

Attachment "C"

General Grant Administrative and Financial Provisions

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The Grant provisions of this part apply to Recipients (and/or their sub-recipients) of the Pennsylvania Interest on Lawyers Trust Account Board and are attached to the Grant Agreement. Questions on the applicability of the provisions should be directed to the Grantor.

Sections

- 5000.1 Definitions.
- 5000.2 Payment Procedures and Reports.
- 5000.3 Evaluation and Monitoring of Grantees.
- 5000.4 Grantee Financial Standards.
- 5000.5 Suspension/Termination of Grant Financial Assistance.

- Appendix A.1 Legal Service Organization Report of Grant Funded Services.
- Appendix A.2 Law School Report of Grant Funded Services.
- Appendix B Report of Grant Revenue and Expenses.

5000.1 Definitions

- (a) Act Access to Justice 42 Pa. C.S.A. §§3733, 4901-4907.
- (b) Board The Pennsylvania Interest on Lawyers Trust Account Board.
- (c) Grantor The Pennsylvania Interest on Lawyers Trust Account Board.
- (d) IOLTA Interest on Lawyers' Trust Accounts.
- (e) Recipient Any grantee or sub-grantee receiving grant funds awarded by the Pennsylvania Interest on Lawyers Trust Account Board.
- (f) Rule Pennsylvania Rules of Professional Conduct Rule 1.15, Safekeeping Property.
- (g) PLAN, Inc. Pennsylvania Legal Aid Network, Inc (formerly Pennsylvania Legal Services, Inc.)

5000.2 Payment Procedures and Reports

(a) Payment Procedures

1. Subject to the availability of funds and other terms and conditions of the Grant Agreement, the Grantor shall make payments to the Recipient according to the schedule identified in the Grant Agreement. Notwithstanding the foregoing, the Grantor reserves the right, in its sole discretion, to alter the disbursement schedule of the grant for any or all Recipients from time to time.
2. Prior to the release of any funds applicable to the grant, the Recipient shall have;
 - i. submitted a grant budget and service plan, and such budget and plan must be approved by the Grantor, and
 - ii. executed and returned the Grant Agreement to the Grantor.
3. The Recipient shall use grant funds for the specific purposes and in the amounts set forth in the approved budget and service plan and shall not materially deviate from such budget and service plan.

4. Deviations from the budget amounts shall be deemed material when such deviations are:
 - i. in excess of 20% of the budgeted amount for all items with a budget of \$1,000 or more, or
 - ii. in excess of \$500 for items budgeted less than \$1,000.
5. The Recipient may request a revision of its approved budget. The request shall be in writing, fully delineating the request and reasons for the revision, to the Executive Director of the Grantor. The Executive Director may request such additional information he or she may deem necessary to approve the revision request. Requests for budget revisions should be made prior to incurring expenses that would cause a material deviation, and be sent to the Grantor for receipt no later than May 30th of the grant year.

(b) Reports and Financial Statements

1. The Recipient shall report its funded grant activities service plan activities and financial activities according to the time schedule specified in the Grant Agreement. Delays in the submission of the report(s) to the Grantor will cause delays in the disbursement of funds to the Recipient.
2. The Recipient shall use the appropriate reporting format as attached at Appendix A.1 or Appendix A.2 "Report of Grant Funded Services" and Appendix B "Report of Grant Revenue and Expenses", or their facsimile.
3. Between scheduled reporting dates, events may occur which have a significant impact on the grant. The Recipient shall inform the Grantor as soon as the following types of conditions become known:
 - i. problems, delays or adverse conditions which will materially impair the Recipient's ability to perform in accordance with the approved service plan and/or budget. The disclosure shall be accompanied by a statement of the action taken or contemplated and any assistance needed to resolve the situation;
 - ii. any facts or events which would render the Recipient ineligible for a grant if the Recipient were making application for a grant at that time.
4. Within 105 days after the end of its fiscal year, the Recipient shall submit financial statements that have been subject to an audit or review by an independent certified public accountant. Any Recipient whose total gross expenditures exceed \$500,000, regardless of the source(s) funding those expenditures, shall submit audited financial statements.

5000.3 Evaluation and Monitoring of Grantees

The Grantor relies on the submission of interim reports of grant activities and financial activities to evaluate and monitor grantee performance. Additionally, the Grantor relies on the submission of the Recipient's annual independently audited or reviewed financial statements and other program monitoring and evaluation reports and information to assess the Recipient's program operations,

compliance with the grant provisions and Board guidelines.

