

General Grant Administrative and Financial Provisions

The General Grant Administrative and Financial Provisions (GGAFF) apply to Recipients (and/or their sub-recipients) of the Pennsylvania Interest on Lawyer Trust Accounts Board (PA IOLTA Board) and are attached to the Grant Agreement. Sections and sub-sections that apply uniquely to the grant with the Pennsylvania Legal Aid Network, Inc. (PLAN Inc.) and its sub-recipients are specifically identified as applicable to PLAN Inc. Sections and sub-sections that apply uniquely to the grants with the Law Schools are specifically identified as applicable to the Law Schools. Questions on the applicability of the provisions should be directed to the PA IOLTA Board Executive Director.

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5000.1 Definitions

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| (a) AJA | Access to Justice Act 42 Pa. C.S.A. 3733, 4901-4907. |
| (b) Board | The Pennsylvania Interest on Lawyer Trust Accounts Board. |
| (c) Grantor | The Pennsylvania Interest on Lawyer Trust Accounts Board. |
| (d) IOLTA | Interest on Lawyer Trust Accounts. |
| (e) Recipient | Any grantee or sub-grantee receiving grant funds awarded by the Pennsylvania Interest on Lawyer Trust Accounts Board. |
| (f) PLAN, Inc. | Pennsylvania Legal Aid Network, 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, and
 - iii. filed reports timely according to the schedule specified in the Grant Agreement and satisfactorily resolved all questions arising from such reports as identified by 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.
 - iii. PLAN, Inc. must seek authorization from the Board in writing of any change to the approved allocations to programs, even if the deviation is less than 20%. The authorization request must provide a detailed explanation for the change sought.
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 Grantor. The Grantor may request such additional information he or she may deem necessary to approve the revision request. A request for a budget revision must be made prior to incurring expenses that would cause a material deviation and be sent to the Grantor for consideration no later than May 31 of the grant year.

(b) Reports and Financial Statements

1. The Recipient shall report its grant funded 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. With each grant status report, Law Schools shall include the following statistics for each IOLTA-funded clinic, internship, and fellowship: the number of students enrolled, the number of faculty/supervisors, the number

of student and faculty/supervisor hours spent in client representation, the number of faculty/supervisor hours spent in student supervision, the total number of cases closed, and the total number of client referrals from IOLTA-funded legal aid offices. Students, faculty, and internship supervisors must keep accurate, contemporaneous time records.

3. The Recipient shall use the reporting tool designated by the Board.
4. 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. significantly fewer students enrolled in an IOLTA-funded Law School clinic, internship, or fellowship than projected in the grant application. Notice must be provided before the semester begins or, if enrollment drops significantly during the drop/add period, when the drop/add period ends. A determination will be made whether to proceed with the clinic, internship, or fellowship as it may no longer be an effective use of the grant;
 - iii. any facts or events which would render the Recipient ineligible for a grant if the Recipient were applying for a grant at that time.
5. Recipients, except Law Schools, 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. If the Recipient is an affiliate or wholly owned subsidiary of a parent entity and will be included in the parent entity's audit or review, such audit or review must include a supplemental schedule of the Recipient's revenues, expenditures, and net assets.
 - i. The final audited financial statements or review for the Recipient's most recently completed fiscal year must be submitted to the Grantor on or before October 15th. Draft audited financial statements will not satisfy this requirement. Recipients whose fiscal year ends in the months of July, August, or September may submit financial statements for the immediately preceding fiscal year.
 - ii. PLAN, Inc. shall submit final audited financial statements to the

Grantor on or before October 31st. Sub-recipients shall submit final audited financial statements to PLAN, Inc. and the PA IOLTA Board on or before October 15th.

- iii. When the due date falls on a weekend or holiday, final audited financial statements may be submitted on the next business day.
 - iv. If the Recipient or sub-recipient does not meet the deadline set forth above, it must provide a detailed explanation in writing to the Grantor by October 15th. The explanation must include a plan to remediate the issues that caused the delay. If the Recipient or sub-recipient's audit is not timely submitted for two or more consecutive years, the Grantor may impose grant conditions including, but not limited to, month-to-month funding with additional reporting requirements, a formal assessment of the Recipient's fiscal operations including staffing, internal controls, and procedures, and may require a meeting with the Board Chair of the Recipient.
6. The fiscal audits for PLAN Inc. and its sub-recipients must be completed in accordance with the most current Generally Accepted Government Auditing Standards and include a supplemental schedule of IOLTA and AJA grant revenues, program income, expenditures, and deferred revenues in a format satisfactory to the PA IOLTA Board.
- 7.
8. Law Schools are required to provide a certified accounting statement from the school's accounting or grant compliance office with each grant status report verifying that the expenses reported are true and correct. The certified accounting statement submitted with the final grant status report shall include the total amount of non-IOLTA funding spent on each IOLTA-funded clinic, internship, and fellowship.
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- . By November 15 following the completion of the grant year, PLAN, Inc. shall provide a reconciliation of case goals and actual cases handled for each program. An explanation must be provided for any program that has met less than 90% of their case goals.

