

LITC

Low Income Taxpayer Clinic

- > Access to Representation
- > Outreach and Education for Taxpayers Who Speak English as a Second Language

Low Income Taxpayer Clinics ensure the fairness and integrity of the tax system by educating low income taxpayers about their rights and responsibilities, by providing pro bono representation to taxpayers in tax disputes with the IRS, by conducting outreach and education to taxpayers who speak English as a second language, and by identifying and advocating for issues that impact low income taxpayers.



YOUR VOICE AT THE IRS



2012 GRANT APPLICATION
Package and Guidelines

IMPORTANT CONTACT INFORMATION

LITC PROGRAM MANAGEMENT CONTACTS

Grant Program Office

Internal Revenue Service Office: 202-622-4711
Taxpayer Advocate Service E-Fax – 877-477-3520
LITC Program Office E-mail: LITCProgramOffice@irs.gov
Attention:
TA:LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224
Hours of Operation: 8:00 a.m. – 4:30 p.m. EST

LITC Grant Program on IRS.gov

<http://www.taxpayeradvocate.irs.gov/Tax-Professionals/Low-Income-Taxpayer-Clinics>

Dun and Bradstreet Data Universal Numbering Systems (DUNS) Number

866-705-5711
<http://fedgov.dnb.com/webform>

Central Contractor Registration (CCR)

www.ccr.gov

Online Grant Announcement and Application Submission

www.grants.gov

Department of Health and Human Services (HHS) Payment Management System

www.dpm.psc.gov

Current Poverty Guidelines

<http://aspe.hhs.gov/poverty/>

Definition of Income per U.S. Bureau of the Census

<http://www.census.gov/population/www/cps/cpsdef.html>

Civil Rights Reporting

Director, Civil Rights Division (External Civil Rights Team)
202-927-0180

Office of Management and Budget (OMB)

http://www.whitehouse.gov/omb/circulars_index_ffm

IRS CONTACTS

Taxpayer Advocate Service

<http://www.taxpayeradvocate.irs.gov>

Tax Forms

<http://www.irs.gov/formspubs/index.html?portlet=3>

Federal Tax Compliance Verification (Internal Revenue Service)

877-829-5500

IRS Tax Exempt and Government Entities Customer Service Line

877-829-5500

<http://www.irs.gov/charities/article/0,,id=156733,00.html>

General IRS Information

800-829-1040

Becoming an IRS Partner to Help in Your Community

<http://www.irs.gov/individuals/article/0,,id=119374,00.html>

Obtaining a Special Order for Student Practice

Rita C. Barnett

IRS Office of Professional Responsibility

202-622-3530

UNITED STATES TAX COURT CONTACTS

Tax Court *Pro Bono* Program

<http://www.ustaxcourt.gov/clinics.htm>

How to Gain Admission to Practice Before the Tax Court

See Tax Court Rule 200, available at www.ustaxcourt.gov

Dear Prospective Low Income Taxpayer Clinic Grant Applicant:

I am pleased to announce the opening of the 2012 Low Income Taxpayer Clinic (LITC) grant application period, which runs through July 15, 2011. The Taxpayer Advocate Service (TAS) is committed to enhancing the LITC Program's quality and coverage.

We have incorporated substantial revisions to Publication 3319 this year. We listened to the comments and suggestions offered by those working in the clinics and the LITC Program Office staff to improve both the application and reporting processes. The Program Office conducted extensive research and collaborated with LITCs to develop performance measures. The required performance measures have been incorporated into the Publication. They will serve to better identify issues faced by low income taxpayers and will assist clinics in identifying best practices.

In addition to the changes made to the Publication, the Program Office has adopted some policy changes as well. To assist new clinics with their standup and first year of operation, the LITC Program Office will now schedule Orientation visits with all new clinics, followed by an Operational Review and Assistance visit within the first year to evaluate the clinics' progress.

Clinics are required to provide a dollar-for-dollar match for all grant funds received. The Program Office has reviewed its policies on eligible matching funds and has determined that clinics may use Legal Services Corporation grants as matching funds.

Some of the specific improvements include:

- ▶ Revising the Interim and Year-End Report Forms to help clinics better capture the nature of their work;
- ▶ Providing a Glossary of Terms to assist in understanding the guidelines outlined in this Publication; and
- ▶ Providing line item instructions for completing Standard Forms 424 and 424A to address questions received by the Program Office this past year.

We are pleased that we have funded at least one clinic in all 50 states, the District of Columbia and Puerto Rico during the 2011 grant cycle. The Taxpayer Advocate Service remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2012 LITC grants, we will continue to work toward the following program goals:

- ▶ Ensuring that each state (plus the District of Columbia and Puerto Rico) continues to be served by at least one clinic; and
- ▶ Ensuring that grant recipients demonstrate that they are serving geographic areas that have sizable populations eligible for and requiring LITC services.

To better identify areas most in need of LITC services, the Program Office has again evaluated the areas serviced. Based on the findings of this assessment, we are particularly interested in organizations that meet at least one of the following criteria: (1) organizations currently receiving a grant for the 2011 cycle, or (2) organizations servicing the following areas (whether or not they are receiving a grant for 2011):

Target Metropolitan Areas for New Clinic Applications

Los Angeles, California, including the following counties:
Los Angeles, Kern, Riverside, Ventura

Sacramento, California, including the following counties:
El Dorado, Placer, Sacramento, San Joaquin, Stanislaus

Philadelphia, Pennsylvania, including the following counties:
Berks, Delaware, Philadelphia

St. Louis, Missouri, including the following counties:
Cape Girardeau, Jefferson, St. Francois, St. Louis

Target States for New Clinic Applications

Nebraska, Montana, Wyoming

We also encourage existing clinics to consider expanding their services to cover these areas, where possible.

Although we are proud to be funding at least one clinic in each state, the District of Columbia and Puerto Rico, not all clinics offer both controversy services and outreach and education services to English as a second language (ESL) taxpayers. An overriding goal of the Taxpayer Advocate Service is to provide both types of services in each state, the District of Columbia and Puerto Rico. To that end, we are also interested in applications from clinics in target states that currently lack either controversy or ESL services. During the 2011 grant cycle, all states receive controversy funding, however the following states are in need of an ESL program:

Target States for New ESL Applications

Connecticut, Kentucky, Montana, New Mexico, South Dakota

Notwithstanding the criteria detailed above, all applications for clinics from all areas will receive serious consideration.

The LITC Program Office may award grants to qualifying organizations to fund one-year to three-year project periods. Any clinic currently receiving an LITC grant that does not expect to use all of its funds must contact the LITC Program Office immediately so that other clinics and taxpayers may benefit from those funds. Moreover, any

clinic currently receiving a grant that does not intend to apply for a 2012 grant must notify the LITC Program Office immediately so we can solicit coverage of that service area by other applicants.

An organization awarded a grant for providing controversy services must have at least 90 percent of the taxpayers represented or referred with incomes that do not exceed 250 percent of the Federal Poverty Guidelines. The LITC Income Guidelines were recently updated on January 20, 2011 and can be found in section II.D.ii.a of this Publication.

This package contains current program guidelines, eligibility criteria, application materials, instructions on how to file an application, and detailed reporting requirements. The cost of preparing and submitting an application is the responsibility of each applicant.

To be considered for 2012 LITC Program grant funding, all applications must be submitted by **July 15, 2011**. Applications may be submitted either electronically via **www.grants.gov** or in hard copy by U.S.P.S. mail, private delivery service, or hand delivery to:

**Internal Revenue Service
Taxpayer Advocate Service - LITC Program Office
Attention: LITC Applications
TA:LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224**

The LITC Program Office will notify each applicant whether it will be awarded a grant no later than November 28, 2011.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-622-4711 or by e-mail at LITCProgramOffice@irs.gov.

I appreciate your interest in the LITC Program and look forward to working with the 2012 Low Income Taxpayer Clinic grantees to improve the fairness and quality of federal tax administration.

Sincerely,



Nina E. Olson
National Taxpayer Advocate

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Paperwork Reduction Act Notice:

This application package is provided for awards under the Low Income Taxpayer Clinic Grant Program. The information is requested from the applicants in order to determine their eligibility for an LITC grant and evaluate their grant proposals. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated average burden associated with this collection of information is 60 hours per respondent for program sponsors and 2 hours for student and program participants. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the IRS, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave., NW, IR-6526, Washington, DC 20224. Do not send grant application forms to this address. Grant applications should be sent to: Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA:LITC, Room 1034, 1111 Constitution Ave., NW, Washington, DC 20224.
Catalog of Federal Domestic Assistance Number: 21.008 OMB Approval No. 1545-1648

I INTRODUCTION

A. MISSION STATEMENT

Low Income Taxpayer Clinics (LITCs) ensure the fairness and integrity of the tax system by educating low income taxpayers about their rights and responsibilities, by providing *pro bono* representation to taxpayers in tax disputes with the IRS, by conducting outreach and education to taxpayers who speak English as a second language (ESL), and by identifying and advocating for issues that impact low income taxpayers.

Important Dates for LTC Grantees in the 2012 Grant Cycle	
Application period	May 31 - July 15, 2011
Program Office review and evaluation	August - October 2011
Notification of selection/non-selection	November 2011
Program period	January 1, 2012 - December 31, 2012
Interim report due	July 31, 2012
Year-End report due	April 1, 2013

B. WHAT IS INCLUDED IN PUBLICATION 3319?

Publication 3319 outlines requirements for operating a qualified Low Income Taxpayer Clinic under Internal Revenue Code (IRC) § 7526. This publication contains:

- i. eligibility requirements, including mandatory assurances and certifications;
- ii. standards of operation;
- iii. application forms and instructions; and
- iv. reporting forms and instructions.

This publication, including the accompanying Appendixes, should be retained for future reference.

C. CONTACTING THE PROGRAM OFFICE

Potential applicants may direct questions concerning the LTC Program or the application process to the LTC Program Office via:

- ▶ E-mail: LITCProgramOffice@irs.gov;
- ▶ Phone: (202) 622-4711 (not a toll-free number); or

- ▶ Mail: Internal Revenue Service
Taxpayer Advocate Service
LITC Program Office
TA:LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224.

Grantees should direct questions about reporting or program requirements directly to their assigned Advocacy Analyst.

D. WHAT'S NEW

There are many changes throughout this year's Publication 3319. We have simplified the application process, provided more instructions on the reporting requirements, and incorporated many of the comments and suggestions we received from clinics and the Program Office staff about how to improve the program. Some of these improvements are:

- ▶ **Performance Measures** – The Program Office has developed performance measures and integrated them throughout the Publication. These measures were developed in consultation with a team of LITCs, and the Program Office has used them to reorganize and rationalize both the application and reporting processes.
- ▶ **More Program Office Staff** – The Program Office has added additional staff to assist in program administration. The staff has grown at all levels and we will be able to offer more support and assistance to grantees.
- ▶ **Legal Services Corporation (LSC) Funds** – The Program Office has reviewed its policies on eligible matching funds and has determined that clinics may use Legal Services Corporation grants as matching funds.
- ▶ **Glossary** – This package now contains a glossary of terms used throughout the Publication. The definitions are useful in understanding program standards and complying with the reporting requirements.
- ▶ **New Reporting Forms** – The Program Office has revised the reporting forms used by grantees to report on successes and challenges. At the time of the printing of this Publication, the forms are still undergoing modifications, however the forms will be distributed in advance of the 2012 grant cycle.
- ▶ **Orientation Visits** – The Program Office staff will conduct an Orientation visit to assist clinics with their standup and first year. An Orientation visit will be scheduled with all new clinics within the first 120 days of the grant cycle. An Operational Review and Assistance visit will take place subsequent to the Orientation visit. (More information on Operational Review and Assistance visits can be found in section IV.B, *Site Visits*.)

E. LITC PROGRAM OVERVIEW

i. History Of The LITC Program

As part of the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA'98), Congress authorized funding for the LITC grant program. The program is designed to provide access to representation for low income taxpayers, so that achieving a correct outcome in an IRS dispute does not depend on the taxpayer's ability to pay for representation, and to encourage the creation of programs to inform individuals for whom English is a second language about their rights and responsibilities as taxpayers.

The IRS created the LITC Program Office in 1999 to provide oversight, guidance, and assistance to LITC grantees and prospective applicants. In 2003, the LITC Program Office was transferred from the IRS Wage and Investment (W&I) operating division to the Taxpayer Advocate Service (TAS). The Director of the LITC Program Office reports directly to the National Taxpayer Advocate.

In 1999, grants were awarded to 34 clinics. As of 2011, there are 165 clinics funded through the LITC Program, with at least one in each of the 50 states, the District of Columbia and Puerto Rico.

ii. Overview of IRC § 7526

IRC Section 7526, enacted by the RRA'98, authorizes the Secretary of the Treasury to award matching grants of up to \$100,000 per year to qualifying organizations that represent low income taxpayers involved in controversies with the IRS and conduct outreach and education to ESL taxpayers. Education and outreach to low income taxpayers about their rights and responsibilities as taxpayers is an integral part of these activities.

Low income status is determined by reference to the Federal Poverty Guidelines, which are updated annually by the Department of Health and Human Services (HHS) (usually in January). The current LITC Income Guidelines can be found in section II.D.ii.a, *Poverty Guidelines*, of this publication.

Grant awards may cover periods of up to three years duration. Funding is provided for one-year periods, subject to the availability of annually appropriated funds. The grant cycle begins on January 1 and ends on December 31. With respect to multi-year grant awards, the second and third years will be funded subject to satisfactory performance, compliance with grant terms, and availability of appropriated funds. All grant funds awarded to a grantee must be used for the LITC program specifically authorized in the award letter.

II APPLYING FOR A GRANT

A. ADMINISTRATIVE / ELIGIBILITY REQUIREMENT

To receive an LITC grant, an organization must be a qualified clinic that represents low income individual taxpayers in controversies with the IRS or operates programs to inform ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Additionally, qualified clinics must offer services for free or for no more than a nominal fee.

A clinic may provide qualifying LITC services within a broader spectrum of activity. A clinic may provide representation in nontax matters as well as representation in tax matters as long as LITC grant funds are used only to support the representation in tax matters.

A clinic may not make a subgrant of LITC grant funds to another organization. A subgrant is a payment to carry out a controversy or ESL program as compared to a payment for providing goods and services to the grantee. For example, a clinic may not pay another organization to prepare and conduct its ESL educational activities, although the clinic could pay a firm to translate its educational materials into another language.

note:

At the time this publication is being issued, federal law prohibits the award of LITC funds to the Association of Community Organizations for Reform Now (ACORN) or any of its subsidiaries. This prohibition may be lifted by fiscal year 2012 appropriations. Contact the Program Office for up-to-date information about this prohibition.

i. Core Term Definitions

The term “**clinic**” includes, but is not limited to:

- ▶ A clinical program at an accredited law, business or accounting school in which students represent low income taxpayers in controversies with the IRS;
- ▶ An organization that operates programs to inform ESL taxpayers about their rights and responsibilities as U.S. taxpayers; and
- ▶ An organization described in IRC § 501(c) and exempt from tax under IRC § 501(a) that either directly represents taxpayers or refers taxpayers to qualified representatives.

A “**taxpayer**” eligible for assistance from a clinic is an individual rather than an entity. However, if the individual owns a sole proprietorship, and the sole proprietorship has a tax controversy (e.g., employment tax, excise tax), a clinic may provide assistance with the tax controversy, as the individual is ultimately the taxpayer responsible for the tax liability. Similarly, if an

individual is the sole shareholder in an S corporation and the S corporation has a tax controversy which impacts the individual's income tax liability, the clinic may provide assistance.

A “**controversy**” is a dispute between a taxpayer and the IRS concerning the amount or collection of a federal tax liability.

To “**represent**” a taxpayer in a controversy means to act as an agent of the taxpayer in an advocacy capacity in a matter before the IRS, the United States Tax Court, or other federal court.

A “**one-on-one consultation**” is a discussion with a taxpayer designed to provide advice or counsel about a specific tax matter that does not result in representation of the taxpayer.

A “**program to inform**” is one in which the clinic educates ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Education activities may be conducted to a group of taxpayers or through one-on-one consultations.

The “**referral**” activity for which grant funds may be spent is the referral of low income taxpayers to a *pro bono* panel.

A “**pro bono panel**” consists of qualified representatives, nonprofit entities or other organizations that do not charge for representing low income taxpayers.

A “**qualified representative**” is an individual who is authorized to practice before the IRS (*e.g.*, attorney, certified public accountant, enrolled agent) or applicable court. All controversy programs must have a staff member who is admitted to practice before the United States Tax Court or a *pro bono* panel member who is admitted to practice before the Tax Court and to whom the clinic can refer litigation matters. All ESL programs must maintain a *pro bono* panel or have an arrangement with an LITC that provides representation services to which taxpayers with controversy matters can be referred. See Tax Court Rule 200, available at www.ustaxcourt.gov for information about gaining admission to practice before the Tax Court.

ii. Matching Funds

The LITC Program is a matching grant program. All grantees must provide matching funds on a dollar-for-dollar basis for all federal funds received from the LITC Program. Only funds that are used in support of the LITC Program qualify as matching funds.

The Uniform Administrative Requirement for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-profit Organizations, 2 CFR Part 215 (formerly OMB Circular A-110), states that all contributions, including cash and third-party in-kind, shall be accepted as part of the grantee's cost sharing or matching when such contributions:

- ▶ Are verifiable from the (grantee's) records;
- ▶ Are not included as contributions for any other federally assisted project or program;
- ▶ Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- ▶ Are allowable under the applicable cost principles;
- ▶ Are not paid by the federal government under another award, except where authorized by the federal statute to be used for cost sharing or matching;
- ▶ Are provided for in the approved budget when required by the federal awarding agency; and
- ▶ Conform to other provisions of [2 CFR Part 215], when applicable.

For more detailed information regarding the matching fund requirement, see section II.G, *Matching Funds Requirement*.

iii. Start-up Expenses

Start-up operations qualify for grant funding. A clinic may be awarded an LITC grant although it anticipates that it will not begin serving taxpayers until after the close of the grant cycle for which the grant is awarded. Such applicants still must satisfy the statutory matching funds requirement during the year covered by the grant and must meet all reporting requirements to provide information on the status of the start-up. In addition, LITC grants to these applicants will be conditioned on the conduct of qualifying activities during the immediately succeeding grant cycle.

iv. Fees

IRC § 7526 provides that a clinic must not charge more than a nominal fee for clinic services, in addition to reimbursement of actual costs incurred (e.g., photocopying and court costs). If a clinic is charging a fee, the clinic must charge that same fee to everyone, regardless of the services being sought.

Remember: The goal of the LITC Program is to enhance access to legal services for low income taxpayers. If the amount that a clinic charges results in fewer taxpayers served, the goal of the Program is not being achieved and that amount is not nominal.

note:

A clinic may not charge a separate or additional fee (even if it is nominal) for the preparation of a tax return (except for reimbursement of actual costs incurred, e.g., photocopying).

B. LITC GRANT AGREEMENT

Awardees will execute a grant agreement with the IRS which incorporates by reference the requirements specified in this publication. **All funding will be based on the availability of IRS annually appropriated funds.**

The IRS is authorized to award grants to provide matching funds for the development, expansion, or continuation of qualified LITCs.

note:

Any clinic currently receiving an LITC grant that does not expect to use all of its funds must contact the LITC Program Office immediately. The LITC Program Office must reobligate the funds no later than September 30 of the grant year.

i. Single-year Grants

All applicants may apply for a single-year grant. New clinics are only eligible for a single year of grant funding.

ii. Multi-year Grants

The LITC Program may award grants for up to a three-year grant cycle to clinics evaluated under the award process. Awarding of multi-year grants is at the discretion of the LITC Program Office. Thus, applicants that apply for a multi-year grant may be awarded a single-year grant. Clinics awarded multi-year grant based on acceptance of their program performance plans will be permitted to submit an abbreviated application for the second- and third-year selection and award process. However, multi-year awardees will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office, and is subject to the availability of funds annually appropriated for the LITC Program.

iii. Termination of a Grant

IRC § 7526 does not require the IRS to provide grant recipients an opportunity for hearing or appeal. Although the LITC program generally adheres to 2 CFR Part 215 (formerly Circular A-110), the provision in 2 CFR § 215.62(b) regarding hearings and appeals does not apply to LITC grant recipients. 2 CFR Part 215 requires only that an awarding agency provide grant recipients with

an opportunity for a hearing, appeal, or other administrative proceeding if the statute or regulation authorizing the particular grant program provides for one. Therefore, the necessity for renegotiation, suspension, or termination of a grant agreement will be determined solely by the IRS and will not be subject to appeal. Terminations of grant agreements shall be handled in accordance with 2 CFR Part 215.

C. STANDARDS OF OPERATION FOR ALL CLINICS

The LITC Program Office has developed baseline standards of operation for LITC grant recipients. The standards ensure that all LITCs provide consistent and quality service to low income and ESL taxpayers. The performance measures have been integrated throughout these standards. All LITCs are responsible for complying with the following requirements.

i. Required Staff Positions

Qualified Tax Expert (QTE) – The QTE is a staff member with sufficient tax law expertise to oversee technical substantive tax matters. In general, the QTE must be an attorney, CPA, or enrolled agent currently authorized to practice before the IRS. However, consideration may be given to an applicant who can demonstrate tax expertise because of a related academic degree, documented experience, or Continuing Professional Education credits. Funding will not be released until the QTE has been designated and is on staff.

Qualified Business Administrator (QBA) – The QBA is a staff member with sufficient business administration expertise to oversee the clinic's business operations. If a department, as opposed to a single individual, fulfills this requirement, please provide detail about the staff member who oversees the department. The QBA must demonstrate education or experience with business or program administration, such as, but not limited to, internal controls; management of federal, state or local grant funding; budget administration and procurement; or the equivalent.

