: As stated in Chapter 1, Part III, Section B.4, the contract approval form is required for all contracts.

Recommendation 10: This recommendation for a revised review process for purchase orders was closed by the OIG before the final audit report was published based on action taken by the Comptroller's Office in June 2009.

Recommendation 11: Required documentation and record-keeping for consultant contracts is specified in the Administrative Manual, Chapter 1, Part 1, Section C.3.

Recommendation 12: Training for LSC personnel on the revised manual has been scheduled for September 29, 2009.

Recommendation 13: The Comptroller will report quarterly to the President on all consultant contracts executed during that quarter along with a certification that procedural sufficiency was attained (see Chapter I, Part III, Section B.5).

# ADMINISTRATIVE MANUAL

## CHAPTER 1

### PROCUREMENT AND CONTRACTING

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#### PART I – DEFINITIONS AND POLICIES

##### A. PURPOSE

The purpose of this Chapter is to establish policies and procedures for all procurement of goods and contracting for services undertaken on behalf of the Legal Services Corporation (LSC).

##### B. DEFINITIONS

###### 1. Acquisition

Acquisition means the purchase or lease of goods and services. A purchase or lease of goods, which can be readily obtained through a single source under a single contract, shall be considered a single acquisition.

###### 2. Contract Approval Form

The Contract Approval Form is the form that must be executed by the originator of any contract and signed by the General Counsel or his designee, and Comptroller prior to LSC awarding a contract.

###### 3. Emergency

Emergency as used in this Chapter means when LSC's need for the goods or services is of such unusual and compelling urgency that LSC would be seriously injured by following the requirements otherwise required under this Chapter.

###### 4. Expendable Property

Expendable property is property with a value of less than \$500.

###### 5. Goods

Goods are expendable property, such as supplies, furniture, equipment, books, publications, and other items.

6. Nonexpendable Property/Capital Assets

Nonexpendable Property is property that has a value of more than \$500 with a useful life of greater than one year.

7. Independent Contractors

For the purpose of this Chapter, Independent Contractors are individuals, partnerships, corporations, associations or other types of organizations that may be engaged on a contract basis to provide services to LSC. Independent contractor status is indicated by an absence of control by LSC over the details, method, and manner that services and tasks are performed. However, LSC may require certain and definite results as specified in the terms of the contract. Independent contractors are not employees of LSC, are not entitled to LSC's fringe benefits and income taxes are not withheld from their pay. During the hours that contract services are being performed for LSC, consultants may not bill and receive payment from a second LSC-funded source for work or leave time.

8. Services

Services are the performance of labor using the provider's time, skills and expertise.

9. Purchase Order

The purchase order (PO) serves to confirm that LSC has entered into a contract to purchase expendable or nonexpendable items, or to secure services. When the goods are delivered or services rendered, the PO is either reduced or eliminated as may be needed when the associated invoices are paid.

10. Petty Cash

Petty cash is kept on-hand for payment of minor items. Petty cash funds have been established in the Comptroller's Office to provide a convenient and expeditious method to pay for small and "emergency" expenditures as provided for in Chapter 4 on Petty Cash.

**C. POLICIES**

1. Use of GSA Schedules

LSC has authority to purchase goods and services from the General Services Administration (GSA) schedules. (See GSA Order ADM 4800.2 E, Appendix B.) When obtaining competitive quotes, bids and proposals, and making purchases, the GSA schedule should be used unless the purchase

documents show a better value from other sources. Information on the GSA schedules can be found at: <http://www.gsa.gov/Portal/buying.jsp>.

2. Use of Small and Disadvantaged Business Enterprises (S/DBE)

Positive efforts shall be made to utilize small businesses and disadvantaged business enterprises whenever possible. To achieve this goal, persons responsible for contracting and procurement activities should take such steps as: making information on contracting and procurement activities available to facilitate participation by small and disadvantaged business enterprises; consider in the contracting and procurement process whether firms competing are small and disadvantaged business enterprises, or for larger contracts, whether firms intend to subcontract with small and disadvantaged business enterprises; use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency, and the GSA Office of Small Business Utilization. Information about contracting with S/DBEs can be found at: <http://www.mbda.gov/http://www.sba.gov> ; and [http://www.gsa.gov/Portal/content/orgs\\_content.jsp?contentOID=22882&content\\_Type=1005](http://www.gsa.gov/Portal/content/orgs_content.jsp?contentOID=22882&content_Type=1005)