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 audited or reviewed financial statements and other program monitoring, evaluation reports, and information to assess the Recipient's program operations and compliance with the grant provisions and Board guidelines.

However, to assure grant funds are used for the delivery of high-quality civil 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 organizational and staff performance evaluation procedures as are necessary to assure the delivery of high-quality legal services. Recipients are encouraged to consider the "Standards for the Provision of Civil Legal Aid" as adopted by the American Bar Association as guidance for their internal performance evaluations. *PA Legal Aid Network Monitoring Process Protocols* are used by PLAN Inc. to evaluate its sub-recipients' ongoing compliance with the Grant Agreement, GGAFP, and other applicable authority. Requirements of the agreed-upon protocols are an onsite evaluation or, when appropriate, an evaluation via videoconference, by PLAN Inc. monitors for each sub-recipient at least once every three years, timely reporting of the results of the monitoring visits to the Board, and follow up with the sub-recipients to assure all required corrective actions are timely implemented. The Grantor may require monitoring activities take place onsite.

(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 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 Agreement, GGAFP, and other applicable authority.

(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 Agreement, GGAFP, and other applicable authority.

(d) Monitoring and Evaluation Reports

The Recipient shall timely furnish to Grantor reports, results of investigations, reviews, monitoring and/or evaluations by any entity, including a law enforcement agency or another funding source, of its program and/or operations.

(e) Client Surveys

Law Schools 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 (provided that a copy of the modified survey is submitted to the Board), is attached at Appendix A.

(f) Student Surveys

Law Schools shall survey each student enrolled in an IOLTA-funded clinic, internship, or fellowship at the end of each semester, or academic year if the program was a yearlong program, to assess how the experience impacted their plans to support legal aid and provide pro bono service after graduation. The student survey will be provided by the Board.

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 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 grant only if the Recipient can demonstrate that the cost was:

- i. Incurred during the effective term of the grant and the Recipient was liable for payment; and,
- ii. Reasonable and necessary for the provision of civil legal services for clients or the performance of another objective in the grant service plan as approved by the Grantor; and,
- iii. Allocable to the grant; and,
- iv. In compliance with the terms and conditions of the grant; and,

- v. Consistent with accounting policies and procedures that apply uniformly to both IOLTA-funded and non-IOLTA-funded activities; and,
- vi. Accorded consistent treatment over time; and,
- vii. Determined in accordance with generally accepted accounting principles; and
- viii. Adequately documented in business records accessible during normal business hours to the Grantor, auditors, and other organizations authorized to monitor Recipient compliance with the Grant Agreement.

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 same or similar 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. This standard is met if the cost:
 - (1) Is incurred specifically for the grant;
 - (2) Benefits both the grant and other work and can be distributed proportionally using reasonable methods; and
 - (3) Is necessary to the Recipient's overall operation and is assignable in part to the IOLTA grant.
- ii. All activities which benefit from the Recipient's cost will receive an appropriate allocation of indirect costs.

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 as direct or indirect costs. Applicable credits include, but are not limited to, purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayments or erroneous charges. To the extent that such credits relate to allowable costs, they shall be credited as a cost reduction or cash refund in the same fund to which the related costs are charged.

5. Guidance

The Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 shall provide guidance for all allowable cost questions arising under this sub-section.

(d) Cost Allocation Restrictions for Law Schools

Law schools may allocate only direct expenses of the IOLTA-funded programs for the representation of eligible clients to the IOLTA grant. Such expenses include the portion of faculty wages and fringe benefits associated with representation of clients and supervision of student representation of clients, costs associated with support staff and adjunct professors for the clinic, supplies, travel expenses of the clinic faculty and students, insurance, postage, telephone, printing and copying, technical support, and similar costs. Expenses associated with any other activity, including classroom instruction, or indirect costs, such as an allocation of administrative or general law school cost pools (such as costs associated with the dean's office, the accounting office, maintenance, or a cost associated with a law school owned facility), shall not be allocated to the IOLTA grant.