Clinic Director – The Clinic Director is a staff member who has overall management responsibility for the clinic. The Clinic Director may also be the QTE or QBA, if qualified. The Clinic Director manages day-to-day clinic operations, prepares or reviews the required clinic reports, and signs reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate's office.

ii. General Requirements

Confidentiality – Tax professionals have ethical requirements to maintain client

confidentiality. See, for example, American Bar Association Model Rule of Professional Responsibility 1.6 and IRC §7525. Subject to certain exceptions, a grantee shall not disclose information relating to the representation of a client unless the client gives informed consent. Only those who have a need to know to effect a resolution of the controversy should be allowed access to taxpayer information.

- ▶ Training Materials

Client information must be removed from materials before being used for training. This includes deletion of names, addresses, taxpayer identification numbers and any other information that could reasonably lead to identification of the client.

- ▶ Media Requests

If a news reporter approaches clinic personnel to prepare a story about a taxpayer served by the clinic, clinic personnel cannot provide details about any particular taxpayer's case; a newspaper or other media reporter does not have a "need to know" taxpayer information.

If a client approaches clinic personnel and asks the clinic to participate in a news article, the clinic must obtain a written waiver for the disclosure of the client's taxpayer information and be confident that the client fully understands the possible ramifications that could occur from disclosing taxpayer information.

In terms of a client discussing with the media the particulars of his or her case, there is nothing in the LITC Program Guidelines that would prohibit such an interview. However, this is an area in which clinics should proceed cautiously. Although a publicized interview may be an effective way to advertise the clinic's services, this goal cannot outweigh the best interests of the client.

By suggesting a potential interview to a client, the client may misunderstand and think the clinic is encouraging him or her to participate in the interview or that he or she is under an obligation to participate as a way of recompensing the clinic for the services provided. Clinic staff should communicate to the client explicitly that he or she is under no obligation to be interviewed. Make sure the client fully understands the possible ramifications that could occur from disclosing personal information to a reporter. The client may be dealing with other non-tax issues (*e.g.*, custody or support battles, other creditors, immigration) that could be brought to light as a result of the media coverage.

In summary, any time a clinic receives a request from the media for an article about a client, **clinic staff must act, first and foremost, in the best interests of the client.** If the client chooses to participate in the interview, suggest to the client that he or she make it a condition of the interview that the story be produced without photos and names.

- ▶ Restrictions Under IRC § 7526

While generally a grantee, its employees, and volunteers are not treated as tax return preparers for purposes of preparer penalties, the Treasury Regulations under IRC § 7216 define “tax return preparer” more broadly and generally prohibit a grantee, its employees, and volunteers from disclosing or using a taxpayer’s return information except when the tax return preparer has obtained prior written consent from the taxpayer in a manner that complies with the procedures set forth in the regulations and other guidance issued by the IRS. See generally 26 CFR § 301.7216-2. The regulations authorize disclosure or use without consent only in very limited situations. These situations include disclosures made pursuant to an order of a court or a federal or state agency, and uses for purposes of preparation or audit of state or local tax returns. For unauthorized disclosure or use, IRC § 7216 imposes a sanction of up to one year in prison or a \$1,000 fine, or both. In addition, IRC § 6713 imposes a civil penalty of \$250 for each disclosure or use, up to \$10,000 per calendar year.

▶ **Files and Records Security**

Clinics must keep taxpayer information in a secure location. Before clinic employees or volunteers leave the office each day, they must make sure that taxpayer information is stored in a locked area. If it is necessary to take taxpayer information out of the office, it should be safeguarded at all times.

Outreach – Grantees are responsible for developing an outreach plan to effectively publicize the LITC Program to low income taxpayers and ESL taxpayers. Outreach activities are efforts designed to provide information about the clinic and its services directly to targeted taxpayers or indirectly through other organizations or groups that serve the targeted taxpayers. ESL programs should identify targeted linguistic populations; controversy programs may target low income taxpayers in a geographic area or a specific segment of the low income taxpayer community. Outreach plans should be completed in advance of the start of the period during which representation and other assistance will be offered.

Brochures, flyers, or other clinic information distributed in IRS offices must contain language to indicate the following two key principles: (1) Although the clinic receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with the IRS, and (2) A taxpayer’s decision to utilize services from an LITC will not affect the taxpayer’s rights before the IRS.

note:

Such disclaimers need not be worded exactly as above, but must convey these principles.

Although LITCs may prepare tax returns and claims for refund in two limited contexts (if related to a controversy or an ancillary part of an ESL program discussed in sections II.D.iv and II.E.iii, *Tax Return Preparation*, of this publication, respectively), publicity materials and announcements

to advertise the services provided by an LITC *may not mention tax return preparation or refund claim assistance.*

LITCs should also implement a process that tracks how taxpayers seeking services learn about the program and the services offered. For example, an intake form could be used to request this information from low income taxpayers requesting controversy representation. For ESL education activities, the clinic could request that attendees indicate on a sign-in sheet how they learned about the seminar. The sign-in sheet also allows the clinic to keep track of the number of attendees served, without requiring individual names or signatures.

Networking – LITCs should develop and maintain relationships with other community-based organizations that serve low income and ESL individuals and families. In the application, the LITC must identify networks within the community or organizations with which it can work to reach its target audience.

Mentoring – Mentors and other sources of technical assistance should be available for clinic staff and volunteers. The LITC Program Office may ask experienced LITCs to informally assist less experienced clinics with operational inquiries and technical matters or issues. All clinics are encouraged to identify best practices and submit them to the LITC Program Office for sharing with other clinics to improve the overall quality of the LITC Program. We encourage clinics to make contact with other clinics to discuss common issues and strategies for providing services to low income taxpayers and ESL taxpayers. In addition, clinics will report technical assistance consultations provided. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

Qualified Volunteers – Each LITC will develop a written application process or volunteer position description to determine qualifications of volunteers, such as training, educational background, and other qualifications relevant to the services offered by the clinic.

Referral Services – To expand clinic coverage, LITCs may refer taxpayers with tax controversies to a *pro bono* panel of qualified representatives who have agreed to provide free representation or other assistance to taxpayers. Clinics may refer taxpayers only to individuals authorized to practice before the IRS. ESL programs must maintain a *pro bono* panel to refer taxpayers for controversy representation. Clinics may have their own referral panel, a relationship with an existing referral panel, or both.

LITCs are expected to have adequate procedures and a monitoring system in place to ensure such referrals are handled expeditiously and that the actual representation by individuals is, in fact, *pro bono*. *Pro bono* repre-

representatives may not charge any fees for services (other than reimbursement of expenses such as photocopying and court filing fees).

An LITC may only refer cases to other *pro bono* organizations, including a panel maintained by a state bar association or a state or local society of accountants. Even if a taxpayer does not meet the eligibility requirements, an LITC cannot refer the taxpayer to a representative who charges a fee; instead, an LITC should refer such a taxpayer to a state bar association; a state or local society of accountants; enrolled agents; or another tax professional association that provides *pro bono* or nominal fee referrals. If that *pro bono* organization ends up referring the taxpayer to a representative who charges more than a nominal fee, the LITC has still made an appropriate referral.

Generally, no person associated with the clinic should provide representation in a declined case. Additionally, no one employed by the clinic or who serves as a volunteer should continue providing representation for a fee in an accepted case or represent a clinic client in a subsequent, separate matter on a fee-for-service basis. For example, an LITC holds an ESL outreach program where an accountant who is the QTE for the clinic serves as a speaker. An ESL taxpayer who attended the outreach session later seeks to engage the accountant on a fee-for-service basis. Although the ESL taxpayer did not approach the LITC for representation, the accountant must decline representation of the ESL taxpayer unless the accountant is willing to represent the ESL taxpayer on a *pro bono* basis.

Pro Bono Panel – Controversy clinics are encouraged to maintain a *pro bono* referral panel to which they may refer federal tax controversies. A clinic can also refer taxpayers to another LITC; however, controversy funding will not be awarded to an organization that is solely making referrals to another LITC.

Programs that inform ESL taxpayers about their federal taxpayer rights and responsibilities are required to maintain a *pro bono* referral panel to which they may refer federal tax controversies. An ESL clinic can also refer taxpayers to another LITC.

Examples of *pro bono* panels to which taxpayers may be referred include:

- ▶ A panel of qualified representatives maintained by the clinic to whom the clinic refers matters and who agrees to provide *pro bono* representation to low income taxpayers;
- ▶ A panel maintained by a state bar association that makes referrals, for free or for a nominal fee, to qualified representatives who have agreed to provide *pro bono* representation; and

- ▶ A panel maintained by a state or local society of accountants that makes referrals, for free or for a nominal fee, to qualified representatives who have agreed to provide *pro bono* assistance to taxpayers.

Continuing Professional Education (CPE) – Each clinic must provide quality training to the clinic staff, volunteers, and other program participants to increase knowledge and skills necessary to effectively deliver the services for which the clinic is funded. The QTE will be required to ensure and document that the LITC staff, volunteers, and other program participants receive appropriate training to enhance skills. The QTE, QBA, and Clinic Director are encouraged to attend CPE programs run by the IRS and professional organizations.

Tax Library – LITCs should have access to an adequate tax library and research materials. Each clinic must have access to a current hard copy version of the Internal Revenue Code and related Treasury Regulations.

Annual LITC Conference – All clinics must attend the annual LITC conference. The cost of attending the LITC Conference (e.g., transportation, hotel) is an allowable expense under the grant and should be included in an applicant's budget.

The Clinic Director is required to attend the annual LITC conference in its entirety. If the Clinic Director is not the QTE, we encourage both to attend the annual conference. If a clinic wishes to send more than two staff members to the conference, the clinic must submit a written request to the Director of the LITC Program Office no later than two weeks in advance of the conference. Please note, however, that clinics cannot use LITC grant funds or matching funds for more than two attendees, except with respect to new clinics described below.

A request by a Clinic Director to be excused from attending all or part of the annual LITC conference must be submitted in writing to the Director of the LITC Program Office no later than two weeks prior to the conference. The request should identify the critical reason for the exception request, and the name, title, and duties of any other clinic staff member who will attend the annual conference.

- ▶ For New Clinics
In addition to the Clinic Director, the QBA must attend a mandatory conference call that will be held prior to the annual LITC Conference. That individual is not required to attend the conference (unless he or she is also the Clinic Director), but may choose to attend.

Internal Controls – LITCs must create written procedures explaining the process for approving expenditures from grant funds to ensure compliance

with the applicable cost rules and to safeguard assets. The procedures should address which individuals have approval authority, when written approval is required, and what documentation must be submitted for an expense to be approved by the approving official. The approval process may differ based on size and type of expense.

LITCs must have written procedures to track the clinic's fixed assets and tangible personal property.

Recordkeeping – LITCs must maintain both adequate client records and adequate financial records. **Client records must be kept in a secure location (e.g., a locking file cabinet or password-protected electronic files).**

Retention policies for client records must comply with all applicable IRS and state record retention requirements. State bars and other professional licensing organizations may apply additional recordkeeping requirements for case files.

Clinic records should be sufficiently detailed to substantiate a claim for an attorneys' fee award. In certain situations, attorneys' fees (including fees for *pro bono* services) may be awarded in a judgment or settlement of an administrative or judicial proceeding concerning the determination, collection, or refund of tax, interest, or penalty. See IRC § 7430. Thus, a clinic doing controversy work should keep detailed contemporaneous records so that if the situation arises, the clinic has adequate records to support an award for attorneys' fees. Records should include all time spent by employees, volunteers, and students of the clinic. The records should describe what work was performed by each individual, the position of the individual (e.g., paralegal, attorney, volunteer, student), and the amount of time spent on each task. The services provided by the clinic should be described in sufficient detail to enable the IRS and the court to assess the reasonableness of the amount of time expended in relation to the service performed and to identify duplicated efforts by multiple clinic personnel. The services can be identified using classifications such as initial client interview; research (issue described); pertinent facts gathering (describe information sought); preparation of court document; preparation of letter (identify recipient and subject matter); analysis of records (identify records); consultation with third-party (describe relevance to case); and telephone conversations (identify the parties and the subject matter).

Federal award recipients must maintain financial records and supporting documents to substantiate compliance with grant requirements. Generally, such records must be maintained for a period of three years from the date of submission of the Year-End Report. See 2 CFR § 215.53(b).

Case Management Systems – A clinic may use grant funds to acquire case management software to efficiently track and report its program activities. A

case management system can be used to capture intake information, calculate client financial eligibility, track case status and outcomes, input case notes, maintain timekeeping records, record outreach and training activities, and generate data for Interim and Year-End reports.

Recommended Back-up File System – A clinic should have an offsite back-up file system in place for information stored on its computers. This is good business practice and enables resumption of business in case of disaster or other work stoppage. LITC funds may be used to purchase and develop a back-up file system.

Tax Compliance – A clinic must be in full compliance with its federal tax responsibilities when applying for an LITC grant and also throughout the grant cycle. To facilitate the resolution of any potential tax compliance issues, we strongly encourage each clinic that is part of a larger organization (e.g., a university) to submit with its application package a completed *Tax Information Authorization Form* (Form 13424-I) so that the LITC Program Office may contact the Clinic Director directly without violating IRC § 6103. For those clinics that are part of a larger organization, the absence of a completed form may require additional time to resolve any potential tax compliance issues and could result in a delay in the receipt of grant funds.

D. STANDARDS OF OPERATION FOR CONTROVERSY CLINICS

i. Controversy Representation

Controversy clinics represent low income taxpayers in tax controversies with the IRS or state and local tax authorities when the clinic is representing the taxpayer in a related federal matter. The representation may take place at any stage, including, but not limited to:

- ▶ Accounts Management;
- ▶ Exam;
- ▶ Collection;
- ▶ Appeals; or
- ▶ Litigation.

ii. 90/250 Requirement

A low income taxpayer is an individual whose income does not exceed 250 percent of the Federal Poverty Guidelines published annually by the Department of Health and Human Services (HHS). At least 90 percent of taxpayers represented or referred must have incomes, as defined below, that do not exceed 250 percent of the Federal Poverty Guidelines.

A clinic must use the LITC Program's poverty guidelines to determine whether an individual seeking representation is a low income taxpayer for purposes of LITC Program funding. A clinic must determine whether a taxpayer satisfies the income requirement based on current income information. The taxpayer must provide this information on an intake form (or similar form) at the time the taxpayer seeks the clinic's assistance. Changes in financial status during representation do not disqualify clients from continuing to receive clinic representation.

Whether the 90/250 income requirement is met is determined based on the taxpayers actually represented. For this purpose, representation occurs when the arrangement is memorialized through a letter of engagement, a *pro bono* representation agreement, or when a Form 2848, *Power of Attorney and Declaration of Representative*, is executed for purposes of representation.

A clinic must maintain records for the total number of taxpayers represented in controversies with the IRS **and** the number of taxpayers represented in controversies with the IRS who have incomes that do not exceed 250 percent of the Federal Poverty Guidelines. To determine the total number of taxpayers represented in controversies with the IRS, include both those who do and do not meet the income requirements. Representation of two taxpayers with respect to a joint liability – *i.e.*, arising from a married-filing-jointly return – counts as two taxpayers assisted. If only one spouse on a joint return is represented or referred, the represented spouse counts as one taxpayer assisted.

Satisfaction of the 90/250 income requirement is determined based on the income of family units, not on the average income of the taxpayers represented. For example, suppose a clinic has the following clients: 97 unrelated individuals (*i.e.*, 97 family units) and one family unit of three related taxpayers. For purposes of determining whether the 90/250 income requirement is satisfied, at least 90 percent of the 98 family units must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines.

a. Poverty Guidelines

The LITC Program Office updates the income guidelines for the LITC Program annually after HHS publishes the Federal Poverty Guidelines each year. Clinics must adopt the new income guidelines for determining LITC low income representation eligibility within 30 days from the date of publication of the HHS Federal Poverty Guidelines in the *Federal Register* (generally in January).

Based on the Federal Poverty Guidelines published at 76 F.R. 3637 on January 20, 2011, the current LITC income ceilings for controversy representation are as follows:

LITC Income Guidelines (250% of Federal Poverty Guidelines)

Size of Family Unit	48 Contiguous States, Puerto Rico, and D.C	Alaska	Hawaii
1	\$27,225	\$34,000	\$31,350
2	\$36,775	\$45,950	\$42,325
3	\$43,325	\$57,900	\$53,300
4	\$55,875	\$69,850	\$64,275
5	\$65,425	\$81,800	\$75,250
6	\$74,975	\$93,750	\$86,225
7	\$84,525	\$105,700	\$97,200
8	\$94,075	\$117,650	\$108,175
For each additional person, add	\$9,550	\$11,950	\$10,975

b. Definition of Income for Purposes of the 90/250 Requirement

“Income” is defined in accordance with the definition used by the U.S. Bureau of the Census. See <http://www.census.gov/population/www/cps/cpsdef.html> for the complete list of items included in the definition of income.

Income includes total annual cash receipts before taxes, subject to the exceptions provided below. For example, income includes gross salaries before payroll deductions, net earnings from self-employment (gross receipts less business expenses), alimony, child support, federally funded and other public assistance, social security, pensions and retirement income, workers compensation, scholarships, dividends, interest, net gambling winnings, and survivor benefits or annuity payments.

Income does not include proceeds received from the sale of property (including stocks, bonds, a house, a car), withdrawals from a bank account, tax refunds, gifts, loans, lump sum inheritances, insurance payments, or noncash benefits (e.g., employer-paid or union-paid portion(s) of employee fringe benefits).

c. Definition of Family Unit

For purposes of this grant program, a family unit is defined as an unrelated individual or a family. An unrelated individual is a person 15 years old or over not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the clinic is financially independent, then that person may be treated as a family unit. If two unrelated individuals live together, they constitute two family units.

iii. Amount in Controversy Limit

The amount in controversy for any taxable year *generally* should not exceed the amount specified in IRC § 7463 (currently \$50,000). The amount in controversy includes penalties, but does not include interest. A clinic may represent a taxpayer in a case in which the amount in controversy exceeds \$50,000. However, the clinic must disclose the number of such cases and an explanation of why each case was accepted for representation in its Interim and Year-End reports.

iv. Tax Return Preparation

Generally, if low income taxpayers require tax return preparation assistance, they should be referred to a Volunteer Income Tax Assistance (VITA) program or a Tax Counseling for the Elderly (TCE) site (including a co-located independently funded program), or an IRS Taxpayer Assistance Center, where available. Grant funds awarded to an LITC must be used for the LITC activities authorized in the grant agreement and cannot be used to fund VITA or TCE activities.

A controversy clinic can, however, provide assistance with a federal tax return or a claim for refund if such assistance is related to a dispute with the IRS (e.g., amended return or a nonfiler).

note:

Tax return preparation assistance that is directly related to a controversy is not considered “ancillary” and is permitted under the definition of “controversy.” The clinic may not charge a fee (even if it is a nominal fee) for the preparation of a tax return.

v. Registration With the United States Tax Court *Pro Bono* Program

Controversy clinics are strongly encouraged to participate in the United States Tax Court *Pro Bono* Program. The Court recognizes that *pro bono* taxpayer clinics provide important advice and assistance to many low income, otherwise unrepresented taxpayers who have disputes with the IRS. The Court permits approved registered clinics to submit a letter containing the clinic’s contact information which will be included in Tax Court mailings. More information on registering with the Court can be found at <http://ustaxcourt.gov/clinics.htm>.

E. STANDARDS OF OPERATION FOR ESL CLINICS

i. Identifying a Target Audience

ESL clinics must identify a target audience to whom outreach and education activities will be directed. LITCs receiving funding for qualifying ESL activities must advertise and promote themselves as providing informa-

tion and education to help ESL individuals understand the federal tax system. For example, an LITC could advertise a community meeting to acquaint ESL individuals with their rights and responsibilities under the federal tax system.

ii. Education

ESL clinics must identify targeted linguistic populations and develop an education strategy to reach that audience. Educational activities are designed to instruct ESL taxpayers about their federal taxpayer rights and responsibilities. Clinics are encouraged to address a wide range of substantive tax issues in their educational programs and materials (*e.g.*, when to file, what forms to file, eligibility for filing status, dependency exemptions, the Earned Income Tax Credit (EITC), information about the audit and appeals process, collection alternatives, or employee versus independent contractor status). Materials should be prepared in languages appropriate for the target audience of ESL taxpayers.

Examples of educational programs include but are not limited to:

- ▶ Making a presentation about federal taxpayer rights and responsibilities to an ESL class at a local community college;
- ▶ Presenting a workshop for ESL taxpayers on collection alternatives or employee versus independent contractor status;
- ▶ Conducting one-on-one consultations to provide brief advice directly to an ESL taxpayer about his or her specific tax matter;
- ▶ Setting up a booth or staffing a table at a community event and handing out clinic brochures and educational materials about various tax issues, and then answering questions and scheduling appointments for interested taxpayers; and
- ▶ Holding a weekly discussion series at a community center during the filing season to educate ESL taxpayers about tax return preparer choices, family and education credits, refund anticipation loans, Individual Taxpayer Identification Numbers (ITINs), and other related issues.

Whenever possible, clinics are encouraged to use face-to-face contact (whether in one-on-one consultations or in a group workshop), as it is an excellent method for educating taxpayers.

iii. Tax Return Preparation

Generally, if ESL taxpayers require tax return preparation assistance, they should be referred to a Volunteer Income Tax Assistance (VITA) program or a Tax Counseling for the Elderly (TCE) site (including a co-located independently funded program), or an IRS Taxpayer Assistance Center, where available.