3. Procurement and Contracting Records

Records relating to procurement and contracting activities shall include, at a minimum, the basis for contractor/vendor selection and justification for lack of competitive bidding or proposals (as applicable). Documentation in the files shall be sufficient to constitute a complete history of the transaction, including the RFP or statement of work, the list of bidders solicited the response from each bidder, any analysis performed of the bids received, written correspondence or memoranda recommending selection of a bidder, and the contract approval form. Contract files that include contractor bids or proposal information and source selection information must be protected from disclosure to unauthorized persons. All procurement and contracting records shall be provided to the Comptroller's Office, which will maintain the information.

4. Budgeting for Contracting and Procurement

Vice Presidents, CAO and Office Directors are responsible for assuring that expenditures for procurement of goods and contracts for services are within their budgetary limitations.

5. Purchase Orders

The Comptroller's Office is responsible for preparing and executing all purchase orders. When property is received or services rendered in accordance with the provisions of a purchase order and the invoice is verified and approved,



the invoice will be processed for payment. For procurements in which a purchase order is required, no order will be placed nor will any invoice be paid until the purchase order has been approved. (No purchase orders will be issued for credit card, petty cash or emergency purchases.) The Comptroller's Office shall not issue a purchase order for contracts until after the required General Counsel approval for form and legal sufficiency has been obtained.

6. Awarding Contracts to LSC employees

Contracts generally may not be awarded to employees of the Corporation or businesses owned or controlled by the employee, their spouse, parents, or children. However, if an employee or business described in this paragraph is the only vendor available to provide, or offers the best value for the needed goods or services, the contract may be awarded after all facts concerning the employee's connection to the business are revealed to the President and the President has approved the contract.

7. Competition

Key to ensuring that LSC funds are expended in an efficient and effective manner is the requirement that all goods and services be obtained for the best-evaluated price and terms. Contracts shall be awarded based on the best value to LSC. Best value as used in this Manual is the most advantageous balance of price, quality, and performance achieved through competitive procurement methods in accordance with stated selection criteria. Competition is an integral component of this requirement. Competition requirements are set forth in Part II and Part III. No contract shall be awarded based on personal gain to the LSC employee awarding the contract, a relative of that employee, or that result in a conflict of duty, interest or responsibilities of the awarding employee.

8. Exceptional Circumstances

- a. There are circumstances where existing relationships with vendors have been established due to technical or quality requirements, and it is appropriate to continue working with them by entering into a new contract. When such a situation occurs that requires a renewal of the relationship, the circumstances shall be adequately documented in a memorandum by the Corporate Secretary, Vice President, CAO or Director of the originating office, and must be approved by the Comptroller. Any relevant material must be filed in the Comptroller's Office for audit purposes.
- b. When a specialized expertise is needed or when time is of the essence for a special project to be completed, a "sole source" contract may be appropriate. A memorandum detailing the need and/or timing must be completed and approved following the

appropriate procedures before initiating a contract or beginning the project and must be filed in the Comptroller's Office for audit purposes.

- c. There are exceptional circumstances when the support offices of LSC (OFAS, OHR, OIT & OIM), in order to provide efficient and effective support services to LSC, may use the U.S. Government Purchase Authorization Card described in Chapter 2 to purchase goods or services and need not follow all of the procedures set out in Chapter 1. However, the required approvals still need to be received and documented (See Definitions 8 Purchase Orders and 2 Contract Approval Form). These circumstances include emergencies or situations where the Director has received approval from the Vice President supervising the originating Office to make the purchase or enter into the contract following the authorities as established in Part 2, A of this Chapter.

#### 9. The Inspector General

The Inspector General is authorized to solicit competitive proposals, negotiate and enter into contracts for goods and services in accordance with the requirements of this Chapter. The Counsel to the Inspector General will review proposed contracts for legal sufficiency and recommend to the Inspector General whether or not they should be executed. Contracts entered into by the OIG are not subject to approval or review by LSC Management, including the General Counsel, Comptroller or President. When this manual specifies that approval of the General Counsel or the Comptroller is required, the Inspector General shall make approvals for the OIG based on the advice provided by the Counsel to the Inspector General.

