



May 30, 2008

The Honorable Edward M. Kennedy, Chairman
Committee on Health, Education, Labor and Pensions
United States Senate
644 Dirksen Senate Office Building
Washington, DC 20510

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Dear Chairman Kennedy:

The Office of the Inspector General of the Legal Services Corporation (LSC) has completed its Semiannual Report for the period October 1, 2007 to March 31, 2008. I am transmitting the Report to Congress as required by law, along with this Management Response containing additional information. The Board concurs with the presentation of statistics in Tables I, II, and III of the report.

Congress entrusts LSC with a dual mission: to promote equal access to justice and to provide high-quality civil legal assistance to low-income Americans. In fulfillment of that mission, LSC funds 137 programs with 923 offices serving every congressional district in the nation.

Over 50 million Americans live in poverty and are eligible for LSC-funded programs. Three out of four clients of LSC-funded programs are women—for the most part, mothers with children. LSC-funded programs make a meaningful difference in the lives of their clients—helping them secure basic human needs such as safe and habitable housing, an adequate source of income, access to needed health care, and protection from abusive relationships.

In October 2005, with the unanimous approval of the Board, LSC released the first comprehensive analysis of its kind, *Documenting the Justice Gap: The Current Unmet Civil Legal Needs of Low-Income Americans*. It demonstrates that LSC-funded programs are meeting less than half the need for civil legal aid among the poor for one primary reason: lack of resources. While the Congress in 2007 provided LSC with its first funding increase in four years, circumstances halted this progress in 2008. We have a long way to go to close this justice gap in America, but our Board is committed to work with the Congress in pursuit of that goal.

Our nation promises equal access to justice for all, not just for those who can afford to pay for it. That ideal may never be fully realized, but America can do better—we must if we are to fulfill our nation's promise of equal justice for all.

LSC is governed by a bipartisan, 11-member Board of Directors appointed by the President of the United States with the advice and consent of the Senate. The Board appoints LSC's President, who serves as the chief executive officer. The Inspector General Act of 1988 established the *Office of Inspector General (OIG) within LSC*. The Inspector General is appointed by the Board and operates under its general supervision.

Working together, the Board, LSC management, and the OIG have achieved substantial success during this reporting period in addressing all of the recommendations of two recent reports of the Government Accountability Office (GAO): *Legal Services Corporation, Governance and Accountability Practices Need to Be Modernized and Strengthened*, August 2007, and *Legal Services Corporation, Improved Internal Controls Needed in Grants Management and Oversight*, December 2007. As a result of hard work by all concerned, we have created a separate Audit Committee for the Board; a Continuity of Operations Program for the Corporation; a Code of Ethics and Conduct for Directors, Officers, and employees; formal charters for the majority of our Board Committees; the plan for a risk management program for the Corporation; a resolution of the Board that clarifies the roles and responsibilities for fiscal oversight between our Office of Compliance Enforcement, Office of Program Performance, and the OIG; and a current internal control review being conducted by the OIG of those few programs where expenditures of federal funds were specifically questioned by GAO.

Also during this period, the Board appointed Jeffrey E. Schanz as the Corporation's Inspector General, effective March 3, 2008. Mr. Schanz comes to LSC from the U.S. Department of Justice, where he served for the last 17 years as Director of the Office of Policy and Planning, Audit Division, Office of the Inspector General. The Board and LSC management have joined in welcoming Mr. Schanz and look forward to working with him in the days ahead.

It has been a very busy six months, but we end the period with more complete management tools, more complete documentation of processes and procedures, better clarity of roles and responsibilities in the critical area of grantee oversight, and a resolve to continue to improve both the governance of the Board and the effectiveness and efficiency of the Corporation in its grants management and oversight.

Sincerely,



Frank B. Strickland
Chairman, Board of Directors