Grant funds awarded to an LITC must be used for the LITC activities authorized in the grant agreement and cannot be used to fund VITA or TCE activities.

An ESL clinic can, however, provide assistance with a federal tax return or a claim for refund and not be considered a tax return preparer if such assistance is an ancillary part of the clinic's program. The term "ancillary" means incidental. That is, the LITC's program must focus on outreach and education and not tax return preparation. If, for example, an ESL client requests help with a tax return in the course of an LITC conducting outreach or education activities, the LITC may not provide such assistance unless it arises from the LITC's primary activity of outreach and education. Clinics that engage in ancillary tax return preparation cannot charge a separate fee (even if it is a nominal fee) for this service. For more information on the definition of "tax return preparer," see 26 CFR § 301.7701-15(f).

note:

Tax return preparation assistance that is directly related to a controversy is not considered "ancillary" and is permitted under the definition of "controversy." The clinic may not charge a fee for the preparation of a tax return.

F. OFFICE OF MANAGEMENT AND BUDGET (OMB) REQUIREMENTS

Grant award administrative requirements are set forth in OMB Circulars. The basic administrative requirements applicable to individual Grant Agreements are contained in:

- ▶ 2 CFR Part 215 (formerly OMB Circular No. A-110), *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*;
- ▶ OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*;
- ▶ 2 CFR Part 220 (formerly OMB Circular A-21), *Cost Principles for Educational Institutions*; and
- ▶ 2 CFR Part 230 (formerly OMB Circular A-122), *Cost Principles for Non-Profit Organizations*.

All applicable provisions of these circulars, as revised, and any existing and further supplements and revisions are incorporated into these program requirements and into all grant agreements entered into between the IRS and clinics. With the exception of Circular A-133, each of the Circulars has been incorporated into Title 2 of the Code of Federal Regulations (CFR). The electronic CFR is updated regularly and is located at <http://ecfr.gpoaccess.gov>. In addition, the Circulars can be found at http://www.whitehouse.gov/omb/circulars_index-ffm.

Which Circular Should I Follow?

	Administrative Requirements	Cost Principles		Audits
Source of Rules	2 CFR Part 215	2 CFR Part 220	2 CFR Part 230	A-133
Educational Institutions	X	X		X
Non-Profit Organizations	X		X	X

G. MATCHING FUNDS REQUIREMENT

All grantees must provide matching funds on a dollar-for-dollar basis for all LITC Program grant funds received. In general, 2 CFR Part 215 (formerly OMB Circular A-110), provides that all contributions, including cash and third-party in-kind, can be accepted as matching funds when such contributions are:

- ▶ Verifiable from the grantee's records;
- ▶ Not used as a match for any other federally-assisted project or program;
- ▶ Necessary and reasonable for proper and efficient accomplishment of the program;
- ▶ Allowable under the applicable cost principles;
- ▶ Not paid by the federal government under another award, except when authorized by federal statute;
- ▶ Provided for in the grantee's approved budget; and
- ▶ In conformity with other provisions of OMB Circular A-110.

Valuation of Matching Funds. Contributions of goods and services provided by a grantee must be valued in accordance with applicable cost principles. These principles generally limit values to the amount a prudent person would pay for the goods or services in an arm's length transaction under the circumstances prevailing at the time the cost was incurred or fair market value. Third-party in-kind contributions, which represent the value of non-cash contributions provided by parties other than the recipient or federal government, must be valued in accordance with the principles stated in 2 CFR §215.23. Third-party in-kind contributions include the value of goods, space, or volunteer services donated to the LITC by third parties.

Volunteer Services. The rates for volunteer services shall be determined consistent with the principles stated in 2 CFR §215.23. In general, the rates used to value volunteer in-kind services must be consistent with those paid for similar work in the applicant's organization and may include a reasonable amount for fringe benefits.

When the applicant does not have staff performing similar work, the rates used

must be consistent with those paid for similar work in the labor market in which the applicant competes for the kind of services involved. One source of wage rates by geographic area can be found on the Bureau of Labor Statistics (BLS) website (<http://www.bls.gov/bls/blswage.htm>). However, note that the BLS data represents a wage rate only and can be adjusted upward by a reasonable fringe benefits amount in determining a volunteer in-kind valuation rate.

note:

The regulation requires that LITCs use “labor rates” and not “billing rates” for purposes of valuing in-kind volunteer services.

Finally, if an employer other than the applicant furnishes the services of an employee to the LITC Program, these services are valued at the employee’s regular rate of pay (plus benefits but excluding overhead costs), provided the services are in the same skill set for which the employee is normally paid. We encourage clinics with questions about how to value volunteer services to contact the Program Office for assistance.

Documentation of Matching Funds Sources. LITCs must maintain adequate records to substantiate the source of all matching funds. For example, if the clinic is counting services provided by a volunteer as matching funds, the clinic must track the amount of time the volunteer spends working on LITC activities (e.g., a clinic can use sign-in sheets, timesheets, or a similar method to track the time). *The Program Office will provide a Volunteer / Pro Bono Time Reporting Form that can be used to track the services provided by volunteers. The Form will be provided along with the reporting forms in advance of the 2012 grant cycle .*

While grant awards may be made based on good faith estimates of matching funds, including verifiable pledge commitment(s) or likely sources of funding, clinics must provide adequate documentation regarding the committed sources of matching funds. For a clinic to obtain a grant payment in advance of actual disbursement or receipt of the required nonfederal match, the clinic generally must have firm commitments for the required matching funds. A firm commitment consists of a binding written agreement between the grantee and the source of the matching funds that is conditioned solely upon the availability of federal assistance (and such other conditions as approved in advance by the IRS).

note:

See “Managing Grant Funds” Section II.H for additional examples of qualifying and ineligible matching funds.

Qualified Matching Funds include (but are not limited to):

- ▶ Cash contributions;
- ▶ Grantee contributions, including payments for:
 - Salaries, including fringe benefits, paid to clinic staff;
 - Equipment and supplies used in the clinic;

- Rent and utilities costs; and
- Other costs necessary to the operation of the program;
- ▶ Third-party in-kind contributions, including the value of:
 - Volunteer services furnished by professional and technical personnel; consultants and other skilled and unskilled labor;
 - The fair market value of donated equipment and supplies; and
 - The fair rental value of donated space.
- ▶ Program income, including nominal fees charged, from activities that are directly related to the clinic's objectives.

note:

The LITC Program Office permits grantees to use Legal Services Corporation funds to meet the matching funds requirement under IRC § 7526(c)(5).

Ineligible Matching Funds include (but are not limited to):

- ▶ Expenses incurred for the purchase, construction, repair, or rehabilitation of any building or any portion thereof;
- ▶ Expenses incurred that do not support or benefit the program;
- ▶ Services provided by students in exchange for academic credit;
- ▶ Federal work-study funds;
- ▶ Funds from other federal grants unless specifically authorized by statute (See OMB Circular A-110, 2 CFR § 215.23(a)(5)); and
- ▶ Indirect costs, including general overhead of the institution sponsoring the clinic.

H. MANAGING GRANT FUNDS

i. Accessing Grant Funds

Grant funds are paid through the Payment Management System (PMS) maintained by the Department of Health and Human Services Division of Payment Management (DPM). Grantees must obtain a username and password to use the system. PMS allows a grantee to make an online request for payment of federal funds. After a request is processed and approved, funds are directly deposited into the grantee's bank account through a process called Electronic Funds Transfer (EFT). Funds are generally available within one business day of the request. Grantees may request funds to reimburse for allowable expenses already paid or that will be paid within three business days of receipt.

The DPM has an online tutorial for those who are not familiar with the system. Grantees are encouraged to visit the DPM website (www.dpm.psc.gov) to view the tutorial and training. Grantees who have received a username and password to request funds, but who are experiencing problems accessing funds should contact the help desk at 1-877-614-5533 or send an e-mail to PMSSupport@psc.hhs.gov.

ii. Maintaining Funds in an FDIC Insured Bank

Grantees must maintain advances of federal grant funds in interest-bearing accounts at a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. The balance exceeding the FDIC coverage must be collaterally secured unless:

- ▶ The grantee receives less than \$120,000 in federal awards per year;
- ▶ The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances; or
- ▶ The depository would require an average or minimum balance so high that an interest-bearing account would not be feasible, given the grantee's expected federal and nonfederal cash resources.

iii. Interest on Advances of Grant Funds

Grantees must annually remit to the federal government any interest in excess of \$250 per year earned on advances of federal grant funds. A grantee may keep up to \$250 of interest earned per year. Interest remittances should be made via EFT to PMS, which acts as the government-wide agent for collection.

iv. Adjustments to Program Expenses

Clinics wishing to shift expenses among spending categories within a program (*e.g.*, shifting funds from travel to supplies in a controversy program) are not required to request approval unless the shift would substantially change a program plan. The movement of funds between ESL and Controversy programs is considered to be a major change and requires written approval from the LITC Program Office. A request to shift funds between programs must be made no later than September 10, 2012. To request approval to move funds between programs, clinics must submit an e-mail to LITCProgramOffice@irs.gov with the following information:

- ▶ The amount to be moved and from which program the funds are to be moved;
- ▶ The reason for the request to move funds between programs; and
- ▶ The impact, if any, on future grant cycles funding (*e.g.*, this is a one-time situation, or the clinic anticipates it will not be able to use the funds for the same reason in ensuing years and thus will ask for less funds in the future).

v. Non-Use of Grant Funds

The LITC Program Office will monitor clinics' use of funds throughout the year to ensure all grant funds will be expended. If a clinic determines that it will not

spend its entire grant award, the clinic should immediately notify the LITC Program Office by sending an e-mail to LITCProgramOffice@irs.gov. The e-mail should contain the following information:

- ▶ The amount of grant funds being returned;
- ▶ The reason for the return of funds; and
- ▶ The impact the return of funds will have on future grant cycles (e.g., this is a one-time situation, or the grantee anticipates that its future funding needs will be permanently reduced).

The notification to the LITC Program Office should be as soon as the issue arises but no later than September 10, 2012 to ensure that the grant funds can be reobligated to another clinic by the end of the federal government’s fiscal year (September 30).

vi. Allowable/Unallowable Expenses

Grant funds must be used for expenses in accordance with 2 CFR Part 230 (formerly OMB Circular A-122), and 2 CFR Part 220 (formerly OMB Circular A-21). Generally, for an expense to be allowable, the expense must be:

- ▶ Reasonable;
- ▶ Incurred to benefit the program; and
- ▶ Consistent with market prices.

Grantees should refer to 2 CFR Part 220, and 2 CFR Part 230 for detailed rules regarding allowable and unallowable expenses or contact the clinic’s assigned analyst with questions regarding expenses. Below is a table that lists examples of some common expenses:

Allowable Expenses	Unallowable Expenses
Salaries, wages, and personnel benefits	Purchase, construction, repair, or rehabilitation of any building or any portion thereof
Reasonable office supplies and equipment costs	Expenses incurred that do not support or benefit the program or which are unnecessary in carrying out the program
Rent, utilities, and custodial services	Certain advertising and public relations costs as described in the OMB Circulars

Allowable Expenses	Unallowable Expenses
Printing, postage, insurance	Alcoholic beverages
Indirect costs (as use of federal funds)	Indirect costs (as matching funds)
Audit services	Lobbyist registration fees
Publicity and training costs directly associated with the program	Costs of goods or services for personal use (as opposed to business use) of the clinic staff
Installation of telephone lines necessary to provide clinic services to taxpayers	Costs incurred outside the performance period of the award, unless specifically excepted by the Program Office*
Travel performed by program staff to conduct clinic business	Application fee to become an Attorney, CPA, or enrolled agent
Costs incurred for two individuals to attend the annual LITC Conference	Professional dues for attorneys and CPAs
Interpreter services for hearing-impaired or non-English speaking taxpayers	Enrolled agents' license renewal fee
Legal research and reference materials including the IRC and Treasury Regulations	Entertainment costs
Non-alcoholic refreshments for community outreach events or one-on-one consultations	Fines and penalties

note:

**The LITC Program Office permits returning clinics to use grant funds awarded for the current grant year to attend the following year's grantee conference (e.g., a clinic may use funds awarded for the 2011 grant cycle to attend the 2012 annual LITC conference, which will be held in December, 2011).*

Tips on Determining Allowable versus Unallowable Expenses

note:

To help ensure taxpayers have convenient access to low-cost representation, clinics are strongly encouraged to provide a toll-free number.

note:

A clinic may use grant funds for providing refreshments to volunteers so long as the costs are reasonable. However, a clinic generally may not use grant funds to buy refreshments for its employees, unless their workload requires those employees to work outside the normal hours of clinic operation.

note:

While maintaining professional credentials is generally a personal expense and therefore unallowable, a clinic may nonetheless use grant funds to pay for continuing education courses if such courses will increase the vocational effectiveness of employees. See 2 CFR § 220, J.51 and 2 CFR § 230, Appendix B.49.

Pens, Mugs, and Other Promotional Items

- ▶ A grantee cannot spend grant funds on pens, t-shirts, mugs, or other memorabilia to promote its services to taxpayers or for the personal use of employees. Grantees can purchase pens and other office supplies for the business use of clinic staff.
- ▶ However, grantees may use federal funds to acquire pens, mugs, and other small items of memorabilia for *pro bono* representatives working with the clinic, provided the cost is reasonable and consistent with market prices.

Tips for Treatment of Indirect Expenses

- ▶ The grantee must include a copy of its indirect cost rate agreement with its budget. See Section II.K.v.5.
- ▶ Unallowable expenses may not be included in the indirect cost rate.
- ▶ Inquiries about obtaining an indirect cost agreement should be directed to the LITC Program Office.

note:

While indirect expenses are an allowable expenditure of grant funds, IRC § 7526(c)(5) prohibits clinics from counting indirect costs as matching funds.

I. GRANT REPORTING REQUIREMENTS

The LITC Program requires the **timely** submission of two reports during a grant cycle – an Interim report and a Year-End report. The LITC Program Office will measure the effectiveness of LITC operations by the quality of service provided to low income taxpayers and ESL taxpayers. Detailed instructions for reporting are found in section III.B, *Reporting Requirements*.

J. ASSURANCES & CERTIFICATIONS

i. OMB Circular A-133 Audit Requirement

OMB Circular A-133 describes the audit requirements applicable to grantees. **If a grantee expends less than \$500,000 a year in total federal awards, no OMB audit requirements are applicable.** Total federal awards include all sources of federal funding, not just the funds received from the IRS in support of the LITC. See OMB Circular A-133, Subpart B, § .200(a). The IRS, however, has the right to audit expenditures of LITC funds regardless of the dollar amount of federal funding received by the grantee.

A grantee that expends \$500,000 or more a year in federal awards **must** provide the IRS with a copy of the results of an audit performed in compliance with OMB Circular A-133. Such grantees must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States.

The costs of audits performed in compliance with OMB Circular A-133 are allowable LITC grant expenses.

An audit under OMB Circular A-133 is organization-wide. The auditor must determine whether:

- ▶ The grantee's financial statements present fairly its financial position and the results of its operations in accordance with generally accepted accounting principles;
- ▶ An internal control structure exists to provide reasonable assurance that the grantee is managing federal awards in compliance with applicable laws and regulations and to ensure compliance with the laws and regulations that could have a material impact on the financial statements; and
- ▶ The grantee has complied with laws and regulations that may have a direct and material effect on its financial statement amounts and on each major federal program.

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the Year-End report for the grant cycle, subject to certain exceptions set forth in 2 CFR Part 215.



Requesting Payment History Information for an A-133 Audit

*A-133 audits often require historical grant payment information. **This information is not available from the LITC Program Office.** Those seeking information pertaining to payment or transaction history from the Payment Management System should visit the HHS Division of Payment Management Services (PMS) website at http://www.dpm.psc.gov/news_events/audit_confirmation_procedures.aspx.*

For recipients unable to access PMS inquiries online, payment history requests may be faxed to 301-443-3586, Attention: Sheila Swedenburg. You may also e-mail requests to: Sheila.Swedenburg@PSC.HHS.gov.

ii. Civil Rights Reporting Requirements

Applicants must provide information necessary to enforce Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving federal funds; Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination on the basis of sex in any education program or activity receiving federal funds; Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability in any program or activity receiving federal funds; and the Age

Discrimination Act of 1975, as amended, which prohibits discrimination on the basis of age in any program or activity receiving federal funds.

This section describes the data collection and reporting requirements required of LITC grant applicants by the IRS to meet its responsibilities under these laws. This information is required pursuant to the civil rights statutes and the regulations of the Department of Justice and the Department of the Treasury.

This information is mandatory and required of every applicant annually. As a condition of eligibility under the LITC Program, the applicant must provide the following information in its grant application package:

- a. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.
- b. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
- c. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
- d. A signed and dated Standard Form 424, with box 21 checked (see Appendix A) agreeing to the statement of assurance concerning civil rights compliance, including posting of the Civil Rights Poster, Publication 4025.

note:

Responses to these civil rights questions must be directly related to the clinic and not the sponsoring organization. If the clinic does not have any information to report on these questions, a negative response is required.

iii. Civil Rights Review

The External Civil Rights Team of the IRS may request additional data only to the extent that it is readily available or can be compiled with reasonable effort, and is found to be necessary to make a civil rights compliance determination. Examples of data and information which to the extent necessary and appropri-

ate for determining compliance with applicable civil rights statutes and implementing regulations may be as follows but are not limited to:

- ▶ The manner in which services are or will be provided by the program in question and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- ▶ The population eligible to be served by race, color, national origin, age, sex, or disability;
- ▶ Data regarding covered employment, including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English;
- ▶ The location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- ▶ The present or proposed membership, by race, color, national origin, sex, age, or disability, in any planning or advisory body which is an integral part of the program; and
- ▶ Data, such as demographic maps of the racial composition of affected neighborhoods or census data.

Each multi-year applicant shall update the civil rights reporting requirement information annually. Each application for financial assistance shall be reviewed for its civil rights reporting requirements by an External Civil Rights Team staff member. Upon completion, the reviewer shall forward a letter of compliance to the applicant indicating the civil rights determination. Financial assistance shall not be awarded to the applicant until the civil rights reviewer has issued a finding of compliance or conditional compliance. Department of Justice regulations state that all federal agency staff determinations of Title VI compliance shall be made by or be subject to review by the agency's civil rights office.

note:

Each Low Income Taxpayer Clinic is required to display the Civil Rights Poster, Publication 4025.

If an applicant needs additional information on Civil Rights requirements, it should contact the Director, Civil Rights Division (External Civil Rights Team):

Executive Director, Office of Equity, Diversity, and Inclusion
External Civil Rights Team
1111 Constitution Avenue NW, Room 2422
Washington, DC 20224
(202) 927-0180

iv. Assurance of Compliance with Lobbying Restrictions

Lobbying activities: There are two types of lobbying activities – direct lobbying and grassroots lobbying.

Direct lobbying includes contacting a member of Congress, a state or local legislator, or any of their staff members to influence the legislator to take a position or action on a specific piece of legislation or potential legislation.

Grassroots lobbying includes activities that encourage third parties, members of special interest groups or the general public to contact federal, state, or local government officials in support of or in opposition to a legislative policy or appropriations matter. This applies to activities both before and after introduction of the legislation.

General rule: No federal grant funds or matching grant funds may be used, either directly or indirectly, to support the enactment, modification, or adoption of any law, regulation, or policy at any level of government. Some exceptions to this general rule may exist pursuant to an express authorization by Congress.

note:

Any entity receiving grant funds from another federal source, either directly or indirectly, may be subject to additional restrictions on lobbying. For example, the Legal Services Corporation imposes its own lobbying restrictions on grant recipients.

Grantees are prohibited from using federal grant funds and matching funds to:

- a. Visit or send letters to members of Congress or state or local legislators, urging them to favor or oppose specific legislation pending under their jurisdiction;
- b. Develop materials designed to advocate for the enactment or repeal of any legislation or provide such materials to anyone;
- c. Draft or assist in the drafting of legislation or provide comments on draft legislation;
- d. Pay, directly or indirectly, for any efforts intended to or designed to influence a Member of Congress or a state legislature to favor or oppose any legislation or appropriation, whether before or after introduction; or
- e. Engage in any legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, or analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying.

note:

Employees whose salaries are paid from federal grant funds or matching funds are prohibited from engaging in any lobbying activities during the portion of time that their salaries cover.

Grantees are permitted to use federal grant funds and matching funds to:

- a. Educate the public or constituents on legislative issues, so long as the education is not part of a broader effort to directly or indirectly (grassroots lobbying) influence legislators on a specific piece of legislation or legislative issue;
- b. Expend **non-federal funds** (*i.e.*, neither federal grant nor matching grant funds) on lobbying activities. However, under the Byrd Amendment (31 USC § 1352), grantees may still be required to disclose lobbying activities conducted with non-federal funds if the activities relate to lobbying regarding the making or awarding of a grant and the organization receives more than \$100,000 in federal grant funds;
- c. Respond to documented requests from members of Congress, state legislatures or other officials;
- d. Interact with agency liaisons, such as the National Taxpayer Advocate or Local Taxpayer Advocates, regarding program-related issues;
- e. Contact government officials regarding broad social, economic, or other issues, so long as the contact is not part of an effort to influence Congress or the state legislature on an actual or potential specific piece of legislation; or
- f. Discuss broad social, economic, or other issues on listservs or blogs, so long as the contact is not part of an effort to influence Congress or the state legislature on an actual or potential specific piece of legislation.