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## **PART II - PROCEDURES FOR PROCUREMENT OF GOODS**

### **A. AUTHORITIES**

The President, the Vice Presidents, CAO, and Office Directors are authorized to initiate procurement of goods. Purchases that are greater than \$10,500 must be approved by the President. The Vice Presidents and CAO are authorized to approve purchases up to \$10,500 and Directors up to \$3,500. LSC's IG or designee is the authorizing official for the OIG purchases.

### **B. PROCEDURES**

In addition to the general requirements set forth in Part I, above, the following procedures shall be followed for the procurement of goods.

#### **1. Procurement of Expendable Property**

##### **a. Office Supplies/Other Expendable Property**

An inventory of regularly used office supplies sufficient to meet normal requirements is maintained in the LSC supply room. A list of the supplies kept in stock is available in the supply room upon request. Except as otherwise provided, requests for the acquisition of supplies not kept in stock or large quantities of regularly stocked supplies with a value of more than \$100 shall be submitted in writing to the Manager of Administrative Services. Requests must be signed off on by the Vice President, CAO, Director or designee of the originating Office and should be submitted on LSC form - Request for Property and Supplies. Employees are requested to submit such requests at the earliest possible date so they will be available when needed. Supplies with a value under \$100 may be purchased by staff authorized by a Director or designee without following this procedure and will be reimbursed out of Petty Cash (see Chapter 4).

##### **b. Technology Supplies**

Because of the unique nature of many technology purchases and the existence of independent relationships between OIT staff and technology vendors, technology supplies will be purchased directly

by OIT within their prescribed authority established in Part II, A. of this Chapter. The Inspector General or designee has authority to approve all technology purchases for the Office of the Inspector General.

2. Procurement of Books and Publications

Except as otherwise provided, requests for the purchase of books and publications with a cost of \$100 or more shall be submitted in writing to the reading room staff to determine whether LSC already possesses the requested book or publication, or a suitable substitute; requests must be signed off on by the Vice President, CAO, Director, Inspector General or designee of the originating Office. If the publication is already available at LSC, the reading room staff will so inform the originating office. If the originating office needs its own separate copy, the Director of the office must submit a justification for the additional copy before the publication is purchased.

An index is maintained in the reading room of all books and publications obtained for LSC. Thus, books ordered shall be delivered to the reading room for cataloging before they are forwarded to the requesting Office.

3. Procurement of Nonexpendable Property

- a. Except as otherwise provided, requests for the purchase of nonexpendable property shall be submitted in writing with a brief justification for the request to the Administrative Services Manager. Requests must be signed off on by the Director, Inspector General or designee of the originating Office making the request and should be submitted on LSC form - Request for Property and Supplies. The Manager of the Office of Administrative Services shall forward the request to the Comptroller's Office for the execution of a purchase order.
- b. For acquisitions of nonexpendable property with a value of over \$3,500, the Administrative Services Manager shall use the procedures set forth in Paragraph 5 of this section.

4. Emergency Procurement Procedures

In urgent cases, procurement requests may be made by telephone, but such requests must be confirmed in writing. In emergency situations, when it is necessary to make expenditures over \$100 for which a purchase order could not be obtained, the vendor shall be instructed to send the invoice to the attention of the employee who authorized the expenditure. Upon verification by the employee who authorized the expenditure of funds that the merchandise or services were received and the invoice is in order, it shall be signed and forwarded to the

Comptroller's Office along with a concise justification with the authorization needed following Part II, A, before payment can be made. The Comptroller, after review of the transaction, will approve the invoice for payment or seek additional information from the originator. All emergency procurements for an amount greater than \$3,500 must be approved by the CAO or the Vice President supervising the Office originating the request, and all requests for an amount greater than \$10,500 must be approved by the President.