However, to assure grant funds are used for the delivery of quality legal services and to gain firsthand knowledge of the Recipient's operations other evaluation and monitoring activities may be required or performed.

(a) Internal Performance Evaluation

Recipients that receive general support grants, except law schools, are required to establish, maintain and demonstrate sufficient internal and/or peer review performance evaluation procedures as are necessary to assure the delivery of high quality legal services. Recipients are encouraged to consider the "Standards for Providers of Civil Legal Services to the Poor" as adopted by the American Bar Association as guidance in their performance evaluations.

(b) Site Visits

Visits to one or more of a Recipient's places of operation or that of a subcontractor of a Recipient may be made as necessary as determined by the Grantor to inspect and review a Recipient's physical facilities, financial records, operational policies and procedures, including but not limited to firsthand observation of a Recipient's or sub-recipient's delivery of civil legal services, and such other aspects of a Recipient's program as may be reasonably necessary to ensure compliance with the grant provisions of the Board, and the Grant Agreement.

(c) Interviews with Recipient

The Grantor may either by telephone, personal contact or otherwise interview appropriate staff of the Recipient as reasonably may be necessary to ensure compliance with the grant provisions of the Board, and the Grant Agreement.

(d) Monitoring and Evaluation Reports

The Recipient shall timely furnish to Grantor, reports, results of investigations or such other information resulting from any monitoring and/or evaluation by any entity of its program and/or operations.

(e) Client Surveys

Law School Recipients shall survey their clients as to their satisfaction regarding the representation provided through clinical programs within sixty days after completion of the representation of the client. A sample survey format, which may be modified by the law school providing a copy of the modified survey is provided to the Board, is attached at Appendix C. Law Schools must report the results of their client surveys on the AReport of Grant Funded Services attached at Appendix A.2.

(f) Student Representation Hours

Law School Recipients shall, as part of their report of grant activities, report the number of student hours spent in the representation of specific clients. ARepresentation includes research and other preparatory activities related to aiding the student in the representation of a specific client. All such hours for the clinic/externship shall be reported in the aggregate, by clinic/externship for the reporting period, as well as the annual IOLTA funding percentage of the clinic/externship.

5000.4 Grantee Financial Standards

(a) Purpose

This sub-section is intended to provide uniform standards for allowability of costs chargeable to grants.

(b) Burden of Proof

1. The Recipient shall at all times have the burden of proof under this sub-section.
2. If a Recipient defends a non-allowable cost on the basis that the funds used were not subject to grant prohibitions and restrictions, the Recipient has the burden of proving that the funds actually expended were in fact not subject to the prohibitions and restrictions.

(c) Standards Governing Allowability of Costs under Grants or Contracts

1. General Criteria

Expenditures by a Recipient are allowable under the Recipient's grant or contract only if the Recipient can demonstrate that the cost was:

- i. Actually incurred during the effective term of the grant or contract (or is allowed by this sub-section) and the Recipient was liable for payment;
- ii. Reasonable and necessary for the provision of legal services for clients or for the accomplishment of another function specified in the grant or contract agreement as approved by the Grantor;
- iii. Allocable to such function(s);
- iv. In compliance with the grant provisions of the Board, and the terms and conditions of the grant or contract;
- v. Consistent with policies and procedures that apply uniformly to both grant financed and other activities of the Recipient;
- vi. Accorded consistent treatment;
- vii. Determined in accordance with generally accepted accounting principles.

2. Reasonable Costs

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. If a cost is determined as unallowable solely on the ground that it is excessive, only the amount that is larger than reasonable shall be unallowed.

3. Allocable Costs

- i. A cost is allocable to a particular cost objective, such as a grant, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a grant or contract if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
 - (1) Is incurred specifically for the grant or contract;
 - (2) Benefits both the grant or contract and other work and can be distributed

in reasonable proportion to the benefits received; or

(3) Is necessary to the overall operation of the Recipient, although a direct relationship to any particular cost objective cannot be shown.

ii. Any cost allocable to another particular grant or contract or other cost objective under these principles may not be shifted to this grant or contract unless specifically authorized by the Grantor's Executive Director.