(e) Unexpended Grants

Grants are expected to be fully expended by the Recipient during the term of the Grant. In limited circumstances, the Grantor may exercise discretion in allowing grant term extensions or carryover of grant funds from one year to the next.

1. Special Purpose Grants

Grants to organizations other than PLAN, Inc. are considered Special Purpose Grants.

- i. No funds provided under a Special Purpose Grant may be expended after 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 by November 1 following the grant year.
- ii. Requests to extend the grant term for the purpose of expending the

grant funds must be received by May 31st of the grant year. Such requests must be submitted in writing to the Grantor and contain sufficient detail of the proposed work to be done during the extended grant period. The Grantor may request such additional information he or she may deem necessary to consider the request.

- ii. If an extended grant term has been approved, requests for budget revisions must be made prior to incurring expenses that would cause a material deviation and be sent to the Grantor for consideration no later than the last business day of the month immediately preceding the month the extended grant term ends.

2. General Purposes Support

Grants awarded to PLAN, Inc. for funding of the statewide legal aid system shall be subject to this policy. Unexpended general purposes support grants must be accumulated in a separately identified account, hereinafter “unexpended grant account”.

- i. “Grant Support” for purposes of this sub-section shall be defined as the sum of: (1) the current year grant award(s); (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. Grant Support shall not include deferred revenue from the prior year spent in the grant year.
- ii. The unexpended grant account balance shall be determined solely by reference to the Recipient's annual audit and is subject to review and approval by the Grantor.
- iii. The unexpended grant account percentage shall be determined by expressing the unexpended grant account balance as a percentage of the Recipient's Grant Support from the Grantor at the end of the fiscal year.
- iv. The Recipient and sub-recipients may carryover an unexpended grant account percentage between fiscal years up to 10% of Grant Support from the Grantor.
- v. Any Recipient's unexpended grant account percentage in excess of 10% of Grant Support shall be repaid to the Grantor in a lump sum by November 1 following the grant year.
- vi. The Recipient or a sub-recipient may request a waiver of the 10% carryover ceiling. Requests to carryover more than 10% up to 25% of Grant Support must be received by the Grantor by May 31st of the grant year and may be granted by the Board's Executive Director at

his or her discretion. Requests to carryover more than 25% of Grant Support must be received by May 1st of the grant year and will be considered by the Board.

- vi. The Recipient and sub-recipients shall establish at least one separate interest-bearing bank account for the purpose of maintaining the accumulated IOLTA and AJA deferred revenue as well as current IOLTA and AJA funding. The IOLTA and AJA cash in the separate interest-bearing account(s) shall be reduced only upon actual payment of expenditures for IOLTA and AJA grant activities.

3. Law School Grants

Law schools may submit a written request to the Board within sixty (60) days after the expiration of the grant to seek permission to reprogram unexpended grant funds in the next grant year. If such a request is not made, unexpended funds must be returned to the Board by November 1 following the grant year. The request must include a description of the proposed activities, a proposed budget, the anticipated number of students and faculty who will engage in the activities, the number of student and faculty hours to be spent in client representation, the number of faculty hours to be spent in student supervision, the anticipated total number of cases closed, and the total number of referrals of IOLTA eligible cases anticipated from IOLTA-funded legal aid offices.

(e) Record Maintenance and Retention

- 1. 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.
- 2. Timekeeping Requirement for PLAN Inc. and its sub-recipient organizations.
 - i. PLAN Inc. and its sub-recipient organizations shall maintain contemporaneous timekeeping records to demonstrate accountability for the use of grant funds by:
 - (1) Assuring that allocations of expenditures to IOLTA and AJA funding sources are supported by accurate and contemporaneous records of the cases, case oversight, matters, and supporting activities for which funds have been expended;
 - (2) Enhancing the ability of the Recipient to determine the cost of specific functions; and