5. Solicitation of Bids

Except as otherwise provided herein, solicitation of bids is required for the acquisition of nonexpendable property with a value of over \$3,500 in accordance with the following procedures:

- a. Single acquisitions with a cost from \$3,500 to \$10,500 may be processed on the basis of internet, email or telephone quotations from not fewer than three sources; quotations shall be recorded and filed in the Comptroller's Office for audit purposes.
- b. Single acquisitions with a cost exceeding \$10,500 must be subject to competitive bidding. The Comptroller's Office is responsible for the preparation of specifications, the solicitation of bids and the awarding of contracts for the acquisition of nonexpendable property. Such acquisitions should normally be processed on the basis of responses to written solicitation of bids from not fewer than three sources. If it is necessary to award a contract on the basis of fewer than three responses, this information shall be documented for the file, and quotations shall be filed for audit purposes. Solicitations for bids must require that the bidder certify that it is an Equal Opportunity Employer.
- c. Purchasing from a "Sole Source" is recognized in some instances due to technical or quality requirements, the lack of dependable vendors or when there is an emergency. When such a situation occurs, the circumstances shall be adequately documented by the Vice President, CAO or Director of the originating office, and must be approved by the Comptroller. The documentation should include attempts made to solicit bids for the contract, and the reasons why there are no other supplies or services that will satisfy the specific requirements. All relevant material must be filed in the Comptroller's Office for audit purposes.

6. Invoices

The Directors of each Office and the Administrative Services Manager shall review invoices that apply to their respective areas to ensure that

merchandise was received as specified. Upon verification that the invoice is in order, it shall be signed by the Director or designee and forwarded to the Comptroller's Office for payment.

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## **PART III – PROCEDURES FOR CONTRACTING FOR SERVICES**

### **A. AUTHORITIES**

The President, the Vice Presidents, Corporate Secretary, CAO, and Office Directors are authorized to initiate contracts for services. Contracts that are greater than \$10,500 must be approved by the President. The Vice Presidents and CAO are authorized to approve contracts up to \$10,500 and Directors up to \$3,500. LSC's IG or designee is the authorizing official for the OIG and the Corporate Secretary for all contracts for the Board of Directors.

### **B. CONTRACTING PROCEDURES**

In addition to the general requirements set forth in Part I, C, above, the following procedures shall be followed for contracting for services:

#### **1. Authorities**

- a. The President, the Vice Presidents, Corporate Secretary, CAO and Office Directors are authorized to solicit competitive proposals, negotiate and, with the review of the Comptroller and OLA, as set out below in paragraphs b and c, and the approval of the President as set out in paragraph 4, enter into contracts for services in accordance with the requirements of this chapter. Upon request, Comptroller's Office and/or OLA will assist in the performance of these functions, as appropriate.

The OIG prepares, awards and approves its own contracts for services in accordance with the competitive requirements set out in section 2 below.

- b. Legal Sufficiency Review:

The OLA must approve all contracts for form and legal sufficiency before they are awarded. Such approval must be provided in writing by notation on the Contract Approval Cover Sheet.

- c. Comptroller Review:

The Comptroller must approve all contracts before they are awarded to ensure that the requirements of this Chapter have been followed prior to the award of the contract and the preparation of a

purchase order. Such approval must be provided in writing by notation on the Contract Approval Cover Sheet.

d. **OHR Review**

For contracts for program visit consultants, the requesting office must submit the proposed contract to OHR with the required information and a contract approval form prior to the contract's being initiated. OHR will approve the contract and initiate the necessary approvals from OLA, Comptroller, and vice president and president, if required. After all approvals have been obtained, the Director of OHR will sign the contract and return it to the originating office for mailing.

2. Competition Requirements

Except as otherwise provided herein, solicitation of proposals is required for the acquisition of services with a value of \$3,500 or more before contracting is completed.

a. **Contracts for Services with a Cumulative Cost of \$3,500- \$10,500:**

Except as otherwise provided herein, solicitation of bids or proposals are required before contracts for services with a value over \$3,500 may be completed. Proposals may be solicited via the internet, email or telephone contacts from not fewer than three sources.

b. **Contracts for Services with a Cumulative Cost Over \$10,500:**

Contracts for services with a cumulative cost exceeding \$10,500 must, except as otherwise provided herein, be subject to competition through the receipt of proposals submitted in response to a request for proposals (RFP). RFPs must, at a minimum, clearly define the services to be performed, provide the address where the proposals are to be sent, and the time and date the proposals are due. RFPs may be advertised in publications or mailed to qualified contractors, or both. OLA will, upon request, provide assistance with the drafting of RFPs.