4. Applicable Credits

- i. A Recipient must deduct all applicable credits, as defined in paragraph (ii) below, from the costs it charges to a grant or contract from the Grantor;
- ii. The term "applicable credits" refers to those receipts or reductions of expenditures which operate to offset or reduce expense items that are allocable to grants or contracts as direct or indirect costs. Typical examples of such transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayment or erroneous charges. To the extent that such credits accruing to or received by the Recipient relate to allowable costs they shall be credited to the grant or contract either as a cost reduction or cash refund as appropriate.

5. Guidance

The circulars of the Office of Management and Budget A-110 (Uniform Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other nonprofit Institutions) and A-122 (Cost Principles for Nonprofit Organizations) or A-21 (Cost Principles for Educational Institutions) shall provide guidance for all allowable cost questions arising under this sub-section when relevant policies or criteria therein are not inconsistent with the grant provisions of the Board, or the grant agreement.

(d) Unexpended Grants

Grants are anticipated to be used by the Recipient during the term of the Grant Agreement. However, circumstances may occur such that all the grant funds may not be expended during the grant term.

Additionally, the grant term may differ from the Recipient's fiscal year end and some grants may be one-time or special purpose, or in the nature of ongoing support to a Recipient.

1. One-time or Special Purpose Grants

All one-time or special purpose grants awarded by the Grantor shall have an effective date and termination date. Generally, unless otherwise indicated in the Grant Agreement, grants for law school clinical and or internship/externship programs are considered special purpose grants. Project grants likewise are considered special purpose grants. No funds provided under a one-time or special purpose grant may be expended subsequent to the termination date of the grant without the prior written approval of the Grantor. All unexpended funds under such grants shall be returned to the Grantor.

2. General Purposes Support

Grants which are for general Recipient support and which can reasonably be expected

to continue on an ongoing basis from the Grantor shall be subject to this policy. Unexpended general purpose support grants must be accumulated in a separately identified account (i.e. either a Net asset, Deferred revenue or an Unearned support account, hereinafter unexpended grant account).

- (a) Grant "support" for the reporting period for purposes of this sub-section shall be defined as the sum of: (1) the annualized grant award(s) (i.e., the annual sum of the monthly pro-rata portion of the grants applicable to the fiscal year); (2) any additional income derived from a grant (interest, rents, etc.); and, (3) that proportion of any proceeds from the sale of assets, or other compensation or income attributable to any grant provided by the Grantor.
- (b) The unexpended grant account amount shall be determined solely by reference to the Recipient's annual audit. (The unexpended grant account amount reported in the Recipient's annual audit is subject to review and approval by the Grantor).
- (c) The "unexpended grant account balance percentage" shall be determined by expressing the unexpended grant account balance amount as a percentage of the Recipient's general purpose grant support from the Grantor for the reporting period.
- (d) The Recipient may carryover an unexpended grant account balance between the Recipient's fiscal years up to 10% of grant support from the Grantor.
- (e) The grant to PLAN, Inc. has funds identified for each of its two major budget centers: operational and capital activities; and service initiatives. The provisions of this section shall apply separately to each budget center. That is, the PLAN, Inc. may carryover a separate unexpended grant account balance between its fiscal years up to 10% of the grant support for each cost center from the Grantor.
- (f) Any Recipient's unexpended grant account balance in excess of 10% of Grantor's support shall be repaid to the Grantor in a lump sum or by pro-rata deductions from the Recipient's future grant checks. Such repayments or deductions shall be subject to the Board's Allocation Standards. However, the Board's Executive Director may issue a waiver of the 10% ceiling at his/her discretion, up to 25% of Grantor's support.

(e) Record Retention

The Recipient shall maintain records sufficient to justify expenditures incurred and services performed and preserve such books, documents and records until four years after expiration of the grant or until all questioned items asserted by the Grantor are resolved or no longer required by law. The Recipient shall give full and free access to the Grantor or its authorized representatives to such records.

5000.5 Procedures Governing Suspension and Termination of Grants

(a) Purpose

By providing procedures for prompt review that will insure informed deliberation by the Grantor when there is reason to believe that financial assistance to a Recipient should be suspended or

terminated this clause seeks to avoid unnecessary disruption in the delivery of legal assistance to clients.

(b) Definitions

1. "Suspension" means any action temporarily suspending or curtailing financial assistance to a Recipient in whole or in part prior to the expiration of the Recipient's current grant from or contract with the Grantor.
2. "Termination" means a decision that financial assistance to a Recipient will be permanently terminated in whole or in part prior to expiration of the Recipient's current grant or contract.

