

LiRN INC.

Grant Administration Policy

ADOPTED BY THE BOARD OF DIRECTORS AND EFFECTIVE ON SEPTEMBER 3, 2021

Purpose & Background

1. Under the Law Society's By-Law 13, LiRN Inc. ("LiRN") is charged with establishing guidelines and standards for the organization and operation of the Ontario county and district law library system. LiRN provides financial support to the county and district law libraries ("Libraries") by the transfer of grants to county and district law associations ("Law Associations"). Conditional upon receiving a grant from LiRN, each Law Association shall operate the Library in accordance with the guidelines and standards established by LiRN. LiRN receives 100% of its funding from the Law Society of Ontario in the form of a grant. Funding for the grant is collected from lawyers in the Province of Ontario as part of their annual licensing fee.
2. By-Law 13 further states that the trustees of a Law Association shall hold in trust all library materials of its law library for the Law Society/LiRN.
3. The purpose of this policy is to implement, in keeping with not-for-profit standards, the restricted fund method of accounting for the administration of grants made by the Law Society to LiRN and by LiRN to the Law Associations. The objective is to ensure transparency and accountability with respect to grant funding received and subsequent reporting on its use.
4. The policy will formalize, as best practice, a maximum retention amount of unutilized grant funding by LiRN and the Law Associations and the disposition of excess unspent funds granted by the Law Society to LiRN and by LiRN to Law Associations.

Accountabilities and Responsibilities

5. LiRN Inc. Board and Audit & Finance Committee

LiRN's Directors shall:

- approve the policies developed by LiRN management on the budget and grant processes including any required reporting on use of grant funding
- ensure compliance with the requirements of the Unanimous Shareholders Agreement ("USA") and other governance documentation
- provide regular reporting to the Law Society on the utilization of the grant funding received
- receive regular reporting on the application and use of grant funding from the Law Associations and LiRN

- take appropriate action to apply the Grant Administration Policy based on these reports
- regularly assess the Grant Administration Policy to ensure its relevance to the operations of LiRN and the county and district law library system.

6. County & District Law Association Executives

The Law Associations' Boards shall:

- review the Grant Administration Policy
- incorporate the Policy into operations and annual budget planning
- support LiRN's administration and directors with the implementation of the Policy.

7. LiRN Administration

LiRN management shall:

- develop policies and procedures for the submission of annual budgets by LiRN to the Law Society and by Law Associations to LiRN for library operations including a summary of planned expenditures for the year in support of grant requests
- develop policies and procedures that support reporting by LiRN to the Law Society and Law Associations to LiRN on use of granted funds, including actual spending incurred and commitments
- receive regular reports assisting in the analysis of actual to budget expenditures at the Libraries
- receive regular reports on the application and use of grants by Law Associations
- make recommendations to the Audit & Finance Committee on issues arising from the Grant Administration Policy.

Grant Administration Policy

County & District Law Associations

8. Unless specifically instructed otherwise by LiRN, Law Associations shall submit annual budgets in a format provided by LiRN summarizing planned library operating expenditures for the forthcoming year including any integration with policies, strategies, business objectives and performance criteria requested by LiRN.
9. As part of the budget submission in the above paragraph, Law Associations shall also submit annual capital budgets for Library purposes, including business cases, in a format provided by LiRN to support any capital grant requests for the forthcoming year.

10. LiRN will provide a budget submission timetable which will typically require the submission of the above budgets by the end of May each year.
11. Law Associations must identify and separate association operations from Library operations in order to be able to report on the Library operational stream separately. LiRN grants should be accounted for as restricted for library purposes. Law Association support of their Library should be through interfund transfers to a library operations fund. This accounting treatment will track utilization of the LiRN grant separately from association activities and ensure that the grant is used solely for the operation of Libraries and facilitate reporting on use of the grant to LiRN.
12. As scheduled by LiRN, Law Associations are to provide regular financial reports to LiRN during each financial year. Financial reports must be in budget-to-actual format, based on the budget previously submitted and include all sources of revenue and all expenses related to the Library. The financial report must be submitted employing the accrual method of accounting. The financial report should include explanatory notes for any major variances from budget.
13. LiRN may implement a monitoring and audit program for testing and validating the reporting of Library expenditures by Law Associations. The Unanimous Shareholders Agreement (“USA”) notes that every Law Association receiving a grant shall be subject to audit by LiRN (at the direction of the Law Society) from time to time in respect of those receipts and expenditures related to the grant.

LiRN

14. In compliance with the USA LiRN shall:
 - within 120 days after the end of each fiscal year, submit an annual report including audited financial statements to the Law Society,
 - submit quarterly financial reports during the fiscal year to the Law Society,
 - at least 90 days prior to the commencement of each fiscal year, submit a detailed budget to the Law Society for its approval.

Retention of Unutilized Grant Funding

15. The USA notes that annual grants paid to any Law Association not used in the budgeted fiscal year will be returned to LiRN or carried forward and taken into account by LiRN in setting the next annual grant.
16. Law Associations or LiRN may not accumulate and retain more than 10% of the current year’s grant in any fiscal year.
17. In the event a Law Association exceeds the maximum of 10%, LiRN will work with the Law Association to address the excess employing one or more of the following options:

- a) returning the excess to LiRN,
- b) carrying forward the excess to the following year and incorporating the excess in determining the following year grant amount, or
- c) with the agreement of LiRN using the excess for improvement initiatives across the legal information services network.

18. In the event LiRN exceeds the maximum of 10%, LiRN will work with the Law Society on options to address the excess employing one or more of the following options:

- a) returning the excess to the Law Society,
- b) carrying forward the excess to the following year and incorporating the excess in determining the following year grant amount, and/or
- c) with the agreement of the Law Society using the excess for improvement initiatives across the legal information services network.