- (3) Increasing the information available to the Grantor for assuring Recipient compliance with applicable statutes, rules, regulations, the Grant Agreement, and GGAFP.
- ii. Definitions relating to “cases, case oversight, matters and supporting activities” in this section are the same as those found at LSC Timekeeping Regulations CFR 45 §1635.2, as they are updated from time to time.
- iii. Timekeeping Requirement
 - (1) All expenditures of funds for Recipient actions are, by definition, for cases, case oversight, matters, or supporting activities. The allocation of all expenditures must be carried out in accordance with these Grant Provisions and Appendix B.
 - (2) Any attorney, paralegal, or other Recipient employee who performs work that is charged to the IOLTA or AJA funding source must keep contemporaneous time records reflecting the amount of time spent on each case, case oversight, matter, or supporting activity.
 - (3) Time records must be created contemporaneously and account for time by date and in increments not greater than one-quarter of an hour which comprise all of the efforts of those for which compensation is paid by the Recipient.
 - (4) Each record of time spent must contain: for a case, a unique client name or case number, a description of the activities performed, and the dates on which a Recipient employee worked on the case; for matters or supporting activities, the amount of time and type of activity on which a Recipient employee spent time and sufficient information to link the activity to the IOLTA or AJA funding source.
 - (5) The timekeeping system must be able to aggregate time record information on both closed and pending cases by legal problem type.
 - (6) PLAN Inc. or a sub-recipient organization may request a modification to specific requirements of 5000.4(e)2.iii.(2) through (5) if it can demonstrate to the satisfaction of the Grantor that the modification meets the objectives of the requirements of §5000.4(e)2.i. and 5000.4(e)2.iii.(1). A written request for a modification under this section must be submitted to the Grantor by July 31 of the grant year. The request must contain a detailed description of the modification and a

demonstration how such modification meets the requirements of §5000.4(e)2.i., and 5000.4(e)2.iii.(1).

5000.5 Procedures Governing Suspension and Termination of Grants

(a) Purpose

This sub-section provides for a prompt review and informed deliberation by the Grantor when there is reason to believe that grant funding to a Recipient should be suspended or terminated.

(b) Definitions

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

(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, a term or condition of the Grant Agreement, or the GGAFP; 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, Grant Service Plan, Grant Reports, Financial Statements, or other document provided to the Grantor or its Executive Director; or
5. There has been a failure to return unexpended grant funds at the end of a Grant Period unless the Grantor has approved carryover.

(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 default and an

opportunity to take effective corrective action. Upon notice of default, the Recipient will have thirty (30) calendar days to demonstrate that it is not in default, or that it has taken corrective action(s) necessary to cure the default.

If, after thirty (30) calendar days, the Recipient has not provided a satisfactory response to the notice of default, the Grantor shall have the right to do the following:

1. Adopt a monthly grant disbursement schedule and condition payment of subsequent installments or grant disbursements on the Recipient's cure of the default.
2. Suspend grant disbursements and condition payment of subsequent installments or grant disbursements on the Recipient's cure of the default.
3. Terminate the grant.
4. Demand repayment of and/or recoup by deduction grant funds improperly expended by the Recipient.
5. Initiate legal action if necessary to recover grant funds improperly expended by the Recipient.

APPENDIX A

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 problem?
_____Yes _____No _____Partly
Any comments?
5. Were you satisfied with the services you received?
_____Yes _____No _____Partly
Any comments?
6. Please provide any other comments or suggestions you have.

APPENDIX B

Cost and Case/Activity Allocation Principles (For PLAN Inc.)

The PA IOLTA Board the PA Legal Aid Network, Inc. agree that the following expense allocation principles govern all allocation methodologies implemented by PLAN, Inc. and its subcontractors. The methodologies that determine the costs of all activities, including case activity for the subgrantees, and the allocation of costs to funding sources must assure:

1. The allocation systems are governed by provisions of contracts, regulations, rules, grant agreements and provisions, and the Office of Management and Budget's Uniform Grant Guidance.
2. The allocation systems meet the Grantee Financial Standards provided at §5000.4 of the General Grant Administrative & Financial Provisions (Attachment "C" to the Grant Agreement).
3. The cases and activities assigned to funding sources are not prohibited or restricted (e.g., impermissible lobbying, political activity, etc.) by the grant agreement and underlying authorizing statutes, rules, regulations and/or grant provisions.
4. No costs are attributable to the IOLTA sources indirectly if such costs are impermissible directly. For example, if over-income clients are represented, or staff engage in impermissible lobbying, no direct or indirect costs of the impermissible representation or lobbying are charged to the IOLTA sources.
5. If program income is generated from an activity or representation funded in whole or in part by one or more IOLTA sources, such income must be allocated proportionally to the IOLTA sources that supported the expenses of the activity or representation that generated the income. For example, if attorney fees are awarded for a case that was assigned to the AJA funding source, those fees are AJA program income and are subject to all restrictions of that funding source.
6. Timely and accurate grant expense reports that adhere to required reporting deadlines are produced by the methodologies.