Sources of guidance on lobbying activities: The table below details the main sources of authority that regulate lobbying by LITCs:

Source of Restriction	2 CFR Part 230/ 2 CFR Part 220	Byrd Amendment - 31 USC § 1352	Publicity and Propaganda/ Appropriations Laws Restrictions
Type of Funds Affected by Restriction	Federal Grant Funds and Matching Funds	Restriction applies to Federal Grant Funds and Matching Grant Funds. Although the restriction does not apply to non-federal grant funds, contacts with members of Congress may need to be disclosed.	Federal Grant Funds and Matching Funds
Lobbying topics covered by Restriction?	All subject matters	Limited to lobbying regarding the making or awarding of a grant; it does not appear to apply to lobbying on general program legislation (i.e., to expand the subject matter of the program, as opposed to the amount of money awarded for program purposes which may increase the award to the grantee).	All subject matters
Stage of legislation covered by restriction	All stages, including before introduction	All stages, including before introduction.	Legislation pending before Congress
Applies to Grassroots Lobbying?	Yes, it is prohibited	No, it is not prohibited, so long as no federal funds are used for the grassroots lobbying effort.	Yes, it is prohibited
Applies to advocating at the state level?	Yes, prohibition applies to state level activities	No, prohibition does not apply to state level activities.	No, prohibition does not apply to state level activities
Exception for when information is specifically requested by member of Congress?	Yes, there is an exception which permits a response to a documented request	Yes, there is an exception which permits a response to a documented request.	Not applicable

note:

This chart describes restrictions on the use of federal grant funds and matching grant funds for lobbying. In addition, IRC § 501(c)(3) organizations are subject to lobbying limits under the Internal Revenue Code. In general, an IRC § 501(c)(3) organization may conduct an insubstantial amount of lobbying and still maintain its tax-exempt status. For additional information, see Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities: <http://www.irs.gov/pub/irs-pdf/p4221pc.pdf>.

Examples of activities with possible lobbying implications:

A grantee may send an e-mail to the independently sponsored LITC listserv to gather support or opposition for legislation. Although such an e-mail is an attempt to influence legislation, so long as appropriated grant funds are not used, the grantee has not violated Title 31 or Title 18. If the grantee has a requirement under Title 31 to report lobbying activities, the e-mail activity would need to be disclosed, including any research or background work performed in connection with the e-mail to the listserv.

For purposes of IRC § 501(c), sending a single e-mail to the listserv would likely constitute an “insubstantial” amount of lobbying. Because the use of a listserv is free, the grantee should not have substantial expenditures in connection with the sending of the e-mail. Keep in mind that if a grantee anticipates devoting a large amount of time to the endeavor (e.g., researching the issue, drafting proposed legislation, responding to comments on the listserv about the proposal), the activity could rise to the level of being more than insubstantial, in which case the grantee may choose to make a lobbying election under IRC § 501(h).

For more information about making a lobbying election, refer to:

- ▶ IRC § 501(h) and IRC § 4911;
- ▶ Treas. Reg. §§ 1.501(h)-1 through 1.501(h)-3;
- ▶ Treas. Reg. §§ 56.4911-1 through 56.4911-10; and
- ▶ Publication 557, *Tax-Exempt Status for Your Organization*.

note:

LITCs receiving Legal Services Corporation (LSC) funds should not confuse the above rules on lobbying with LSC restrictions. There may be some lobbying activities that are acceptable under LITC guidance that are prohibited under LSC requirements and vice versa.

Additional information: The LITC Program recognizes that this list of prohibited and permitted activities will not answer every situation that arises. Accordingly, if a grantee has any question as to whether an anticipated activity could be implicated under these rules, it should contact the LITC Program Office **prior to engaging in such activity**.

v. Trafficking Victims Protection Act of 2000

The Trafficking Victims Protection Act of 2000, (22 U.S.C. § 7104) as amended, requires any agency that awards grants to include a condition authorizing the agency to terminate the grant if the grantee engages in certain activities related to trafficking in persons. As part of the implementation of the Act, the Office of Federal Financial Management has established terms that must be included in every grant agreement. See 2 C.F.R. § 175.15 (2007). Thus, grantees under this program and their employees may not:

- a. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
- b. Procure a commercial sex act during the period of time that the award is in effect; or
- c. Use forced labor in the performance of the award or sub-awards under the award.

The IRS, as the federal awarding agency may unilaterally terminate an award, without penalty, if a grantee is a private entity:

- ▶ Is determined to have violated a prohibition in items (i) – (iii) above; or
- ▶ Has an employee who is determined by the IRS official authorized to terminate the award to have violated a prohibition in items (i) – (iii) above through conduct that is either
 - Associated with performance under this award; or
 - Imputed to the grantee using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR Part 180, *OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-Procurement)*, as implemented by the Department of the Treasury at 31 CFR Part 19.

vi. Federal Funding Accountability and Transparency Act (FFATA) (2 CFR Part 170)

The Federal Funding Accountability and Transparency Act (FFATA) of 2006, as amended, is intended to empower Americans with the ability to hold the government accountable for each spending decision. Each applicant must ensure it has the necessary processes and systems in place to comply with the FFATA reporting requirements should it receive funding. OMB has issued guidance to establish requirements for grantees to report information about executive compensation in certain circumstances. See 2 CFR Part 170.

vii. Central Contractor Registration and Universal Identifier Requirements

Applicants are required to register with the Central Contractor Registration

(CCR) prior to submitting a grant application and are required to maintain an active CCR registration with current information at all times during which it has an active federal award or an application under consideration. To remain registered in the CCR database after the initial registration, the applicant is required to review and update on an annual basis from the date of the initial registration or subsequent updates its information in the CCR database to ensure it is current, accurate, and complete.

Applicants are also required to provide a Data Universal Numbering System (DUNS) number with each application. For more information, see 2 CFR Part 25.

note:

Data Universal Numbering System (DUNS) is a unique nine-digit identification number provided by Dun & Bradstreet, Inc. The federal government requires that all applicants for federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems. A DUNS number may be obtained by calling (866) 705-5711 (for applicants in Alaska and Puerto Rico, (800) 234-3867) or applying online at <http://fedgov.dnb.com/webform>.

viii. Other Applicable Laws and Regulations

Programs involving use of federal funds are governed by a wide variety of federal laws and regulations. These include:

- ▶ Restrictions on political activities at 18 U.S.C. §§ 595, 598, 600-603;
- ▶ The preservation requirements in the National Historic Preservation Act (16 U.S.C. § 470 et seq.) and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. § 469a-1 et seq.);
- ▶ Environmental requirements of the Clean Air Act (42 U.S.C. § 7401 et seq.); and
- ▶ The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251 et seq.).

Assurances of compliance are required for LITC funding, according to the “common rule” on non-procurement, debarment, and suspension adopted by Department of Treasury at 31 CFR, Part 19, Subpart C. An applicant must certify that its organization and Clinic Director are not presently debarred or suspended from covered transactions by any federal agency. In addition, an applicant must indicate that within the three-year period before applying for a grant, its organization and Clinic Director have not been convicted of or had a civil judgment rendered against them for fraud, theft or certain other offenses, and have not had one or more public transactions terminated for cause or default. An applicant must also

indicate that its organization and Clinic Director are not presently criminally or civilly charged with certain offenses.

Additional assurances are required according to the government-wide requirements for a drug-free workplace (41 U.S.C. §§ 702-707), adopted by the Department of the Treasury at 31 CFR Part 20, Subpart B and C, and assurance of civil rights compliance, as specified above.

A signature is no longer required on individual Certification forms. An applicant certifies by signing the Standard Form 424 and checking the box on line 21 marked “I agree” to indicate acceptance of the assurances provisions. The assurance provisions that accompany Standard Form 424 appear in Appendix A.

K. COMPLETION OF THE LITC PROGRAM GRANT APPLICATION PACKAGE

To be considered for 2012 LITC Program grant funding, all applications must be submitted **by July 15, 2011**. Applications may be submitted either electronically via **www.grants.gov** or in hard copy by U.S.P.S. mail, private delivery service, or hand delivery. See section II.L, LITC Program Grant Application Assembly and Submission, for details about electronic submission and procedures for assembling paper applications.

An application may be withdrawn at any time during the application process or prior to the time grant money is awarded. All withdrawals must be made in writing to the above address.

Tips for Preparing the LITC Program Grant Application Package

note:

A complete new application for grant year 2012 must be submitted by any current grantee whose single-year or multi-year period will end on December 31, 2011.

note:

A complete new application must be submitted by an applicant that has previously been awarded a multi-year LITC grant and wishes to switch its designation during the multi-year period (e.g., in 2011 the clinic is providing only controversy services, but in 2012 the clinic wishes to provide controversy and ESL services).

note:

All pages in the application must be consecutively numbered.

note:

Grant applications may be released in response to Freedom of Information Act (FOIA) requests. Do not include any individual taxpayer information in the grant application.

i. LITC Program Grant Application Contents

It is very important that the LITC Program Grant Application Package be assembled correctly. Copies of all required application forms and certifications are included in Appendix A of this publication.

List of Required Components (paper applications should be compiled in the following order):

- a. Completed Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Application Information Sheet*.
- b. Standard Form 424, *Application for Federal Assistance*, prepared according to instructions (section II.K.ii, *Application for Federal Assistance, Standard Form 424*).
- c. Applicant Information:
 1. Background Information, prepared according to instructions (section II.K.iii, *Background Information*);
 2. Copy of the determination letter issued by IRS recognizing organization as exempt under IRC § 501(c), if applicable; and
 3. Copy of letter of academic accreditation for affiliated college, university or other institution of higher learning, if applicable.

note:

Applicants requesting funding for the second or third year of a multi-year grant are not required to submit item c.

- d. Program Performance Plan prepared according to instructions (section II.K.iv, *Program Performance Plan*).

note:

Applicants requesting funding for the second or third-year of a multi-year grant are not required to submit item d. However if the applicant intends to modify the Plan submitted with the year one application, a letter indicating any proposed program modifications must be included.

- e. Budget/Financial Information prepared according to instructions (section II.K.v, *Budget/Financial Information*).
 1. Standard Form 424A, *Budget Information – Non-Construction Programs*, prepared according to instructions (section II.K.vi, *Completing the Standard Form 424A, Budget Information – Non-Construction Programs*);
 2. *Detailed Budget Worksheet* (Form 13424-J) and Narrative, prepared according to instructions (section II.K.vii, *Completing the Detailed Budget Worksheet and Narrative*). This budget worksheet should explain the expenses stated on Standard Form 424A;
 3. Copy of most recent audited or unaudited financial statement;

4. Copy of the applicant's most recent *Single Audit Data Collection Form* (Form SF-SAC), or a statement that the applicant is exempt from the A-133 Audit requirement because it expends less than \$500,000 a year in federal awards; and
 5. A copy of any indirect cost rate agreement.
- f. Additional Required Forms
1. Civil Rights Statement as described in section II.J.ii, *Civil Rights Reporting Requirements*;
 2. Standard Form LLL, *Disclosure of Lobbying Activities* (required by 31 CFR § 21.100(c)); and
 3. *Tax Information Authorization Form*, (Form 13424-I) if applicable. Inclusion of Form 13424-I is encouraged, but not required.

note:

An original and three copies of the entire application (all forms and attachments) must be included if the application is not submitted through www.grants.gov. The original must be signed in blue ink.

ii. Application for Federal Assistance, Standard Form 424

Who must complete this section?

All applicants

Things to note:

- ▶ *The EIN and DUNS number should be reviewed for accuracy.*
- ▶ *The contact information should be reviewed for accuracy.*
- ▶ *For information that will not fit into the space allowed on the SF-424, a blank sheet may be attached with the additional information. Indicate the block number from the SF-424 to which the information relates. Multiple blocks may be addressed continuously on the same page.*

This form is required for all grant applications. Applicants must provide a DUNS number and EIN. Although a DUNS number and EIN may both be obtained fairly quickly when applying online or by phone, applying for an EIN with the IRS by fax or by mail will take longer.

note:

Central Contractor Registration (CCR) is the primary registrant database for the U.S. federal government. The purpose of the CCR is to facilitate paperless payment through electronic funds transfer. CCR also provides basic information relevant to procurement and financial transactions. All applicants are required to register and maintain an active account with the CCR at the time of their application. To complete the CCR process, a DUNS number is required. The complete resource for CCR registration is located at www.ccr.gov.

Please complete the SF-424 as shown in the instructions below. Additional information may be found in the instructions for the SF-424. It is important to

use the correct version of the SF-424 (Rev. 10/2005) because it includes all required fields. Use of earlier versions could result in non-consideration if key fields are not present. Items missing from some of the earlier versions include the DUNS number, the certification and assurances section, etc.

The following instructions are provided to assist in the completion of the SF-424 for the LITC Grant.

Block	Title	Comments
1.	Type of Submission	For LITC purposes check the Application box.
2.	Type of Application	Check New when applying for a single-year grant or year one of a multi-year grant. Check Continuation when applying for years 2 or 3 of a multi-year grant.
3.	Date Received	Leave blank for LITC purposes.
4.	Applicant Identifier	Leave blank for LITC purposes.
5a.	Federal Entity Identifier	Leave blank for LITC purposes.
5b.	Federal Award Identifier	Leave blank for LITC purposes.
6.	Date Received by State	Leave blank for LITC purposes.
7.	State Application Number	Leave blank for LITC purposes.
8a.	Legal Name	Enter Legal Name of the Organization. Do not use an acronym unless it is the legal name. This should be the name used on the CCR registration.
8b.	Employer Identification Number	Enter EIN assigned by the IRS. This is not a Social Security number. This number will be used to conduct a tax compliance check.
8c.	Organizational DUNS	Enter the identification number assigned by the Dunn & Bradstreet organization. This information is required for all organizations that receive federal grant funds. The link to the website to apply for a DUNS number is: http://fedgov.dnb.com/webform .
8d.	Address	Enter Address of Organization. This should be the address for the organization's physical location.
8e.	Organizational Unit	Mark as N/A .
8f.	Name and Contact Information	When completing the contact information, please remember that if the Program Office needs to contact the applicant for information there will be tight deadlines. Therefore, it is important to provide a phone number at which the contact person is accessible. It can be a cell phone, home phone, or office phone.

Block	Title	Comments
9.	Type of Applicant	Refer to the general instructions provided with SF-424 in Appendix A for the appropriate code.
10.	Name of Federal Agency	Enter Internal Revenue Service .
11	Catalog of Federal Domestic Assistance Number	Enter 21.008 in the CFDA Number box and Low Income Taxpayer Clinic in the CFDA Title box.
12	Funding Opportunity Number	Enter TREAS-GRANTS-052012-001 in the Funding Opportunity Number box and Low Income Taxpayer Clinic in the Title box.
13	Competition Identification Number	Mark as N/A .
14	Areas Affected by Project	Provide county where services will be provided. If multiple counties, enter each. If an entire state, enter the state name and note All Counties . If more space is required, attach an additional sheet.
15	Descriptive Title of Applicant's Project	Enter Low Income Taxpayer Clinic .
16	Congressional Districts	Enter the congressional district of the applicant on line 16a, and the congressional districts to be serviced by the clinic. Enter in the following format: two-character state abbreviation - two-character district number, e.g., CA-05 for California's fifth district or NC-10 for North Carolina's tenth district. If all congressional districts in a state are affected, enter All for the district number, e.g., MD-All for all congressional districts in Maryland. If more space is required, continue on an additional sheet and attach.
17	Proposed Project	For all applicants, enter 1/1/2012 as the start date. The end date should be entered as 12/31/2012 or the end of the multi-year grant, if later (i.e., 12/31/2013 or 12/31/2014 as applicable).
18a-f	Estimated Funding	18a. Enter the amount of federal grant funds requested for 2012 (if the applicant is a multi-year grantee, remember to only list the amount requested for 2012). This amount cannot exceed \$100,000. 18b-e. Enter the amount of matching funds by source. These are all funds offered as match. The amount needs to be equal or exceed the amount on line 18a. Remember a dollar-for-dollar match is required for this grant. 18f. Enter any program income the organization expects to receive.
18g	Total	Add the amounts in 18a through 18f.
19	Is Applicant Subject to Review by State Under Executive Order 12372 Process?	Mark as N/A .

Block	Title	Comments
20	Is the Applicant Delinquent on any Federal Debt?	Check Yes or No . If Yes, provide an explanation.
21	Certification and Assurance and Authorized Representative	This section covers agreement to the certifications and assurances required as part of this package. Check I Agree after reviewing the certification section of the application notice. Complete this section with the name, contact and signature of the individual authorized to submit grants on behalf of the applicant.

iii. Background Information



Who must complete this section?

*Applicants applying for a single-year grant or year one of a multi-year grant must submit background information. **Applicants requesting funding for the second or third-year of a multi-year grant are not required to submit background information.***

Things to note:

- ▶ *The application may contain internal references. There is no need to reprint text printed elsewhere in the application.*
- ▶ *This section is limited to 12 pages, double-spaced, Arial font, size 12. The page limitation does not include attachments.*
- ▶ *Begin each response by annotating the number that corresponds to the appropriate plan section.*
- ▶ *If a section is not applicable, please indicate N/A.*
- ▶ *Clearly label all attachments.*

This section is designed to solicit information concerning an applicant's qualifications. The information will be used to determine whether the organization has sufficient experience in delivering services to low income and ESL individuals and the infrastructure to properly manage federal funds. Provide specific responses for each of the following requirements and keep comments concise and relevant. Begin each response by annotating the letter that corresponds to the appropriate requirement.

Experience

- a. Describe the applicant's experience in delivering services (e.g., representation, outreach, and education) to low income and ESL individuals and families. Include type of service provided, languages served, number of individuals reached, and geographic area covered.
- b. Describe the applicant's experience in coordinating an LITC Program. **Do not** include information about the experience of specific individuals here.

- c. Describe the applicant's existing affiliations with other organizations, such as schools, governmental bodies, or other charitable organizations.
- d. Describe the applicant's experience in supervising staff, students, and volunteers and providing technical assistance to other organizations.
- e. Describe the applicant's experience networking with other community-based organizations with which it can work to reach its target audience.

Financial Responsibility

- f. Describe the applicant's ability to properly spend and account for program funds. Include examples of experience in managing federal grants, if any, and a description of the organization's existing accounting system and accounting support staff. Include copies of relevant internal accounting procedures, and other pertinent information. Specifically describe the following:
 - i. Accounting procedures;
 - ii. The method for allocating allowable expenses and matching funds between qualifying LITC activities and other nonqualifying activities or programs, if applicable;
 - iii. The plans for audits and controls;
 - iv. The procedures that will be used for proper cost allocation for LITC Program grant funds if the organization seeks to operate an LITC Program in conjunction with a VITA or TCE program; and
 - v. The qualifications and relevant expertise of the Qualified Business Administrator (QBA) with business administration and managing federal grants.

iv. Program Performance Plan



Who must complete this section?

*Applicants applying for a single-year grant or year one of a multi-year grant must submit a Program Performance Plan. **Applicants requesting funding for the second or third-year of a multi-year grant are not required to submit a Program Performance Plan.** However if the applicant intends to modify the Plan submitted with the year one application, a statement indicating any proposed program modifications must be included.*

Things to note:

- ▶ *The application may contain internal cross-references. There is no need to reprint text printed elsewhere in the application.*
- ▶ *This section is not limited in length.*
- ▶ *Begin each response by annotating the number that corresponds to the appropriate plan section.*
- ▶ *If a section is not applicable, please indicate N/A.*
- ▶ *Clearly label all attachments.*

This section of the application is designed to solicit information concerning the ability of an applicant to operate a quality LITC. Provide specific responses for each of the following requirements and keep comments concise and relevant. Begin each response by annotating the letter that corresponds to the appropriate requirement.

Program Staff

- a. Describe the qualifications and specific tax expertise of the:
 1. The Qualified Tax Expert (QTE); and
 2. The Clinic Director.
- b. List the titles, responsibilities, and qualifications of clinic staff other than the QTE, QBA, or Clinic Director.
- c. If students will be used to provide clinic services, indicate the number and type of students (law students, graduate accounting students, etc.), and
 1. whether a special order from the Office of Professional Responsibility will be obtained to allow students to represent taxpayers before the IRS; and
 2. whether permission will be obtained from the United States Tax Court for students to practice before the Court.
- d. Identify clinic staff authorized to represent taxpayers before the IRS.
- e. Identify clinic staff admitted to practice before the U.S. Tax Court.
- f. Indicate the amount of time that clinic staff and students devote to clinic activities. Detail the method used to track staff and student time.

Volunteers

- g. Describe the applicant's *pro bono* panel and how panel members will be identified and recruited.
- h. Describe the procedures used to assign cases to volunteers, monitor case progress, and evaluate services to ensure that taxpayers receive quality assistance.
- i. Detail the method used to track volunteer time.

Training and Resources

- j. Describe the training to be provided to clinic staff, students, and volunteers.
- k. Identify the continuing professional education (CPE) activities of the clinic staff and volunteers.
- l. Describe the clinic's tax library and any plans to provide access to other research resources.

Clinic Operations

- m. Describe the clinic's publicity plan, including potential venues for outreach to low income taxpayers. Identify the methods and media that the clinic will use to reach taxpayers.
- n. Describe plans to protect taxpayer privacy and to maintain confidentiality

of taxpayer information and any tax return information. Describe the procedures used to safeguard client records. Is there a private office or conference room to meet with clients?

- o. Indicate the dates, days, and hours of clinic operation. State whether the clinic will be open full-time and year-round. Describe plans for staffing the clinic during periods of student absences if the LITC is part of an academic institution. Specifically state whether the clinic will accept new cases during periods of student absences or merely refer taxpayers to other organizations.

note:

Year-round, full-time access is preferable to part-time or partial-year access for clients. In making grant awards, consideration will be given to whether clinics are open full-time and year-round. If the clinic is awarded a grant premised on operating full-time and year-round and later changes the operating schedule, the LITC Program Office may make a reduction in funding during the year.

- p. Describe the clinic's plans for charging nominal fees, if any, and the amount.