Contracts should normally be processed on the basis of not less than three responses from the RFP. If it is necessary to award a contract on the basis of less than three responses, the reason must be documented in writing and provided to the Comptroller for the file.



c. Exceptions to the Competitive Requirements:

Exceptions to the competitive proposal procedure may be made for professional services including, but not limited to, the retention of law firms to represent the LSC, and hiring of technology experts to enhance the expertise of the OIT. Exceptions may also be made in emergencies or when only one contractor is available. Before any of the exceptions are exercised, the appropriate Vice President or CAO shall clearly document for the files the reasons for the exception and obtain approval from the President, where required.

d. Contracting for services from a “Sole Source” is recognized in some instances due to technical requirements or expertise, the lack of dependable contractors or when there is an emergency. When such a situation occurs, the circumstances shall be adequately documented by the Vice President, CAO or Director of the originating office, and must be approved by the Comptroller. The documentation should include attempts made to solicit bids for the contract, the reasons why there are no other supplies or services that will satisfy the specific requirements, and a determination that the projected cost is fair and reasonable. All relevant material must be filed in the Comptroller's Office for audit purposes.

3. Preparation of Contracts

The following basic information shall be included in all contracts:

A clear, complete, and concise description of the specific services or tasks to be provided; a schedule for completion of the work; a statement of terms of the contract; the cost basis for the contract (including limitations of expenses); a specification that the contractor is an Independent Contractor and not an employee of LSC; a termination clause; provisions for invoicing and payment; provisions on amendments to the contract; and statements regarding indemnification, severability and applicable laws. Contracts requiring payment on an hourly rate basis must state the hourly rate and the estimated number of hours that will be required to fulfill the contract. Unless provisional or estimated rates are specifically negotiated, contracts should also state that rates shall not be changed without written approval of the Comptroller and the contracting authority. As appropriate, contracts should also have provisions on subcontracting, confidentiality, representation and warranties, anti-competition clause, the integration clause, clarification of a consultant's relationship with LSC, and intellectual property rights. OLA has a standard contracting form

and, upon request, will provide the standard contract template and will provide assistance with contract drafting.

4. Approval of Contracts Prior to Award

Prior to the award of any contract, the originator must obtain the review of OLA and the Comptroller. Without the appropriate approvals on the Contract Approval Form, the contract cannot be awarded and the Comptroller shall not issue a purchase order. The originator of the contract shall transmit the proposed contract with a completed Contract Approval Form to OLA. OLA shall provide a response to the originator within one week of receipt of the proposed contract and Contract Approval Form. Once OLA's approval has been obtained, the originator shall transmit the proposed contract and Contract Approval Form to the Comptroller. The Comptroller shall provide a response to the originator within one week of receipt of the proposed contract and Contract Approval Form. The proposed contract will then be presented to the Director, Vice President, CAO or President for approval. (See Part I C, Policies, paragraph 9 for policy applicable to OIG).

a. Awarding of Contracts:

Upon the awarding of a contract by an authorized individual, a copy of the contract, along with a copy of the Contract Approval Form, and the RFP and copies of the proposals received (as applicable), must be forwarded promptly to the Comptroller's Office. The Comptroller shall review contracts to ensure they are properly executed. Upon confirmation that a contract has been properly executed, the Comptroller's Office shall execute a purchase order.

b. Amendments:

If revision of a contract is required, the originator shall submit the amendment(s) to OLA for review and approval for form and legal sufficiency prior to execution. Amendments to contracts which seek to change or expand the scope of work as set forth in the contract may require a new contract if the changes are substantial. OLA will provide guidance on such issues and will, upon request, help prepare amendments to contracts.

Amendments to contracts must be forwarded promptly to the Comptroller's Office.

c. Invoices:

Contractors shall be required to submit invoices directly to the

Comptroller who will review them and send them to the originator of the contract. The originator must verify that the invoice is in order prior to forwarding the invoice for payment. Upon verification, the originator shall sign off on the invoice and forward it to the Comptroller's Office for approval and payment. If the originator of the contract receives an invoice, a copy is to be forwarded to the Comptroller for information. Invoices must be approved for payment or otherwise responded to within 30 days.

5. Procedural Sufficiency

The Comptroller will report quarterly in writing to the President on all consultant contracts signed during that quarter and on whether the procedures are being followed. Additionally, the report will provide the actions needed to attain complete compliance with the procedures.