(c) Default Conditions

1. The Recipient shall be in default of its Grant Agreement when there has been substantial failure by a Recipient to comply with a provision of law, the grant provisions of the Pennsylvania Interest on Lawyers Trust Account Board, or a term or condition of the Recipient's current grant agreement with the Grantor; or
2. There has been substantial failure by a Recipient to provide high quality, economical, and effective legal assistance, as measured by generally accepted professional standards; or
3. There has been an occurrence of any event which would make the Recipient ineligible to receive a grant if the Recipient were applying for one at that time, or
4. There has been the submission of any materially false or intentionally misleading information to the Grantor or its Executive Director as a part of the Approved Budget, Budget Narrative, Financial Report, Financial Statements, or otherwise; or
5. There has been the failure to return unused Grant funds at the end of a Grant Period unless a carryover has been approved by the Grantor or is permissible under the Board's grant provisions.

(d) Remedies upon Default

In the absence of unusual circumstances, suspension or termination of a grant shall not take place unless the Grantor has given the Recipient notice of its failure and an opportunity to take effective corrective action.

In the event of a default by a Recipient, the Grantor shall have the right to do the following:

1. Adopt a monthly grant disbursement schedule (including recoupment of grant funds already disbursed in excess of the pro-rata current month's installment) or suspend grant disbursements and condition payment of subsequent installments or grant disbursements on the Recipient's cure of the default.
2. Terminate the Grant. Notwithstanding a termination of the grant, the Recipient shall be entitled to continue to receive grant funds on a monthly disbursement schedule pending

final disposition of any appeal to the Grantor brought by the Recipient or sixty days after notice of termination whichever is sooner.

3. Demand repayment and/or recoup by deduction grant funds improperly expended by a Recipient and/or institute legal action if necessary to recover such improperly expended funds.

APPENDIX A.1

(Name of Legal Service Organization)

Report of Grant Funded Services

From to

I. Cases Handled. (County-level detail should be maintained; total number of Grant funded cases reported.)

<u>Case Type</u> (list)	Number of Cases Handled	
	<u>Projected</u>	<u>Actual to Date</u>

Totals:

II. Narrative of Activities.

APPENDIX A.2

(Name of Law School Recipient)

Report of Grant Funded Services

From to

I. Student Hours in Client Representation

<u>Categories</u>	<u>*Total Number of Students</u>	<u>Total Number of Hours</u>	<u>IOLTA Funding Percentage</u>
In-House Clinics (list)			
Internships/Externships (list)			
Totals			

* Indicate the number of individual students with hours reported in both categories _____
(ie. the number of persons who overlap the reporting categories) (#)

II. Faculty/Staff Hours in Supervision of Student Representation and Client Representation

<u>Categories</u>	<u>*Total Number of Faculty/Staff</u>	<u>Total Number of Hours</u>	<u>IOLTA Funding Percentage</u>
Supervision of Student Rep.(list by clinic)			
Client Representation (list by clinic)			
Totals			

* Indicate the number of individual faculty/staff with hours reported in both categories _____
(ie. the number of persons who overlap the reporting categories) (#)

III. Narrative of Activities

(Efforts to inculcate a pro bono ethic in students should be described. Law schools must summarize the results of their client surveys applicable to their grant funded clinical program(s), describe initiatives taken to involve representatives of local nonprofit legal services and pro bono organizations in the planning and activities of their IOLTA funded clinical and internship/externship programs, and describe other grant activities. Cases handled and clients represented can be reported.)

IV. Attach several case vignettes

APPENDIX B

(Name of Legal Service Organization or Law School)

Report of Grant Revenue and Expenses

	From	to	
	<u>Budget</u>	<u>Expenses To Date</u>	<u>Expenses This Report Period</u>
Grant Revenue			
Expenses (List by line items)			
Total Expenses			
Excess (Deficit) Revenues over Expenses			

APPENDIX C

Grant Funded Law School Clinical Programs

Client Satisfaction Survey

1. Your name (optional)
2. What type of case did you have?
3. Were you treated courteously by the clinic personnel?
_____ Yes _____ No _____ Sometimes
Any comments:
4. Were the legal personnel who assisted you helpful in trying to solve your problems?
_____ Yes _____ No _____ Partly
5. Were you satisfied with the services you received?
_____ Yes _____ No _____ Partly
Any comments:
6. Please provide any other comments or suggestions you have.