Program Plan

- q. Describe the proposed program plan for the period for which the grant is requested. **If the clinic will be providing both Controversy and ESL services, submit a separate program plan and goals for each.** If the program goals extend beyond one year, state goals in annual increments of up to three years.

Controversy Plan

1. Describe the type of controversy services to be provided.
2. Briefly describe the procedure for intake, assignment, and monitoring of controversy cases.
3. Describe the method used to track the 90/250 income requirement.
4. Describe the method used to track the amount in controversy for any taxable year and state the policy that will be used to accept cases when the amount in controversy exceeds the amount specified in IRC § 7463 (currently \$50,000).
5. Project numerical goals for:
 - i. New representation cases; and
 - ii. One-on-one consultations.

ESL Plan

6. Describe the type of ESL outreach and educational activities to be provided, including educational topics to be addressed.
7. Describe the target population for ESL outreach and education.
8. Describe the plans for tracking the number of ESL taxpayers served.
9. Project numerical goals for:
 - i. Educational activities to be conducted;
 - ii. ESL taxpayers to be reached; and
 - iii. One-on-one consultations.

Program Monitoring and Evaluation

- r. Describe the strategy for monitoring and evaluating program results (in short and long-term), including how success will be defined and measured.
- s. Indicate how the clinic intends to measure client satisfaction

Geographic and Demographic Information

- t. Identify geographic area(s) the clinic will serve. Provide demographic information including the total population, number of low income residents, and number of ESL residents. Identify languages in which the clinic provides services. Specify if interpreters are available.

Other Information

- u. Describe plans, if any, to make name or organizational changes.

note:

Requests to approve name or organizational status changes must be submitted in writing to the LITC Program Office in advance of the effective dates of proposed changes with sufficient time to afford program evaluation and legal review.

v. Budget/Financial Information

This section is designed to solicit information concerning the applicant's budget request for the grant cycle. All applicants must submit the following budget and financial information:

- a. *Standard Form 424A, Budget Information – Non-Construction Programs.* This form is used to provide a budget for the grant cycle. An applicant that is applying for both Controversy and ESL funding should submit only one Standard Form 424A, which will include budget information for both programs. The applicant will identify the Controversy and ESL program requests separately on the form. Detailed instructions for completing the form are provided below.
- b. *Detailed Budget Worksheet (Form 13424-J) and Narrative.* This worksheet and accompanying narrative provides a breakdown of budgeted expense items in accordance with the budget categories listed in section B of Standard Form 424A. A single worksheet should include information related to both Controversy and ESL programs, if applicable, as well as information related to the proposed use of federal funds and matching funds. Detailed instructions for completing the worksheet and narrative are provided below. An example of a properly prepared worksheet and narrative is also provided.
- c. Copy of the applicant's most recent audited or unaudited financial statement. If an unaudited financial statement is submitted, please explain why an audited financial statement is not available. If a financial statement is not available, please include a profit and loss statement.

- d. Copy of the applicant's most recent *Single Audit Data Collection Form* (Form SF-SAC), or a statement that the applicant is exempt from the A-133 audit requirement because it expends less than \$500,000 a year in federal awards.
- e. A copy of the applicant's indirect cost rate agreement, if applicable.

Failure to provide this information will result in non-consideration of the application.



Things to note:

- ▶ *Each budget item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested for each program.*
- ▶ **Federal funds** are those funds the applicant is requesting from the IRS in support of the LITC Program.
- ▶ **Non-federal funds** are funds the applicant has or will have available to spend on the LITC Program. These are considered **matching funds**.
- ▶ 2 CFR Part 220 (formerly OMB Circular A-21) and 2 CFR Part 230 (formerly OMB Circular A-122) provide guidance about allowable and unallowable expenses. Also, see section II.H.vi, *Allowable/Unallowable Program Expenses*, for a list of common expenses that are allowable or unallowable.
- ▶ 2 CFR Part 215 (formerly OMB Circular A-110) provides guidance about matching funds requirements.
- ▶ Please round figures to whole dollars only and no cents.

vi. Completing the Standard Form 424A, Budget Information – Non-Construction Programs

A Standard Form 424A, *Budget Information – Non-Construction Programs*, is required for this application. The term “non-federal funds” is used interchangeably with “matching funds.” The following table provides information on how to complete the SF 424A. Applicants should also review the instructions provided with SF 424A in Appendix A.

Section A - Budget Summary

SF 424A Title	Explanation
Grant Program Function or Activity (a): Line 1	Enter the word "Controversy" on line 1 of the application. Include all requests for Controversy resources on this line.
Grant Program Function or Activity (a): Line 2	Enter the word "ESL" on line 2 of the application. Include all requests for ESL resources on this line.

note:

An applicant seeking to operate only an ESL program may enter "ESL" and the corresponding funding request on line 1 of the SF 424A, and leave line 2 blank. An applicant seeking to operate only a Controversy program may leave line 2 blank. These instructions are applicable throughout the rest of this application.

Lines 3(a) - (g) and 4(a) - (g)	No entry required or may contain all zeroes.
Catalog of Federal Domestic Assistance Number (b)	Enter 21.008 on lines 1 and 2 as appropriate.
Estimated Unobligated Funds: Federal (c) and Non-Federal (d)	No entry required or may contain all zeroes.
New or Revised Budget: Federal (e)	This section is used to capture the amount of federal funds requested from IRS for performance of this grant in grant cycle 2012. On line 1(e) enter the total amount of money requested from the IRS for Controversy. On line 2(e), enter the total amount of money requested from the IRS for ESL.
New or Revised Budget: Non-Federal (f)	This section is used to capture the amount of non-federal funds proposed for matching. This grant requires a dollar-for-dollar match. Enter on line 1(f) the total amount of matching funds for Controversy. The amount in this column must be equal to or greater than the amount on line 1(e). Enter on line 2(f) the total amount of matching funds for ESL. The amount in this column must be equal to or greater than the amount on line 2(e).
New or Revised Budget: Total (g)	This is the sum of columns (e) and (f).
Grant Program Function or Activity (a): Line 5 - Totals	Enter the totals for each column (c) - (g).

TIP: The amounts on line 5(e) - (g) of the SF 424A should agree with amounts in section 18 on the SF 424, as follows:

- The amount on SF 424A, line 5(e) should equal the amount on SF 424, block 18(a);
- The amount on SF 424A, line 5(f) should equal the sum of SF 424, blocks 18(b) - (e); and
- The amount on SF 424A, line 5(g) should equal the amount on SF 424, block 18(g).

Also, the amounts on line 5(e) - (g) of the SF 424A should agree with amounts in section D - Forecasted Cash Needs in the Total for first year, as follows:

- The amount on SF 424A, line 5(e) should equal SF 424A, block 13;
- The amount on SF 424A, line 5(f) should equal SF 424A, block 14; and
- The amount on SF 424A, line 5(g) should equal SF 424A, block 15.

Section B - Budget Categories

SF 424A Title	Explanation
<p>The amounts entered in section B, columns (1) and (2), must correspond with the totals shown by program in the Detailed Budget Worksheet. NOTE: The data captured in this section also corresponds to lines (1) and (2) entered in section A, <i>Budget Summary</i>.</p> <ul style="list-style-type: none"> ▶ <i>The data that is entered in column (1) in section B corresponds to the total amount entered on line (1) of section A (e.g., section B, column (1), item 6(k) should equal section A, item 1(g)).</i> ▶ <i>The data that is entered in column (2) in section B corresponds to the total amount entered on line (2) of section A (e.g., section B, column (2), item 6(k) should equal section A, item 2(g)).</i> 	
6. Object Class Categories	<p>Enter the combined federal and non-federal funds from section A by object class category in columns (1) and (2). Columns (1) and (2) will correspond to the specific program – Controversy or ESL – noted in lines (1) and (2) of section A. Columns (3) and (4) should be blank. The total of columns (1) and (2) is captured in column (5). Reminder: Review the allowable and unallowable expenses in this publication and applicable OMB Circulars before completing this application.</p>
a. Personnel	<p>This category represents wages and salaries paid to LITC staff. Do not include fringe benefits on this line. This number will reflect both federal and non-federal dollars.</p>
b. Fringe Benefits	<p>This category includes the fringe benefits for the personnel listed in the personnel section and includes both federal and non-federal dollars.</p>
c. Travel	<p>This category covers travel costs for the LITC program. Travel for unrelated seminars, meetings, etc. is not allowed.</p>
d. Equipment	<p>This category covers all equipment for the program, including the value of any donated equipment.</p>
e. Supplies	<p>This category covers all supplies for the program, including the value of donated supplies.</p>
f. Contractual	<p>This category covers the cost of rent, utilities, and other contracted items or services that will be used in the program, including the value of donated space.</p>
g. Construction	<p>This line must be blank or all zeroes. Construction costs are not covered by the grant.</p>
h. Other	<p>This category covers all other direct expenses that do not fit in the above categories. The value of volunteer in-kind services is included in this category.</p>
i. Total Direct Charges (sum of 6(a) - 6 (h))	<p>Total direct charges from line 6a through 6h.</p>
j. Indirect Charges	<p>Enter indirect charges allocable to the plan or all zeroes.</p>
k. TOTALS (sum of 6(i) and 6(j))	<p>Total both direct and indirect charges.</p>

SF 424A Title	Explanation
7. Program Income	If the clinic charges a nominal fee for services, program income would be included in the appropriate column. Program income may be used to finance the non-federal share of the program (i.e., it may be used as part of the clinic's matching funds).

Section C - Non-Federal Resources

SF 424A Title	Explanation
8(a) Grant Program	The information entered here should be identical to that entered in section A line 1(a) on the SF 424A. For Controversy programs, enter "Controversy" on this line. For ESL only programs, enter "ESL" on this line. Columns (b) through (e) will contain the corresponding data for the applicant's Controversy or ESL only program.
8(b) Applicant	This is the amount of matching that will come directly from the applicant. Enter the amount on line 8(b).
8(c) State	Enter the amount of the state's cash and in-kind contribution if the applicant is not a state or state agency.
8(d) Other Sources	Enter the amount of cash and in-kind contributions to be made from all other sources.
8(e) TOTALS	Total the amount on line 8, columns (a) - (d). This amount must match the amount on line 1(f) Non-Federal in section A.
Line 9(a) through (d)	For applicants applying for Controversy and ESL funding, use the instructions above and enter data for the ESL program on line 9(a) through (d).
9(e) TOTALS	Total the amount on line 9, columns (a) - (d). This amount must match the amount on line 2(f) Non-Federal in section A.
Lines 10-11	No entries required (or enter all zeroes).
Line 12 TOTAL (sum of lines 8-11)	Total columns (b) - (e).

TIP: All cash and in-kind contributions must be addressed in the Detailed Budget Worksheet and Narrative. An explanation of the sources and amounts of matching funds to be provided, as well as an explanation of the methods used to value in-kind contributions, must be included in the narrative.

Section D - Forecasted Cash Needs

SF 424A Title	Explanation
Line 13 Federal	Enter the amount of federal funds needed by quarter during grant cycle 2012. Total should equal section A line 5(e).
Line 14 Non-Federal	Enter the amount of funds from all other sources needed by quarter during grant cycle 2012. Total should equal section A line 5(f).
Line 15 TOTAL (sum of lines 13 and 14)	Enter the total of lines 13 and 14. Total year should equal section A line 5(g).

Section E - Budget Estimates of Federal Funds Needed for Balance of the Project

The section is only required if the applicant organization has applied for a multi-year grant.	
SF 424A Title	Explanation
Lines 16(a) Grant Program	Enter in column (a) the same grant program titles shown in section A column 1(a).
Lines 17(a) Grant Program	Enter in column (a) the same grant program titles shown in section A column 2(a), if applicable.
Lines 18(a) - (e) and 19(a) - (e)	Leave blank.
16(b) First Future Funding Period	Estimate the amount of federal funds needed for Controversy or ESL programs for 2013.
16(c) Second Funding Period	Estimate the amount of federal funds needed for Controversy or ESL programs for 2014.
16(d) Third and (e) Fourth	Leave blank.
17(b) First Future Funding Period	For clinics that have both Controversy and ESL programs, estimate the amount of federal funds needed for ESL programs for 2013.
17(c) Second Future Funding Period	For clinics that have both Controversy and ESL programs, estimate the amount of federal funds needed for ESL programs for 2014.
Line 20 TOTAL (sum of lines 16-19)	Enter the total amounts for the First (b) and Second (c) future funding periods.

Section F - Other Budget Information

SF 424A Title	Explanation
Line 21. Direct Charges	Leave blank.
Line 22. Indirect Charges	Leave blank.
Line 23. Remarks	Leave blank.

note:

The Detailed Budget Worksheet and Narrative that is required to be submitted with the grant application will include all explanations of direct and indirect charges. The requirements of the Detailed Budget Worksheet and Narrative follow.

vii. Completing the Detailed Budget Worksheet and Narrative

In addition to the SF 424A, a *Detailed Budget Worksheet* (Form 13424-J) with accompanying Narrative Explanation must be submitted to explain how federal grant funds and matching funds will be spent by the program. A sample Detailed Budget Worksheet has been provided in Appendix B. A narrative explanation of all expense categories from section B, *Budget Categories* of the SF 424A must be included to explain how the expenses are calculated; how the expenses are allocated between Controversy and ESL programs, if applicable; and the amount and sources of matching funds. All expenses must be reasonable, necessary, and allocable to this grant. **Each line item does not require a dollar-for-dollar match, but the total matching funds must equal or exceed the total federal funds requested for each program.** Grant applicants should refer to 2 CFR Part 220 or 2 CFR Part 230 (formerly OMB Circulars A-21 and A-122, respectively) as appropriate, for further guidance on each expense category and 2 CFR Part 215 (formerly OMB Circular A-110) for guidance on matching funds.

A. Personnel

This budget category is used to report salaries and wages that will be paid to LITC staff. Do not include fringe benefits in this category (fringe benefits should be accounted for in category B).

List each staff member's position, rate of pay (hourly wage or annual salary), and time devoted to clinic activities (hours of service or percentage of annual salary).

In the narrative, indicate the amount of full-time (40 hour) equivalents (FTEs) for each position. If a staff member works in both the Controversy and ESL programs, state the percentage of time devoted to each program. Also, state the portion of each staff member's salary or wages to be paid from federal and matching funds, as well as the source of the matching funds.

Volunteer in-kind services should **not** be included under the Personnel category. They should be included under category H, Other.

The Personnel Total (for Controversy and ESL) should equal that on the Standard Form 424A, line 6(a).

B. Fringe Benefits

This budget category is used to report fringe benefits that will be paid on behalf of LITC staff whose wages and salaries are reported in personnel costs (category A above).

In the narrative, state the fringe benefits rate (or rates, if different percentages are used for different staff positions), the items that constitute the fringe benefits, what portion will be paid by federal funds and matching funds, and the source of matching funds. Identify the rate applicable to each staff position if varying rates apply by position.

The Fringe Benefits Total should equal that on the Standard Form 424A, line 6(b).

C. Travel

This budget category covers travel costs, including costs associated with attendance at the annual LITC conference and other travel expenses directly related to conducting LITC business or activities.

In the budget narrative, identify the travel costs being requested, whether the costs will be paid with federal or matching funds, the source of the matching funds, and how costs will be allocated between the Controversy and ESL programs, if applicable.

The Travel Total should equal that on the Standard Form 424A, line 6(c).

D. Equipment

This budget category covers the cost of equipment that will be purchased or leased by the applicant and used in operating a Controversy or ESL program. Donated equipment may be included as matching funds and is valued at the fair market value of the property at the time of the donation.

In the budget narrative, identify the equipment to be purchased, leased or donated, whether the associated costs will be paid using federal or matching funds, the source of the matching funds, and how costs will be allocated between the Controversy and ESL programs. If there are third-party in-kind contributions of equipment, identify the equipment, the donor, and how the valuation was determined.

The Equipment Total should equal that on the Standard Form 424A, line 6(d).

E. Supplies

This budget category includes the cost of supplies that will be used in operating the LITC. Donated supplies may be included as matching funds and are valued at the fair market value of the property at the time of the donation.

In the budget narrative, identify the supplies to be used, whether the associated costs will be paid using federal or matching funds, the source of the matching funds, and how costs will be allocated between the Controversy and ESL programs. If there are third-party in-kind contributions of supplies, explain the amount of the supplies contributed and how the valuation was determined, as well as the source of the donation.

The Supplies Total should equal that on the Standard Form 424A, line 6(e).

F. Contractual

This budget category includes the cost of rent, utilities, and other contracted items or services that will be used in operating a Controversy or ESL program. Donated space may be included as matching funds and the value assigned may not exceed the fair rental value of comparable space.

The narrative explanation should identify the nature of the expense, whether the associated costs will be paid using federal or matching funds, the source of the matching funds, and how costs will be allocated between the Controversy and ESL programs.

If a contracted item or service pertains to other programs in addition to LITC activities, only the portion directly attributable to the LITC activities may be included in the budget, and the narrative must explain the methodology used to apportion costs between the LITC activities and other programs.

The Contractual Total should equal that on the Standard Form 424A, line 6(f).

G. Construction

This category is not applicable to this grant. No expenses are allowed.

H. Other

This budget category includes all other direct costs that will be incurred in operating a LITC program that are not properly included in categories A through G. The value of volunteer in-kind services is included in this category as matching funds.

The narrative should identify the type of cost, whether the cost will be paid using federal or matching funds, the source of the matching funds, and how the cost will be allocated between the Controversy and ESL programs. The narrative must also disclose the rate or rates that will be used to value volunteer in-kind services and the number of volunteer hours estimated to be provided by type of volunteer.

Rules for valuing volunteer in-kind services are found in 2 CFR § 215.23. See section II.G, *Matching Funds Requirement*, for more information.

The Other Total should equal that on the Standard Form 424A, line 6(h).

I. Total Direct Charges

The total of the direct charges is the sum of lines 6(a) through 6(h) on Standard Form 424A.

I. Total Direct Charges

The total of the direct charges is the sum of lines 6(a) through 6(h) on Standard Form 424A.

J. Indirect Costs

Indirect costs are charges not directly related to the LITC program, but incurred as part of the general overhead and administration of the applicant. Indirect charges may be budgeted as a use of federal funds based upon an approved Indirect Cost Rate Agreement. However, indirect charges are not allowable as matching funds.

The budget narrative should identify the indirect cost rate and the base that will be used to allocate indirect costs. A copy of the applicant's Indirect Cost Rate Agreement should be attached, if available.

The Indirect Charges Total should equal that on the Standard Form 424A, line 6(j).

Matching Funds

The narrative must include an explanation of the sources and amounts of matching funds. If the sponsoring organization plans to provide matching funds, the applicant must state explicitly that such funds (1) are not used as matching funds for any other federal program and (2) are not funds received from any other federal grant unless specifically authorized by statute to be used as matching funds.

Detailed Budget Worksheet and Narrative Example

An example of a properly prepared Detailed Budget Worksheet and Narrative is provided in Appendix B. In the example, ABC Low Income Taxpayer Clinic is requesting a grant in the amount of \$90,000 for calendar year 2012; \$80,000 of federal funds is budgeted to operate a Controversy program and \$10,000 of federal funds is budgeted to operate an ESL program. The applicant plans to provide \$122,750 in matching funds (which exceeds the \$90,000 dollar-for-dollar match required under the terms of the grant). Matching funds will be provided using Legal Services Corporation funds and the value of volunteer in-kind services.

L. LITC PROGRAM GRANT APPLICATION ASSEMBLY AND SUBMISSION

Applicants are encouraged to submit applications via **www.grants.gov**. Use of grants.gov provides assurance that required entries are not left blank on the standard forms and provides receipt acknowledgement when the application is downloaded by the LITC Program Office. To submit an electronic application, go to **www.grants.gov** to apply through the Federal Grants website. For applicants applying through the Federal Grants website, the Funding Number is TREAS-GRANTS-052012-001.

Applications submitted through **www.grants.gov** constitute submission as electronically signed applications. Applicants must register the individual who is able to make legally binding commitments for the applicant organization as the authorized organization representative. When an application is submitted through **www.grants.gov** the name of your authorized organization representative on file will be inserted into the signature line of the application.

If the application is not submitted electronically, the Application Package must be assembled in the order prescribed in the section II.K, *Completion of the LITC Program Grant Application Package*, and submitted as an original and three copies (*i.e.*, four sets). **All application documents must be typed and consecutively numbered at the bottom of the page. The original must be signed in blue ink.** Paper applications **may be submitted by U.S.P.S. mail, sent by private delivery service, or hand-delivery to the LITC Program Office in Washington, D.C.**

Applications submitted in hard copy should be sent to the following address:

Internal Revenue Service
Taxpayer Advocate Service
LITC Program Office
Attention: LITC Applications
TA:LITC
Room 1034
1111 Constitution Ave., NW
Washington, DC 20224

All applications must be **postmarked, sent by private delivery service, hand-delivered to the LITC Program Office in Washington, D.C., or submitted** (if filed electronically) **by July 15, 2011**, to be considered for 2012 LITC Program grant funding.

M. SELECTION OF GRANT RECIPIENTS AND AWARD NOTIFICATION

In making grant award decisions, the IRS seeks to fund qualified organizations, including academic institutions and non-profit organizations throughout the United States, to provide tax representation on behalf of low income individuals and education and outreach to ESL taxpayers. The IRS may, at its discretion, award grant funds based on controversy, ESL, or a combination of program plans to achieve the goals of the LITC Program.