**CONTRACT APPROVAL FORM**

Originator of Contract: \_\_\_\_\_

Proposed Contractor: \_\_\_\_\_

Purpose of Contract: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Total Dollar Value of Contract: \_\_\_\_\_

I certify that the following steps have been taken:

- Use of GSA Schedule for Solicitation of Bids/Proposals
- Positive efforts were made to utilize S/DBEs
- A minimum of three proposals were solicited and received (for goods over \$3,500 or services over \$10,500)
- An RFP was issued to solicit proposals (contract valued at over \$10,500) or competitive bidding was used to solicit bids (procurement valued at over \$10,500)
- Rationale for selecting the proposed bidder is attached

If any of the above are not checked, please explain:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Proposals were received from the following bidders:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

.....

\_\_\_\_\_  
*Signature of Director*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature of OHR Director (for program visit consultant contracts only)*

\_\_\_\_\_  
*Date*

Proposed contractor: \_\_\_\_\_

Dollar value of contract: \_\_\_\_\_

**Certifications**

Date transmitted to **OLA**: \_\_\_\_\_

Approval of Office of Legal Affairs of contract for form and legal sufficiency \_\_\_\_\_  
*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

Date transmitted to **Comptroller**: \_\_\_\_\_

Approval of Comptroller for procedural sufficiency \_\_\_\_\_  
*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

*If contract is over \$3,500, obtain the following approval:*

Date transmitted to **Vice President or Chief Administrative Officer**: \_\_\_\_\_

Approval of Vice President or Chief Administrative Officer \_\_\_\_\_  
*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

*If contract is over \$10,500, obtain the following approval:*

Date transmitted to **President**: \_\_\_\_\_

Approval of President: \_\_\_\_\_  
*Signature* \_\_\_\_\_ *Date* \_\_\_\_\_

## Contract Originator's Contracting Procedure Outline

- Step 1 Identify the need for services and the anticipated value of the resulting contract.
- Step 2 If the anticipated value of the contract is less than \$3,500, or if the contract is for legal or accounting services, consult the GSA schedule and other appropriate sources and take appropriate measures to utilize S/DBEs. Proceed to Step 5.
- or
- Step 3 If the anticipated value of the contract is between \$3,500 and \$10,500, obtain at least 3 proposals (these can be obtained via the phone, email or the Internet, if desired), consulting the GSA schedule and other appropriate sources and taking appropriate measures to utilize S/DBEs. If this is not possible because of an emergency or other reason, document this for the file. Proceed to Step 5.
- or
- Step 4 If the anticipated value of the contract is greater than \$10,500, draft and publish a request for proposals (OLA can assist with drafting of the RFP, upon request), consult the GSA schedule and other appropriate sources and take appropriate measures to utilize S/DBEs. If this is not possible because of an emergency or other reason, document this for the file. Proceed to Step 5.
- Step 5 Select a contractor and prepare a draft contract (OLA can assist with contract drafting, upon request). Do not execute the contract with the contractor yet.
- Step 6 Complete the Contract Approval Form and forward with a copy of the draft contract to OLA for approval for form and legal sufficiency. If OLA has any concerns, OLA will contact the originator and work out issues. Once OLA can approve the contract for form and legal sufficiency, OLA signs off on the Contract Approval Form and returns the Form and the draft contract to the originator.
- Step 7 Submit the Contract Approval Form with OLA's sign-off and a copy of the draft contract to the Comptroller for approval for procedural sufficiency (i.e., that all procedural requirements to this point have been satisfied). If the Comptroller has any concerns, the Comptroller will contact the originator and work out issues. After the Comptroller approves the draft contract for procedural sufficiency, the Comptroller will sign the Contract Approval Form and return the Form and the draft contract to the originator for completion.

- Step 8           Execute the contract with the contractor. Forward copies of the executed contract along with the signed Contract Approval Form, and copies of the RFP and proposals received (as applicable) to the Comptroller. If the contract is not properly executed, the Comptroller will contact the originator. Once the contract is properly executed, the Comptroller will execute a purchase order.
- Step 9           When invoices for work performed on a contract are received, if the Comptroller has not received a copy, a copy should be sent. Once the invoice is approved for payment (with required signature(s) and date), send the original to the Comptroller.
- Step 10          Each quarter, the Comptroller will provide a written report to the President on the experience with issuing contracts and purchase orders.