An overriding goal of the LITC Program is to provide both types of services in each state, the District of Columbia and Puerto Rico. To that end, the IRS encourages applications from clinics in target states that currently lack either controversy or ESL services. The chart below lists the states in need of services and the type of service needed:

Target States for New ESL Applications

Connecticut, Kentucky, Montana, New Mexico, South Dakota

In addition, the LITC Program has identified the following areas as underserved and in need of LITC services. The IRS encourages applications from new clinics within these locales or from existing grantees wishing to expand their coverage to service these areas.

Target Metropolitan Areas for New Clinic Applications

Los Angeles, California, including the following counties:
Los Angeles, Kern, Riverside, Ventura

Sacramento, California, including the following counties:
El Dorado, Placer, Sacramento, San Joaquin, Stanislaus

Philadelphia, Pennsylvania, including the following counties:
Berks, Delaware, Philadelphia

St. Louis, Missouri, including the following counties:
Cape Girardeau, Jefferson, St. Francois, St. Louis

Target States for New Clinic Applications

Nebraska, Montana, Wyoming

Notwithstanding the criteria detailed above, all applications for clinics from all areas will receive serious consideration.

The IRS may award grants with one-year to three-year project periods to qualified applicants. Organizations awarded a multi-year grant based on the 2012 selection and award process will not undergo formal evaluation of their program plans during the second or third-year cycle selection and award process. However, multi-year recipients will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office. **All funding will be based on the availability of annually appropriated funds.** Awarding of multi-year grants is at the discretion of the LITC Program Office.

All applications will undergo a preliminary eligibility screening. Applications that do not meet all eligibility screening criteria will be eliminated from the award process. Applications that pass the eligibility screening will then be evaluated based on their technical merit, the amount of funding requested, and other considerations.

i. Eligibility Screening

Applications will be reviewed to determine the following information:

- ▶ Length of Grant Requested (one year to three years);
- ▶ Type of Program Proposed (Controversy, ESL, or both); and

- ▶ Status of Organization (prior LITC grant recipient or new applicant).

Applications will be reviewed further to determine if all required items are included in the application package and to ensure that the grantee has an active CCR registration.

ii. Evaluation Process

Applications that pass the eligibility screening process will undergo a two-tiered evaluation process. Applications will be subject to both a technical evaluation and a Program Office evaluation.

a. Technical Evaluation

During the technical evaluation, each application will be reviewed using the criteria listed below and awarded points based on the information provided in the application. If an applicant seeks funds to operate both a controversy and ESL program, each program plan will be evaluated separately. Applicants can receive a maximum of 100 points per program. In scoring applications, the IRS will evaluate each program plan based on how it will assist in accomplishment of the LITC Program goals as stated elsewhere in the application package.

note:

Only information contained in the application will be considered during the technical evaluation process. Therefore, it is extremely important that a submission contain all required information in order to achieve the maximum scoring.

Points will be assigned as follows:

- ▶ **Experience**
Experience in operating a low income taxpayer clinic or delivering services to low income and ESL taxpayers. **(Maximum 10 points).**
- ▶ **Financial Responsibility**
Quality of grant administration and internal accounting procedures. **(Maximum 10 points).**
- ▶ **Program Plan**
Quality of programs offered to assist low income taxpayers or ESL taxpayers. Evaluation criteria include the qualifications, training, and supervision of the clinic staff, students, and volunteers; amount of time devoted to the program by clinic staff; comprehensiveness of services to be provided; procedures for ensuring the confidentiality of taxpayer information; publicity and outreach plans; and the dates and days and hours of clinic operation. **(Maximum 75 points).**
- ▶ **Program Coverage**
Number of low income or ESL taxpayers in geographic area(s) and proposed efforts to reach these taxpayers. **(Maximum 5 points).**

b. Program Office Evaluation

After the completion of the technical evaluation, applications will undergo a secondary review by the LITC Program Office. This evaluation will be based on the information contained in the program plan, as well as the clinic's performance history in the LITC Program, if applicable.

- ▶ **New Applicants.** The LITC Program Office will perform a general review of the application and proposed program plan. The review will consider the quality of the proposed program, the soundness of the proposed budget, and any significant concerns identified during the technical evaluation.
- ▶ **Prior Grantees.** The LITC Program Office will perform a general review of the application and program plan, as well as a more detailed review of the clinic's performance history in the LITC Program. The review will consider:
 1. Timeliness and completeness of Interim and Year-End reports;
 2. Any significant concerns identified by Operational Review and Assistance visits and how the grantee addressed those concerns;
 3. Whether the grantee's activities match its program plan;
 4. Grantee's involvement with other tax clinics, community groups, the Taxpayer Advocate Service (TAS), and the LITC Program Office;
 5. Whether the grantee has a history of not drawing down funds in a timely manner; and
 6. Whether the grantee has failed to use all funds awarded in prior years.

All applicants will also undergo a review of the organization's federal tax compliance status. Grant funds may be withheld or denied based on an applicant's failure to be in full compliance with all current federal tax obligations.

The decision of whether or not to award grant funds will be based on the technical evaluation, Program Office evaluation, and the following additional considerations:

- ▶ To foster parity regarding clinic availability and accessibility for low income and ESL taxpayers nationwide, the LITC Program Office will consider an applicant's geographic coverage area, the number of low income and ESL taxpayers served, and the languages in which assistance will be provided to taxpayers.
- ▶ If applications are submitted by more than one clinic sponsored by the same institution or organization, the LITC Program Office will consider all

factors surrounding the operation of the clinics, including the geographic area(s) served by the clinics and the comprehensiveness of the services to be provided, in determining whether and in what amount grants will be made to one or more such clinics.

- ▶ For academic clinics, which may serve fewer taxpayers than non-academic clinics because of the time involved in teaching and mentoring students, the LITC Program Office will consider additional ways in which academic clinics can accomplish LITC Program goals (e.g., providing technical assistance, training, and mentoring to other LITC programs, publishing articles about the LITC Program, commenting on proposed Treasury regulations that affect low income or ESL taxpayers, and monitoring graduates to determine whether they perform *pro bono* work on behalf of or otherwise assist low income taxpayers).
- ▶ The existence of other clinics serving the same population.
- ▶ Appropriateness of funds sought for the quantity and quality of services to be offered.
- ▶ Other sources of funding available to the clinic.

Final funding decisions are made by the National Taxpayer Advocate, unless recused. In recusal situations, final funding decisions are made by the Deputy National Taxpayer Advocate.

iii. Notification of Award Decisions

The LITC Program Office will notify all applicants no later than November 28, 2011, whether or not they have been selected to receive a 2012 grant award. However, no specific award amount information will be available until after Congress appropriates funding for fiscal year 2012. The Program Office will issue a written notification of grant award to each grantee after final award amounts are determined. The LITC Program Office may, at its discretion, conduct a site inspection visit to a prospective grantee prior to awarding grant funds.

N. PAYMENTS TO LITC PROGRAM GRANTEES

Grantees must have a signed grant award agreement on file with the LITC Program Office prior to the payment of any funds. If an applicant incurs expenses and a grant is not awarded, all costs incurred will be the responsibility of the applicant.

Electronic Funds Transfer (EFT) payments shall be timed in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of EFT payments shall be as close as is administratively feasible to the actual disburse-

ments by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

LITC Program grant payments will be disbursed through EFT. Information regarding the EFT procedure is available on the Division of Payment Management segment of the HHS website at www.dpm.psc.gov. Questions regarding upcoming disbursements should be directed to the clinic's assigned analyst. For information about seeking historical payment information see section II.J.i, *OMB Circular A-133 Audit Requirement*.

Advances of federal grant funds must be maintained in insured accounts. In addition, the grantee is required to remit to the U.S. Treasury, at least annually, interest in excess of \$250 earned on advances of federal grant funds. Grantees may keep \$250 of interest earned per calendar year. See section II.H.iii, *Interest on Advances of Grant Funds*, for more information.

The LITC Program Office will monitor clinics' use of funds throughout the year. If a clinic determines that it will not use all of the funds awarded for the grant cycle, the clinic should notify the LITC Program Office **immediately** in writing, by sending an e-mail to the clinic's assigned analyst, and then following up with a letter. The letter should state the amount being released and the reason that the funds are not required. **Clinics are advised to provide sufficient notice to allow the LITC Program Office time to reobligate those funds to other clinics prior to September 30 (the end of the federal government's fiscal year).**

POST AWARD REQUIREMENTS

A. GRANTEE RESPONSIBILITIES

Grantees are responsible for providing administrative support for the clinic by acting as managers or program leaders for students, volunteers, and LITC employees. Grantees must comply with all applicable Standards of Operation outlined in sections II.C-E.

i. Student Representation

Clinics intending to use students to represent taxpayers before the IRS must obtain a special order from the IRS Office of Professional Responsibility. If the clinic needs information about how to request a special order, please contact Rita C. Barnett with the Office of Professional Responsibility at (202) 622-3530. Only students who are enrolled in graduate business or accounting

classes or law school programs qualify for authorization by special order. See sections 10.7 and 10.92 of Circular 230. The Office of Professional Responsibility authorization is limited to IRS practice. Permission must be obtained from the courts for student representation. LITCs that receive student authorization from the Office of Professional Responsibility must have their students revoke any existing Forms 2848 on file with the IRS before leaving the program. **If clinic students encounter difficulty with getting Forms 2848 processed or with getting IRS personnel to recognize students as authorized representatives, please contact the LITC Program Office at (202) 622-4711.**

ii. Changes in LITC Program Award-Supported Activities

Organizations should immediately notify the LITC Program Office of developments that have a significant impact on the award-supported activities. Grantees must notify the LITC Program Office in the case of problems, delays, or adverse conditions that materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation. Failure to notify the LITC Program Office may result in freezing of funds or termination of the grant.

iii. LITC Contact Information

Clinics are required to immediately notify the LITC Program Office about proposed changes in key personnel, including the Clinic Director, QTE, or QBA, as well as any changes in their contact information (telephone number and e-mail address); the clinic address (both the physical address and the mailing address) telephone number, and fax number; the days and hours of operation; and the beginning and ending dates clinic services will be provided. These notifications ensure that the Program Office has the most up-to-date information on each clinic.

Notification should be made by submitting a revised Form 13424, *Low Income Taxpayer Clinic (LITC) Application Information*, preferably by e-mail to the assigned program analyst or e-fax at (877) 477-3520. If the Program Office is unable to locate the clinic or contact the clinic, it may be necessary to freeze the clinic's funds or terminate the grant.

iv. LITC Program Materials

Grantees are responsible for creating, printing, and distributing the educational program materials used to inform individuals of their taxpayer rights and responsibilities. If the LITC is part of a larger parent organization, the LITC must be prominently featured and referenced in the parent organization's phone menu, website, and promotional brochures.

v. Withdrawal from LITC Program or Termination of Grant

A clinic must notify the LITC Program in writing before it withdraws from the Program or ceases to exist. All unused funds must be returned to the IRS within two weeks of the date of withdrawal or the date of termination.

note:

The federal government is generally obligated to charge interest on any amount that is not repaid in a timely fashion. See 31 C.F.R. § 901.9. Thus, for any funds the LITC Program Office requests to be returned to the IRS, failure to repay those funds on time may result in the clinic having to pay interest on those funds.

If clinic activity is terminated prior to the expiration of the period of the grant agreement or if a clinic withdraws from the LITC Program, a final financial report and program narrative must be submitted within 90 days of final clinic activity or withdrawal from the program. Similarly, if the LITC Program Office terminates a grant because of a clinic's failure to comply with the LITC Program requirements, the clinic must submit a final financial report and program narrative within 90 days of the termination.

Employees and volunteers of the clinic who are lawyers must adhere to their responsibilities as attorneys, not just the responsibilities within the parameters of the LITC Program. The American Bar Association (ABA) has model rules of professional conduct that are applicable when a lawyer is terminating representation. In this regard, ABA Model Rule 1.16 provides that upon terminating representation of a client, a lawyer must take reasonable steps to protect a client's interests, which includes giving notice to the client, allowing the client time to find other representation, and returning papers/property to the client. The state bar may have a similar rule of professional responsibility that provides guidance for terminating representation. In addition, if the clinic has an agreement with the U.S. Tax Court, the clinic must notify the Tax Court that the clinic will not be continuing in the LITC Program so that the Tax Court does not refer taxpayers to that clinic.

vi. Client Satisfaction

Clinics should solicit client comments regarding services provided and use such observations to improve clinic services. Clinics should create a method of soliciting these assessments that is appropriate, depending on the services provided to the client. Clients should be advised that their participation in surveys is voluntary.

B. REPORTING REQUIREMENTS

The LITC Program requires the timely submission of two reports during a grant cycle – an Interim Report and a Year-End Report. The LITC Program Office uses

the reports to assess the grantee's progress in meeting its goals and objectives and to measure the quality of clinic operations, including the services provided to low income and ESL taxpayers. Quality of operations is measured by determining how well grantees fulfill the prongs of the LITC mission statement and the related performance measures. The IRS also compiles and analyzes data from the reports to assess the overall success of the LITC Program. Thus, it is important that grantees provide accurate and complete reports.

A report should be submitted as a single, complete package. If a grantee uses multiple preparers when completing a report, the grantee should assemble all necessary parts before submitting the report to the Program Office.

In certain instances, clinics may request an extension of time to submit the Interim or Year-End report. However, a report will still be considered late if submitted after the due date, notwithstanding any extensions that may be granted. The request must be submitted in writing to the LITC Program Office prior to the due date of the report, and must include an explanation justifying the extension. Please submit an extension request to the LITC Program Office via e-mail at LITCProgramOffice@irs.gov.

Failure to timely submit required reports to the LITC Program Office may result in any or all of the following:

- ▶ **Restricted access to grant funds;**
- ▶ **Reduction of future award amount; or**
- ▶ **Termination of grant.**

note:

Interim and Year-End reports may be released under the Freedom of Information Act (FOIA). In response to a FOIA request, the LITC Program Office may release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

i. Interim Reports

Interim reports must be submitted to the LITC Program Office by **July 31, 2012**. The Interim report covers the first half of the grant cycle (January 1 through June 30) and consists of an Interim financial report and an Interim program narrative.

a. Interim Financial Report

The interim financial report must contain the following information:

1. Form 425

A completed Standard Form 425 for the period from January 1, 2012 through June 30, 2012 is required. Only one Form 425 is required, even if a clinic has been funded for both ESL and Controversy programs.

2. Statement of Grant Expenditures and Explanations

The Statement of Grant Expenditures and Explanations is used to report how grant funds were expended during the period beginning January 1, 2012 through June 30, 2012. This statement follows the same format as the Detailed Budget Worksheet that the clinic submitted with its application. A single statement should include expenditures made for both Controversy and ESL programs, if applicable, as well as information for both federal and matching funds. The total amount shown on this statement is the amount spent as of June 30, 2012, not the amount drawn down from DPM. Explanations for expenditures made using grant funds and matching funds should be provided in the same format as used in the Narrative that accompanied the Detailed Budget Worksheet.

3. Matching Funds

An explanation of the sources and amounts of matching funds spent during the period January 1, 2012 through June 30, 2012 is required. In addition, the clinic must state whether it anticipates any difficulties in securing sufficient matching funds for the grant cycle. The LITC Program Office recognizes that some clinics may receive some of their matching funds later in the year, so that grant funds and matching funds may not be evenly spent as of June 30. Thus, if the clinic's Standard Form 425 for the Interim Report reflects that the clinic has spent less in matching funds than grant funds, include sufficient details for the Program Office to ascertain whether the clinic will have adequate matching funds for the entire grant cycle.

4. Unused Grant Funds

The clinic must state whether it intends to spend its entire 2012 grant award before the end of the grant cycle. In the event the clinic does not anticipate spending its entire award, the clinic must report the amount it plans to deobligate from each program. If the amount is over \$500, include the reason(s) for the deobligation and whether this was due to a one-time occurrence or an ongoing issue. In the event that the clinic will be unable to use its entire grant award, it must contact the LITC Program Office as soon as possible to arrange for a formal release of LITC grant funds so that the LITC Program Office may distribute the funds to other clinics prior to September 30.

note:

All users of the Department of Payment Management's (DPM) web-based Payment Management System (which includes all LITC grantees) are required on a quarterly basis to complete Standard Form 425 in the Payment Management System. This requirement applies whether or not the user has actually drawn down any funds. Failure to complete the form could result in DPM restricting access to grant funds until the delinquent form(s) are completed. This requirement is separate and distinct from the LITC Program Office requirement to submit Standard Form 425 with the Interim and Year-End reports.

5. Additional Funding Request

If a clinic wishes to request additional funding, it should submit a separate letter with its Interim report indicating the total amount of additional funds being requested for each program and how these funds will be spent. The clinic's initial grant award and the amount of additional funding requested for the grant cycle may not exceed \$100,000. See IRC § 7526(c)(2).

b. Interim Program Narrative

The Interim program narrative must contain the following information, numbered in accordance with the information requested below. A response is required for each narrative item. If not applicable, state "N/A." Please limit responses to activities conducted between January 1 and June 30, 2012.

1. Program Plan Progress

Provide a detailed explanation of the progress made in implementing the 2012 program plan(s). The explanation must address the following:

- i. the progress in meeting the proposed goals (including numeric goals) and objectives and the efforts taken to achieve those results; and
- ii. a description of any impediments to meeting established goals and objectives, and efforts made to overcome them.

2. Grant Requirements

Provide information about the following items:

- i. changes in LITC staff or how staff is deployed, if applicable;
- ii. a description of the training provided to clinic staff, students, and volunteers;
- iii. a description of any mentoring or networking activities conducted;
- iv. a description of the outreach activities reported on Form 13424-A, line 1c;
- v. a description of the types of issues addressed in the technical assistance consultations reported on Form 13424-A, line 7;
- vi. a description of the types of cases referred to the Taxpayer Advocate Service reported on Form 13424-A, line 9;
- vii. an explanation of the circumstances surrounding the representa-

tion of taxpayers whose amount in controversy exceeds \$50,000 as reported on Form 13424-K, line 3;

- viii. any changes in days or hours of operation, if applicable; and
- ix. a description of any other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the tax system with regard to low income or ESL taxpayers.

3. Emerging Issues

Briefly describe any emerging tax issues or trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. Do not include specific taxpayer identifying information.

4. Success Stories

Briefly describe any relevant success stories. These may include stories about a particular case or activity; however, do not include specific taxpayer identifying information.

5. Required Forms

The LITC reporting forms for grant cycle 2012 listed below must be completed and submitted with the Program Narrative:

- ▶ Form 13424-A, General Information;
- ▶ Form 13424-K, Controversy Case Information (if applicable);
- ▶ Form 13424-B, Controversy Issues (if applicable); and
- ▶ Form 13424-C, Systemic Advocacy Information.

note:

The Program Office has created Form 13424-F to assist grantees with tracking of volunteer hours. The form is for internal clinic use only and is not required to be submitted with either the Interim or Year-End Report. The form will be provided along with the required reporting forms prior to the start of the grant cycle.

The LITC Program Office will publish and distribute 2012 LITC reporting forms and instructions in or about November 2011.

The Interim Report must be submitted by July 31, 2012 in one of the following ways:

- ▶ E-fax: (877) 477-3520;
- ▶ E-mail: LITCProgramOffice@irs.gov; or
- ▶ Mail: Internal Revenue Service
Taxpayer Advocate Service
LITC Program Office
Attention: Interim Report
TA:LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224

ii. Year-End Reports

Year-End reports must be submitted to the LITC Program Office by **April 1, 2013**. The Year-End report covers the entire grant cycle (January 1, 2012 through December 31, 2012) and consists of a Year-End financial report and a Year-End program narrative.

a. *Year-End Financial Report*

The Year-End financial report must contain the following information:

1. **Form 425**

A completed Standard Form 425 for the period from January 1, 2012 through December 31, 2012 is required. Only one Form 425 is required even if a clinic has been funded for both ESL and Controversy programs.

2. **Statement of Grant Expenditures and Related Explanation**

The Statement of Grant Expenditures and Explanations is used to report how grant funds were expended during the period beginning January 1, 2012 through December 31, 2012. This statement follows the same format as the Detailed Budget Worksheet that the clinic submitted with its application. A single statement should include expenditures made for both Controversy and ESL programs, if applicable, as well as information for both federal and matching funds. The total amount shown on this statement is the amount spent for the grant cycle, not the amount drawn down from DPM. Explanations for expenditures made using grant funds and matching funds should be provided in the same format as used in the Narrative that accompanied the Detailed Budget Worksheet.

3. **Matching Funds**

An explanation of the sources and amounts of matching funds spent during the period January 1, 2012 through December 31, 2012 is required. If the clinic did not meet its dollar-for-dollar matching funds requirement for the grant cycle, an explanation of the reason why must be included. Failure to provide adequate matching funds will require a reduction in the grant award. If the clinic has drawn down funds in excess of the reduced award amount, the clinic must reimburse the LITC Program for the amount of excess funds taken.

4. **Unused Grant Funds**

In the event that the clinic did not spend its entire 2012 grant award during the grant cycle, the clinic must report the amount for each program. If more than \$500 was not spent, please provide an explanation of why the funds were not spent and whether this was due to a one-time occurrence or an ongoing issue. The LITC Program Office will deobligate all unspent amounts.

b. Year-End Program Narrative

The Year-End program narrative must contain the following information numbered in accordance with the information requested below. A response is required for each narrative item. If not applicable, state "N/A."

1. Program Plan Accomplishments

Provide a detailed explanation of the results achieved in implementing the 2012 program plan(s). The explanation must address the following:

- i. the results in meeting the proposed goals (including numeric goals) and objectives and the efforts taken to achieve those results; and
- ii. a description of any impediments to meeting established goals and objectives, and efforts made to overcome them.

2. Grant Requirements

Provide information about the following items:

- i. changes in LITC staff or how staff is deployed, if applicable;
- ii. a description of the training provided to clinic staff, students, and volunteers;
- iii. a description of any mentoring or networking activities conducted;
- iv. a description of the outreach activities reported on Form 13424-A, line 1c;
- v. a description of the types of issues addressed in the technical assistance consultations reported on Form 13424-A, line 7;
- vi. a description of the types of cases referred to the Taxpayer Advocate Service reported on Form 13424-A, line 9;
- vii. an explanation of the circumstances surrounding the representation of taxpayers whose amount in controversy exceeds \$50,000 as reported on Form 13424-K, line 3;
- viii. any changes in days or hours of operation, if applicable; and
- ix. a description of any other activities, not described previously, through which the clinic contributed to ensuring the fairness and integrity of the tax system with regard to low income or ESL taxpayers.

3. Emerging Issues

Briefly describe any emerging tax issues or trends identified through the clinic's work on behalf of low income or ESL taxpayers during the reporting period. Do not include specific taxpayer identifying information.

4. Success Stories

Briefly describe any relevant success stories. These may include stories about a particular case or activity; however, do not include specific taxpayer identifying information.

5. Last Year in LITC Program

If the grantee will not be continuing in the LITC Program for the 2013 grant cycle, please detail the steps taken to resolve any open cases

or obtain new representation for current clients.

6. Required Forms

The LITC reporting forms for grant cycle 2012 listed below must be completed and submitted with the Program Narrative:

- ▶ Form 13424-A, General Information;
- ▶ Form 13424-K, Controversy Case Information (if applicable);
- ▶ Form 13424-B, Controversy Issues (if applicable); and
- ▶ Form 13424-C, Systemic Advocacy Information.

The LITC Program Office will publish and distribute 2012 LITC reporting forms and instructions in or about November 2011.

The Year-End Report must be submitted by April 1, 2013 in one of the following ways:

- ▶ E-fax: (877) 477-3520;
- ▶ E-mail: LITCProgramOffice@irs.gov; or
- ▶ Mail: Internal Revenue Service
Taxpayer Advocate Service
LITC Program Office
Attention: Year-End Report
TA:LITC, Room 1034
1111 Constitution Ave., NW
Washington, DC 20224

note:

Subject to OMB approval, the LITC Program Office may require additional reporting information from LITC grantees. Please refer to www.irs.gov/advocate prior to submitting your application for updates to information reporting requirements.

IV LITC PROGRAM OFFICE RESPONSIBILITIES

A. GENERAL RESPONSIBILITIES

The LITC Program Office will assist applicants and grantees in various ways, including:

1. Furthering the clinics' understanding of the LITC program and their roles within the program;
2. Answering questions from potential LITC applicants and current grantees;
3. Providing technical assistance, suggestions, recommendations, and guidance to LITCs regarding operation of their programs;
4. Maintaining Publication 4134, which lists all federally funded LITCs and ensuring that the publication is included in appropriate IRS mailings and

- mentioned in appropriate IRS publications;
5. Informing the public about the availability of LITCs, as appropriate, and to the extent permitted by law, including references on the IRS website at **www.irs.gov**;
 6. Coordinating and making periodic site visits;
 7. Providing information on how to obtain a special order for student practice from the IRS Office of Professional Responsibility; and
 8. Coordinating access to e-services products offered by the IRS.

B. SITE VISITS

The LITC Program Office will periodically perform site visits to selected clinics. Site visits are a means of providing assistance to and oversight of grantees. Site visits provide an opportunity for the Program Office to share information with grantees about program issues and identify areas where clinic services can be improved. Site visits also provide an opportunity for clinic personnel to ask questions and share information about problems they may be encountering and to identify best practices that can be shared with all LITCs. In addition, site visits are an integral part of the performance measures verification process and help to ensure that grant funds are being used appropriately and that the grantee is complying with the terms and conditions of the LITC grant agreement and Program guidelines.

Generally, there are three types of site visits: an orientation visit, an operational review visit, and a Local Taxpayer Advocate (LTA) visit.

All new grantees will receive an orientation visit within the first 120 days of their initial funding year. An orientation visit provides an opportunity to familiarize a new grantee with LITC program requirements and to measure the progress of its start-up activities. Specifically, an orientation visit allows the LITC Program Office to assess the status of newly funded clinics and to identify potential areas where the organization may need to improve and or create processes or systems to meet the requirements of the LITC program. The LITC Program Office will issue a written report of the orientation visit within 30 days of the visit.

All clinics will receive periodic operational review visits. The purpose of an operational review visit is to evaluate a clinic's internal and administrative controls. The LITC Program Office strives to conduct an operational review visit to each clinic at least once every three years. However, the LITC Program Office may conduct an operational review at any time.

During an operational review visit, an LITC program analyst will observe and evaluate a grantee's program activities and services, and discuss with clinic personnel the progress made in achieving program goals and objectives. The analyst may review a clinic's processes and procedures, including internal controls, personnel

policies, training plans, privacy and confidentiality policies, and financial records. The analyst may examine intake procedures, systems for monitoring and tracking cases handled by clinic staff or referred to volunteers, outreach plans and materials, education curricula, fee policies, and client satisfaction instruments. In addition, the analyst may interview clinic staff, students, and volunteers who provide services to taxpayers. As part of monitoring and evaluating clinic activities, however, the LITC Program Office will be mindful of the clinic's duty to protect confidential information.

Prior to an operational review visit, the LITC program analyst will conduct a pre-visit assessment that will include a review of the grantee's application, program plan, budget, and prior period reports. Based on this assessment, the analyst will identify items to be reviewed and will provide the clinic director with a preliminary list of items and topics to be reviewed during the site visit. Additional items may be requested during or after the site visit. The grantee should have all requested documents, including adequate records to support the sources and uses of funds, available for review during the site visit. The grantee must be prepared to demonstrate compliance with all standards of operation.

The LITC Program Office will issue a written report of the operational review visit, including findings, recommendations, and required corrective actions, generally within 90 days of the visit.

In years when the LITC Program Office does not conduct an operational review visit, a grantee should expect to receive at least one visit from its LTA. The LTA visit is designed to help foster the relationship between the clinic and its local Taxpayer Advocate Office.

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APPENDIX A

Low Income Taxpayer Clinics (LITCs)
Application Information

Grant Period Request *(Check one)*

- Single year request
 Multi-year request 1st of 3 years 2nd of 3 years 3rd of 3 years

Grant Amount Requested for 2012

Controversy	ESL	Total
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Applicant Information

Legal name of sponsoring organization

Primary contact name		Title
Phone number	Fax number	Email address

Applicant's Mailing Address

Street

Street address line 2

City	State	ZIP + 4 code
------	-------	--------------

Clinic Information

Name of clinic

Public telephone number	Toll-Free telephone number <i>(if applicable)</i>	Website address <i>(if applicable)</i>
FAX number	Languages served in addition to English	

Clinic Street Address

Clinic Mailing Address

Street			Street		
City	State	ZIP + 4 code	City	State	ZIP + 4 code

Clinic Director Information

Name	Telephone number	Email address
------	------------------	---------------

Licenses/Certifications *(Check all that apply)* Attorney CPA Enrolled Agent Other _____

Qualified Tax Expert (QTE)

Name	Telephone number	Email address
------	------------------	---------------

Licenses/Certifications *(Check all that apply)* Attorney CPA Enrolled Agent Other _____

Qualified Business Administrator (QBA)

Name	Telephone number	Email address
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Low Income Taxpayer Clinics (LITCs) LITC Tax Information Authorization

As provided for in Publication 3319, all applicants for an LITC grant must be in compliance with Federal tax responsibilities. The LITC Program Office will conduct compliance checks on organizations applying for an LITC grant and will also conduct periodic checks throughout the grant period. Therefore, any LITC that is part of a larger organization (e.g., university) will need to have an authorized official from the larger organization complete the following authorization:

Name of Academic Institution or other Parent Organization

Name of Low Income Taxpayer Clinic

I authorize the Internal Revenue Service to disclose the following return information, as that term is defined in Internal Revenue Code section 6103(b), of the Academic Institution or Parent Organization (listed above) to the Director of the Low Income Taxpayer Clinic (listed above) in connection with the clinic's application for a low income taxpayer clinic matching grant and continued entitlement to such grant. Specifically, I authorize the Internal Revenue Service to disclose that the Academic Institution or Parent Organization has an outstanding federal tax liability (amount, type of tax, and periods) that may affect the approval of the clinic's grant application by the Internal Revenue Service or the clinic's continued entitlement to such grant.

I am aware that without this authorization the return information of the Academic Institution or Parent Organization is confidential and is protected by law under the Internal Revenue Code. I certify that I am authorized by law to bind the Academic Institution or Parent Organization and that I have authority to execute this consent to disclose return information.

Taxpayer name

Street

City	State	ZIP + 4 code
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Employer Identification Number (EIN)

Name of Authorized Person

Title of Authorized Person	Telephone number
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Signature of Authorized Person	Date signed
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Application for Federal Assistance SF-424

Version 02

* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify) <input type="text"/>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------

* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text"/>
----------------------------------------------------	---------------------------------------------------------

5a. Federal Entity Identifier: <input type="text"/>	* 5b. Federal Award Identifier: <input type="text"/>
---------------------------------------------------------------	----------------------------------------------------------------

State Use Only:

6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>
--------------------------------------------------------	--------------------------------------------------------------

8. APPLICANT INFORMATION:

*** a. Legal Name:**

* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text"/>	* c. Organizational DUNS: <input type="text"/>
----------------------------------------------------------------------------------------	----------------------------------------------------------

d. Address:

*** Street1:**
Street2:
*** City:**
County:
*** State:**
Province:
*** Country:** USA: UNITED STATES
*** Zip / Postal Code:**

e. Organizational Unit:

Department Name: <input type="text"/>	Division Name: <input type="text"/>
-------------------------------------------------	-----------------------------------------------

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: *** First Name:**
Middle Name:
*** Last Name:**
Suffix:

Title:

Organizational Affiliation:

*** Telephone Number:** **Fax Number:**

*** Email:**

Application for Federal Assistance SF-424

Version 02

9. Type of Applicant 1: Select Applicant Type:

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

11. Catalog of Federal Domestic Assistance Number:

CFDA Title:

*** 12. Funding Opportunity Number:**

* Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

*** 15. Descriptive Title of Applicant's Project:**

Attach supporting documents as specified in agency instructions.

Application for Federal Assistance SF-424

Version 02

16. Congressional Districts Of:

* a. Applicant

* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal

* b. Applicant

* c. State

* d. Local

* e. Other

* f. Program Income

* g. TOTAL

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes

No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix:

* First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number:

Fax Number:

* Email:

* Signature of Authorized Representative:

* Date Signed:

Application for Federal Assistance SF-424

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*** Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

INSTRUCTIONS FOR THE SF-424

This is a standard form required for use as a cover sheet for submission of pre-applications and applications and related information under discretionary programs. Some of the items are required and some are optional at the discretion of the applicant or the federal agency (agency). Required fields on the form are identified with an asterisk (*) and are also specified as "Required" in the instructions below. In addition to these instructions, applicants must consult agency instructions to determine other specific requirements.

Item	Entry:	Item:	Entry:
1.	Type of Submission: (Required) Select one type of submission in accordance with agency instructions. <ul style="list-style-type: none"> • Pre-application • Application • Changed/Corrected Application – Check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this form to submit changes after the closing date. 	10.	Name Of Federal Agency: (Required) Enter the name of the federal agency from which assistance is being requested with this application.
		11.	Catalog Of Federal Domestic Assistance Number/Title: Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.
2.	Type of Application: (Required) Select one type of application in accordance with agency instructions. <ul style="list-style-type: none"> • New – An application that is being submitted to an agency for the first time. • Continuation - An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals. • Revision - Any change in the federal government’s financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. <p>A. Increase Award D. Decrease Duration B. Decrease Award E. Other (specify) C. Increase Duration</p>	12.	Funding Opportunity Number/Title: (Required) Enter the Funding Opportunity Number and title of the opportunity under which assistance is requested, as found in the program announcement.
		13.	Competition Identification Number/Title: Enter the competition identification number and title of the competition under which assistance is requested, if applicable.
		14.	Areas Affected By Project: This data element is intended for use only by programs for which the area(s) affected are likely to be different than the place(s) of performance reported on the SF-424 Project/Performance Site Location(s) Form. Add attachment to enter additional areas, if needed.
3.	Date Received: Leave this field blank. This date will be assigned by the Federal agency.	15.	Descriptive Title of Applicant’s Project: (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For pre-applications, attach a summary description of the project.
4.	Applicant Identifier: Enter the entity identifier assigned by the Federal agency, if any, or the applicant’s control number if applicable.		
5a.	Federal Entity Identifier: Enter the number assigned to your organization by the federal agency, if any.	16.	Congressional Districts Of: 15a. (Required) Enter the applicant’s congressional district. 15b. Enter all district(s) affected by the program or project. Enter in the format: 2 characters state abbreviation – 3 characters district number, e.g., CA-005 for California 5th district, CA-012 for California 12 district, NC-103 for North Carolina’s 103 district. If all congressional districts in a state are affected, enter "all" for the district number, e.g., MD-all for all congressional districts in Maryland. If nationwide, i.e. all districts within all states are affected, enter US-all. If the program/project is outside the US, enter 00-000. This optional data element is intended for use only by programs for which the area(s) affected are likely to be different than place(s) of performance reported on the SF-424 Project/Performance Site Location(s) Form. Attach an additional list of program/project congressional districts, if needed.
5b.	Federal Award Identifier: For new applications leave blank. For a continuation or revision to an existing award, enter the previously assigned federal award identifier number. If a changed/corrected application, enter the federal identifier in accordance with agency instructions.		
6.	Date Received by State: Leave this field blank. This date will be assigned by the state, if applicable.		
7.	State Application Identifier: Leave this field blank. This identifier will be assigned by the state, if applicable.		
8.	Applicant Information: Enter the following in accordance with agency instructions:		
	a. Legal Name: (Required) Enter the legal name of applicant that will undertake the assistance activity. This is the organization that has registered with the Central Contractor Registry (CCR). Information on registering with CCR may be obtained by visiting www.Grants.gov .	17.	Proposed Project Start and End Dates: (Required) Enter the proposed start date and end date of the project.
	b. Employer/Taxpayer Number (EIN/TIN): (Required) Enter the employer or taxpayer identification number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.	18.	Estimated Funding: (Required) Enter the amount requested, or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.
	c. Organizational DUNS: (Required) Enter the organization’s DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting www.Grants.gov .	19.	Is Application Subject to Review by State Under Executive Order 12372 Process? (Required) Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Select the appropriate box. If "a." is selected, enter the date the application was submitted to the State.
	d. Address: Enter address: Street 1 (Required); city (Required); County/Parish, State (Required if country is US), Province, Country (Required), 9-digit zip/postal code (Required if country US).	20.	Is the Applicant Delinquent on any Federal Debt? (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of federal debt include; but, may not be limited to: delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.

	<p>e. Organizational Unit: Enter the name of the primary organizational unit, department or division that will undertake the assistance activity.</p>	21.	<p>Authorized Representative: To be signed and dated by the authorized representative of the applicant organization. Enter the first and last name (Required); prefix, middle name, suffix. Enter title, telephone number, email (Required); and fax number. A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. (Certain federal agencies may require that this authorization be submitted as part of the application.)</p>																								
	<p>f. Name and contact information of person to be contacted on matters involving this application: Enter the first and last name (Required); prefix, middle name, suffix, title. Enter organizational affiliation if affiliated with an organization other than that in 7.a. Telephone number and email (Required); fax number.</p>																										
9.	<p>Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.</p> <table border="0" data-bbox="162 415 795 1050"> <tr> <td data-bbox="162 415 477 443">A. State Government</td> <td data-bbox="516 415 795 443">M. Nonprofit</td> </tr> <tr> <td data-bbox="162 443 477 470">B. County Government</td> <td data-bbox="516 443 795 470">N. Private Institution of Higher Education</td> </tr> <tr> <td data-bbox="162 470 477 512">C. City or Township Government</td> <td data-bbox="516 470 795 512">O. Individual</td> </tr> <tr> <td data-bbox="162 512 477 554">D. Special District Government</td> <td data-bbox="516 512 795 554">P. For-Profit Organization (Other than Small Business)</td> </tr> <tr> <td data-bbox="162 554 477 581">E. Regional Organization</td> <td data-bbox="516 554 795 581">Q. Small Business</td> </tr> <tr> <td data-bbox="162 581 477 623">F. U.S. Territory or Possession</td> <td data-bbox="516 581 795 623">R. Hispanic-serving Institution</td> </tr> <tr> <td data-bbox="162 623 477 665">G. Independent School District</td> <td data-bbox="516 623 795 665">S. Historically Black Colleges and Universities (HBCUs)</td> </tr> <tr> <td data-bbox="162 665 477 707">H. Public/State Controlled Institution of Higher Education</td> <td data-bbox="516 665 795 707">T. Tribally Controlled Colleges and Universities (TCCUs)</td> </tr> <tr> <td data-bbox="162 707 477 749">I. Indian/Native American Tribal Government (Federally Recognized)</td> <td data-bbox="516 707 795 749">U. Alaska Native and Native Hawaiian Serving Institutions</td> </tr> <tr> <td data-bbox="162 749 477 791">J. Indian/Native American Tribal Government (Other than Federally Recognized)</td> <td data-bbox="516 749 795 791">V. Non-US Entity</td> </tr> <tr> <td data-bbox="162 791 477 833">K. Indian/Native American Tribally Designated Organization</td> <td data-bbox="516 791 795 833">W. Other (specify)</td> </tr> <tr> <td data-bbox="162 833 477 875">L. Public/Indian Housing Authority</td> <td></td> </tr> </table>	A. State Government	M. Nonprofit	B. County Government	N. Private Institution of Higher Education	C. City or Township Government	O. Individual	D. Special District Government	P. For-Profit Organization (Other than Small Business)	E. Regional Organization	Q. Small Business	F. U.S. Territory or Possession	R. Hispanic-serving Institution	G. Independent School District	S. Historically Black Colleges and Universities (HBCUs)	H. Public/State Controlled Institution of Higher Education	T. Tribally Controlled Colleges and Universities (TCCUs)	I. Indian/Native American Tribal Government (Federally Recognized)	U. Alaska Native and Native Hawaiian Serving Institutions	J. Indian/Native American Tribal Government (Other than Federally Recognized)	V. Non-US Entity	K. Indian/Native American Tribally Designated Organization	W. Other (specify)	L. Public/Indian Housing Authority			
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L. Public/Indian Housing Authority																											

ASSURANCES AND CERTIFICATIONS

Signing the certification on SF 424 certifies that the Applicant will comply with the Assurances and Certifications listed below if an award is made. Certain of these Assurances and Certifications may not be applicable to the Applicant. An Applicant may not modify any of the Assurances and Certifications.

A. Standard Form 424B: Assurances -- Non-Construction Programs

As the duly authorized representative of the Applicant, I certify that the Applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this Application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work (activities in Application) within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specifies in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 CFR 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L.88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.1681-1683, 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C.794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C.6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L.91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C.3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which Application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statutes which may apply to the Application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C.1501-1508 & 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), regarding labor standards for federally assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L.91-190) and Executive Order 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as

- amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L.93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L.93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

B. Additional Certifications

In addition to the assurances and certifications provided by the Applicant pursuant to OMB Standard Form 424B, the Applicant hereby assures and certifies that:

1. It is duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established, and is (or within 30 days will be) authorized to do business in any jurisdiction in which it proposes to undertake activities specified in this Application;
2. Its Board of Directors (or similar governing body) has by proper resolution or similar action authorized the filing of this Application, including all understandings and assurances contained herein, and directed and authorized the person identified as the authorized representative of the Applicant to act in connection with this Application and to provide such additional information as may be required;
3. It will comply with all applicable requirements of the Community Development Banking and Financial Institutions Act of 1994 (the Act) [12 U.S.C. 4701 et seq.], regulations implementing the Act and all other applicable Department of the Treasury regulations and implementing procedures (and any regulations or procedures which are later promulgated to supplement or replace them);
4. It will comply, as applicable and appropriate, with the requirements of OMB Circulars (e.g., A-110 and A-133) and any regulations and circulars which are later promulgated to supplement or replace them, including standards for fund control and accountability;
5. It has not knowingly and willfully made or used a document or writing containing any false, fictitious or fraudulent statement or entry as part of this Application or any related document, correspondence or communication. (The Applicant and its authorized representative should be aware that, under 18 U.S.C. 1001, whoever knowingly and willfully makes or uses such document or writing shall be fined or imprisoned for not more than five years, or both); and
6. The information in this Application, and in these assurances and certifications in support of the Application, is true and correct to the best of the Applicant's knowledge and belief and the filing of this Application has been duly authorized.

C. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions: Instructions for Certification

1. By signing and submitting this Application, the prospective primary participant (the Applicant) is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in the denial of participation in this covered transaction. The prospective Applicant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Fund's determination whether to enter into this transaction (approval and funding of the Application). However, failure of the Applicant to

- furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. This certification is a material representation of fact upon which reliance is placed when the Fund determines to enter into this transaction. If it is later determined that the Applicant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.
 4. The Applicant shall provide immediate written notice to the Fund if at any time the Applicant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
 5. The terms "covered transactions," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal", and "voluntarily excluded," as used in this clause (certification), have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the Fund for assistance in obtaining a copy of those regulations (31 CFR part 19).
 6. The Applicant agrees by submitting this Application that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Fund.
 7. The Applicant further agrees by submitting this Application that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," to be provided by the Fund, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions (see 31 CFR part 19, Appendix B).
 8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
 9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
 10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.

D. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions

1. The prospective primary participant (the Applicant) certifies to the best of its knowledge and belief, that it and its principals:
 - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this Application had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the Applicant is unable to certify to any of the statements in this certification, such Applicant shall attach an explanation to this proposal.

E. Certification Regarding Drug-Free Workplace Requirements

1. The Applicant certifies that it will provide a drug-free workplace by:
 - (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;

- (b) establishing a drug-free awareness program to inform employees about:
 - (i) the dangers of drug abuse in the workplace;
 - (ii) the Applicant's policy of maintaining a drug-free workplace;
 - (iii) any available drug counseling, rehabilitation, and employee assistance program;
 - (iv) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace
 - (c) making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by subparagraph (a);
 - (d) notifying the employee in the statement required by subparagraph (a) that, as a condition of employment in such grant, the employee will:
 - (i) abide by the terms of the statement; and
 - (ii) notify the employer of any criminal drug use statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
 - (e) notifying the granting agency in writing, within ten calendar days after receiving notice of a conviction under subparagraph (d) (ii) from an employee or otherwise receiving actual notice of such conviction;
 - (f) taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(ii), with respect to any employee who is so convicted:
 - (i) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (ii) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
 - (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs (a), (b), (c), (d), (e), and (f).
2. The Applicant may insert in the space provided below the site(s) for the performance of work (activities carried out by the Applicant) to be done in connection with the award (Place of Performance (Street Address, City, County, State and zip Code)):

Not Applicable

F. Certification Regarding Lobbying

1. The Applicant certifies, to the best of its knowledge and belief, that:
 - (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
 - (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Application, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
 - (c) The Applicant shall require that the language of this certification be included in the award documents for all subawards of all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
2. This certification is a material representation of fact upon which reliance is placed when this transaction is made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

BUDGET INFORMATION - Non-Construction Programs

SECTION A - BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1.		\$	\$	\$	\$	0.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00

SECTION B - BUDGET CATEGORIES						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY					
	(1)	(2)	(3)		Total (5)	
a. Personnel	\$	\$	\$		\$	0.00
b. Fringe Benefits						0.00
c. Travel						0.00
d. Equipment						0.00
e. Supplies						0.00
f. Contractual						0.00
g. Construction						0.00
h. Other						0.00
i. Total Direct Charges (sum of 6a-6h)		0.00	0.00	0.00	0.00	0.00
j. Indirect Charges						0.00
k. TOTALS (sum of 6i and 6j)	\$	0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
7. Program Income	\$	\$	\$	\$	\$	0.00

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SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	\$	\$	\$	0.00
9.				0.00
10.				0.00
11.				0.00
12. TOTAL (sum of lines 8-11)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	13. Federal	\$ 0.00	\$	\$	\$
14. Non-Federal	0.00				
15. TOTAL (sum of lines 13 and 14)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16-19)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges:	
22. Indirect Charges:	
23. Remarks:	

INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0044), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a *single* Federal grant program (Federal Domestic Assistance Catalog number) and *not requiring* a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b).

For applications pertaining to a *single* program *requiring* budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in *Column* (a) and the respective Catalog number on each line in Column (b).

For applications pertaining to *multiple* programs where one or more programs *require* a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 - Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Line 6a-i - Show the totals of Lines 6a to 6h in each column.

Line 6j - Show the amount of indirect cost.

Line 6k - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount, Show under the program

INSTRUCTIONS FOR THE SF-424A (continued)

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11 Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contribution to be made by the applicant.

Column (c) - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d) - Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e) - Enter totals of Columns (b), (c), and (d).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15 - Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, if applicable: _____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$ _____	
10. a. Name and Address of Lobbying Entity (if individual, last name, first name, MI): <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>	
11. Amount of Payment (check all that apply): \$ _____ <input type="checkbox"/> actual <input type="checkbox"/> planned	13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. contingent fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other; specify: _____	
12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____		
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: <i>(attach Continuation Sheet(s) SF-LLLA, if necessary)</i>		
15. Continuation Sheet(s) SF-LLLA attached:	<input type="checkbox"/> Yes <input type="checkbox"/> No	
16. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:	Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)	

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Use the SF-LLLA Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying entity engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (item 4) to the lobbying entity (item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.
12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.
13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.
14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with Federal officials. Identify the Federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.
15. Check whether or not a SF-LLLA Continuation Sheet(s) is attached.
16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

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APPENDIX B

Detailed Budget Worksheet

Name of Low Income Taxpayer Clinic

Grant Period

From

To

Expense Categories	Controversy Program			ESL Program			Totals		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel									
1.									
2.									
3.									
4.									
Subtotals									
B. Fringe Benefits									
C. Travel									
D. Equipment									
E. Supplies									
F. Contractual									
1.									
2.									
3.									
Subtotals									
G. Construction									
H. Other Expenses									
1.									
2.									
3.									
4.									
Subtotals									
I. Total Direct Charges									
J. Indirect Charges									
K. Totals									

Detailed Budget Worksheet

Name of Low Income Taxpayer Clinic
ABC Low Income Taxpayer Clinic

Grant Period

From 01/01/2012 To 12/31/2012

Expense Categories	Controversy Program			ESL Program			Totals		
	Federal	Match	Total	Federal	Match	Total	Federal	Match	Total
A. Personnel									
1. QTE / Clinic Director - \$50/hr x 600 hrs	6,750	20,250	27,000	750	2,250	3,000	7,500	22,500	30,000
2. LITC Staff Attorney - \$30/hr x 2000 hrs	27,000	27,000	54,000	3,000	3,000	6,000	30,000	30,000	60,000
3. QBA - \$35/hr x 120 hrs	0	3,780	3,780	0	420	420	0	4,200	4,200
4. Clerical - \$15/hr x 2000 hrs	13,500	13,500	27,000	1,500	1,500	3,000	15,000	15,000	30,000
Subtotals	47,250	64,530	111,780	5,250	7,170	12,420	52,500	71,700	124,200
B. Fringe Benefits Rate = 25% of Salaries	11,813	16,132	27,945	1,313	1,793	3,106	13,126	17,925	31,051
C. Travel	2,704	0	2,704	321	0	321	3,025	0	3,025
D. Equipment	0	1,800	1,800	0	200	200	0	2,000	2,000
E. Supplies	2,650	1,800	4,450	1,200	200	1,400	3,850	2,000	5,850
F. Contractual									
1. Rent	0	10,800	10,800	0	1,200	1,200	0	12,000	12,000
2. Utilities	0	3,600	3,600	0	400	400	0	4,000	4,000
3.									
Subtotals	0	14,400	14,400	0	1,600	1,600	0	16,000	16,000
G. Construction									
H. Other Expenses									
1. Tax Library	2,250	0	2,250	250	0	250	2,500	0	2,500
2. In-kind services (Attorneys) - \$37.50/hr x 250 hrs	0	9,375	9,375	0	0	0	0	9,375	9,375
3. In-kind services (Clerical) - \$18.75/hr x 200 hrs	0	0	0	0	3,750	3,750	0	3,750	3,750
4.									
Subtotals	2,250	9,375	11,625	250	3,750	4,000	2,500	13,125	15,625
I. Total Direct Charges	66,667	108,037	174,704	8,334	14,713	23,047	75,001	122,750	197,751
J. Indirect Charges Rate = 20% of Direct Charges	13,333		13,333	1,667		1,667	15,000		15,000
K. Totals	80,000	108,037	188,037	10,001	14,713	24,714	90,001	122,750	212,751

Detailed Budget Narrative Explanations
ABC Low Income Taxpayer Clinic — 2012 Grant Cycle

A. Personnel:

Personnel costs represent the salaries paid to the following clinic staff:

- QTE/Clinic Director (0.30 FTE)—paid 25% from federal funds and 75% from State Legal Services funds.
- Staff Attorney (1.00 FTE)—paid 50% from federal funds and 50% from State Legal Services funds.
- QBA (0.06 FTE)—paid 100% from state Legal Services funds.
- Clerical Assistant (1.00 FTE)—paid 50% from federal funds and 50% from State Legal Services funds.

Clinic staff devotes 90% of their time to the Controversy Program and 10% of their time to the ESL Program.

B. Fringe Benefits:

The recipient's fringe benefit rate is 25% of salaries. Fringe benefits represent the cost of Social Security and Medicare taxes, federal and state unemployment taxes, health insurance premiums, and pension contributions paid by the recipient on behalf of clinic staff. Fringe benefits are paid using federal funds and state Legal Services funds in the same ratios as used for personnel costs.

C. Travel:

Travel expenses represent the cost of attending the Annual LITC Conference and the cost of traveling to and from sites to conduct ESL education and outreach activities. All travel costs are paid using federal funds.

D. Equipment:

Equipment expenses represent the purchase of two laptop computers that are used exclusively by the Staff Attorney and Clerical Assistant. The recipient used state Legal Services funds to purchase the computers.

E. Supplies:

Supplies represent the cost of paper, envelopes, postage, printing, and other office supplies used in the clinic. In general, the cost of supplies used in the clinic is allocated 90% to the Controversy Program and 10% to the ESL Program. However, certain costs, such as printing flyers and materials in Spanish and Vietnamese that are used exclusively in ESL outreach and education activities, are charged to the ESL Program. The recipient used \$3,850 of federal funds and \$2,000 of state Legal Services funds to purchase supplies.

F. Contractual:

Contractual expenses represent the share of rent and utilities paid for the portion of space occupied by the clinic within the recipient's facility. These costs are determined using a pro rated percentage based on square footage. The recipient used state Legal Services funds to pay all rent and utilities costs.

G. Construction:

Not applicable.

Detailed Budget Narrative Explanations
ABC Low Income Taxpayer Clinic — 2012 Grant Cycle

H. Other Expenses:

Other expenses represent the cost of maintaining a tax library and the value of volunteer in-kind services. The tax library costs include the purchase of a copy of the Internal Revenue Code and Regulations, as well as a subscription to an online tax research network. All tax library costs are paid with federal funds.

In-kind services represent the value of services provided by volunteer attorneys who provide *pro bono* representation on behalf of low income taxpayers in controversies with the IRS and clerical volunteers who assist in arranging ESL education and outreach activities. The rate used to value volunteer attorney hours is \$37.50/hour which represents the wage rate (\$30/hr) plus related fringe benefit rate (25%) paid to the clinic's Staff Attorney. The rate used to value clinical volunteer hours is \$18.75/hour which represents the wage rate (\$15/hr) plus the related fringe benefit rate (25%) paid to the clinic's Clerical Assistant.

J. Indirect Costs:

Indirect costs represent a charge for certain administrative expenses of the recipient based on a rate established by the Department of Health & Human Services. The rate of 20% of federal direct charges is the provisional rate in effect throughout this grant period.

Matching Funds:

Total matching funds for this period were \$122,750. The recipient provided \$109,625 from state Legal Services funds and \$13,125 represent the value of in-kind services provided by volunteers.

EXAMPLE

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COMMONLY USED ACRONYMS

COMMONLY USED ACRONYMS

ABA	American Bar Association
ACS	Automated Collection System
AES	Automated Examination System
AGI	Adjusted Gross Income
AICPA	American Institute of Certified Public Accountants
ALS	Automated Lien System
ARC	Annual Report to Congress
ASED	Assessment Statute Expiration Date
ASFR	Automated Substitute for Return
AUR	Automated Underreporter Program
BALDU	Balance Due
BLS	Bureau of Labor Statistics
BMF	Business Master File
BWH	Backup Withholding
CAF	Centralized Authorization File
CAP	Collection Appeals Program
CCR	Central Contractor Registration
CDP	Collection Due Process
CFP	Civil Fraud Penalty
CID	Criminal Investigation Division
CNC	Currently not Collectable
COB	Close of Business
CODI	Cancellation of Debt Income
COIC	Centralized Offer-in-Compromise
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CPU	Central Processing Unit
CSED	Collection Statute Expiration Date
DPM	Division of Payment Management
DUNS	Data Universal Numbering System
EFS	Electronic Filing System
EFT	Electronic Funds Transfer
EIN	Employer Identification Number
EITC	Earned Income Tax Credit
ESL	English as a Second Language
FDIC	Federal Deposit Insurance Corporation
FFATA	Federal Funding Accountability and Transparency Act
FICA	Federal Insurance Contribution Act
FOIA	Freedom of Information Act
FPLP	Federal Payment Levy Program
FY	Fiscal Year
HHS	Department of Health and Human Services
IA	Installment Agreement
IRA	Individual Retirement Account

IRC	Internal Revenue Code
IRM	Internal Revenue Manual
ITIN	Individual Taxpayer Identification Number
LITC	Low Income Taxpayer Clinic
LB&I	Large Business & International
LSC	Legal Services Corporation
LTA	Local Taxpayer Advocate
MSP	Most Serious Problem
NFTL	Notice of Federal Tax Lien
NOPA	Notice of Proposed Adjustment
NTA	National Taxpayer Advocate
OIC	Offer-in-Compromise
OMB	Office of Management and Budget
PII	Personally Identifiable Information
PIN	Personal Identification Number
PMS	Payment Management System
POA	Power of Attorney
QBA	Qualified Business Administrator
QTE	Qualified Tax Expert
RCP	Reasonable Collection Potential
RO	Revenue Officer
RRA98	IRS Restructuring and Reform Act of 1998
RSED	Refund Statute Expiration Date
SB/SE	Small Business/Self-Employed
SNOD	Statutory Notice of Deficiency
SSN	Social Security Number
TAO	Taxpayer Assistance Order
TAS	Taxpayer Advocate Service
TCE	Tax Counseling for the Elderly
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
TE/GE	Tax Exempt & Government Entities
TIGTA	Treasury Inspector General for Tax Administration
TY	Tax Year
UDOC	Uniform Definition of Child
URP	Underreporter Program
USPS	United States Postal Service
VITA	Volunteer Income Tax Assistance
W&I	Wage & Investment

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GLOSSARY

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90/250 Income Requirement – the provision of IRC §7526 that requires at least 90 percent of taxpayers represented by a clinic must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines published annually by the Department of Health and Human Services (HHS).

Allowable Expenses – expenses chargeable to an LITC grant in accordance with the principles outlined in 2 CFR Part 230 (formerly OMB Circular A-122), and 2 CFR Part 220 (formerly OMB Circular A-21). Generally, in order for an expense to be allowable, the expense must be reasonable, incurred for the benefit of the program, and consistent with market prices.

Ancillary Tax Return Preparation – tax return preparation that is incidental to an ESL program's primary activity of outreach and education.

Case Tracking – the process or method used to control assignment and progress of controversy cases and ESL activity by LITC personnel, students, and volunteers.

Congressional District – an electoral constituency, apportioned by population, which elects a member of Congress.

Consultation – a one-on-one consultation is a discussion with a taxpayer designed to provide brief advice about a specific tax matter that does not result in representation of the taxpayer. A technical assistance consultation is a discussion with a practitioner or other service provider designed to give brief advice about a tax issue.

Continuing Legal Education (CLE) – an accredited professional educational program for attorneys. CLE requirements vary among jurisdictions, and accreditation is granted on a jurisdiction-by-jurisdiction basis.

Continuing Professional Education (CPE) – an accredited educational program required to maintain a professional license, such as a Certified Public Accountant or Enrolled Agent designation.

Controversy Representation– representation of a taxpayer in a dispute with the IRS at any stage of the proceedings, including, but not limited to: Accounts Management, Exam, Collection, Appeals, or litigation. In order for the relationship to rise to the level of representation, advocacy on behalf of the taxpayer, not just fact-finding, must occur.

Data Universal Numbering System (DUNS) – a unique nine-digit identification number provided by Dunn & Bradstreet Corporation. The federal government requires that all applicants for federal grants with the exception of individuals other than sole proprietors have a DUNS number. The federal government will use the DUNS number to better identify related organizations that are receiving grant

funding, and to provide consistent name and address data for electronic grant application systems.

Demographics – vital or social statistics (e.g., income, education level, native spoken language) of a group or population of taxpayers within a defined state, county, or geographic regional area.

Deobligated Funds – grant funds that a grantee does not intend to draw down and spend during the grant cycle which are relinquished back to the LITC Program Office so that the funds may be obligated to another grantee.

Direct Costs – costs that can be identified specifically with a particular award or other direct activity of an organization, such as a controversy or ESL program. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost.

Direct Lobbying – contacting a member of Congress, a state or local legislator, or any of their staff members to influence the legislator to take a position or action on a specific piece of legislation or potential legislation.

Educational Activities – events designed to provide information to taxpayers about their taxpayer rights and responsibilities, including technical tax topics.

Employer Identification Number (EIN) – a permanent number issued by the IRS to identify a business entity; also known as a Federal Tax Identification Number.

ESL Taxpayers – taxpayers who speak English as a second language.

Family Unit – an unrelated individual or a family. An unrelated individual is a person 15 years old or over who is not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the clinic is financially independent, then that person may be treated as a family unit. If two unrelated individuals live together, they constitute two family units.

Fringe Benefits – a form of non-wage compensation for the performance of services. Examples of fringe benefits include the employer's share of Social Security and Medicare taxes, federal and state unemployment taxes, health and life insurance premiums, and pension contributions. Federal funds and matching funds may be used to pay fringe benefits that are reasonable, allowable, and allocable to clinic operations.

Grassroots Lobbying – activities that encourage third parties, members of special interest groups or the general public to contact federal, state or local government officials in support of or in opposition to a legislative policy or appropriations matter. This applies to activities both before and after introduction of the legislation.

Indirect Costs – costs not directly related to the LITC program, but incurred as part of the general overhead and administration of the grantee. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost. Indirect costs may be budgeted as a use of federal funds based upon an approved Indirect Cost Rate Agreement. However, indirect costs are not allowable as matching funds.

Intake – a process used by clinic staff to gather information from a taxpayer seeking assistance to determine eligibility for services.

Individual Taxpayer Identification Number (ITIN) – a unique nine-digit number used for tax administration purposes that is issued by the IRS to individuals who are not eligible to obtain a Social Security number (SSN).

Low Income Taxpayer Clinic (LITC) – an organization that represents low income taxpayers in controversies with the IRS or operates programs to inform individuals for whom English is a second language about their taxpayer rights and responsibilities for free or for a nominal charge.

Low Income – for purposes of the LITC Program, this includes taxpayers who whose incomes do not exceed 250 percent of the Federal Poverty Guidelines.

Local Taxpayer Advocate (LTA) – an advocate located in a local office who reports to the National Taxpayer Advocate. IRC §7803(c)(2)(D)(i)(I) requires that each state have at least one LTA. An LTA provides essential guidance and assistance to the LITCs within his or her geographic area.

Matching Funds – the portion of program costs not funded by federal funds. Grantees must provide matching funds on a dollar-for-dollar basis for all LITC grant funds received.

National Taxpayer Advocate (NTA) – the official who supervises and directs the Office of the Taxpayer Advocate. The NTA reports directly to the IRS Commissioner and serves as the advocate for taxpayers within the IRS and before Congress. The NTA is appointed by the Secretary of the Treasury following consultations with the IRS Commissioner and the IRS Oversight Board.

Office of Professional Responsibility (OPR) – the office that establishes and enforces consistent standards of competence, integrity and conduct for tax professionals authorized to practice before the IRS.

Office of Management and Budget (OMB) – the office that oversees the preparation of the federal budget and supervises its administration in Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's budget and with administration policies.

OMB Circulars – directives issued by the Office of Management and Budget (OMB) that provide guidance relating to administration of federal grant awards, including the following which are relevant for the LITC program: OMB Circular No. A-110, *Uniform Administrative Requirements for Grants and Agreements*; OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; OMB Circular No. A-21, *Cost Principles for Educational Institutions*; and OMB Circular No. A-122, *Cost Principles for Non-Profit Organizations*.

Operational Review Visit – a site visit conducted by LITC Program Office staff to observe and evaluate a grantee's program activities and services, and discuss with clinic personnel the progress made in achieving program goals and objectives.

Orientation Visit – a site visit conducted within the the first 120 days of a new grantee's initial funding year to familiarize the grantee with LITC program requirements and to measure the progress of its start-up activities.

Outreach Activities – efforts designed to provide information about the clinic and its services directly to targeted taxpayers or indirectly through other organizations or groups that serve the targeted taxpayers. ESL programs should identify targeted linguistic populations; Controversy programs may target low income taxpayers in a geographic area or a specific segment of the low income taxpayer community.

Payment Management System (PMS) – an electronic system maintained by the Department of Health and Human Services Division of Payment Management that allows grantees to review grant award and disbursement records and submit requests for payment of federal funds.

Publicity – see Outreach Activities.

Referral Activity – a referral of a low income taxpayer to a *pro bono* panel member who provides representation for free or for a nominal fee.

Standards of Operation – baseline operational requirements applicable to all clinics developed by the LITC Program Office to ensure that all programs provide consistent and quality service to low income and ESL taxpayers. The standards of operation are an integral part of the LITC Program’s performance measures.

Tax Counseling for the Elderly (TCE) – an IRS initiative designed to promote and support free tax counseling and basic income tax return preparation for individuals aged 60 or over who cannot afford professional assistance.

Third Party In-Kind Contributions – the value of non-cash contributions provided by parties other than the federal government or grantee. Third party in-kind contributions may be in the form of goods, space, or services donated to the LITC by third parties and must be used to accomplish the objectives of the LITC program in order to count as a source of matching funds.

Unallowable Expenses – expenses for which LITC grant funds may not be used according to guidelines published by OMB and the LITC Program Office.

Underserved Area– an identifiable geographic area where the need for LITC services exceeds the capacity available from current grantees.

Unused Funds – the portion of grant funds awarded to clinics that have not been spent, whether or not those funds have been drawn down from the Payment Management System.

Volunteer Income Tax Assistance (VITA) – an IRS initiative designed to promote and support free tax return preparation for low to moderate income individuals who cannot afford professional assistance.

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