

**LEGAL SERVICES CORPORATION**

**PROPERTY MANAGEMENT MANUAL**

**FOR**

**LSC PROGRAMS**

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**(SEPTEMBER 1981, REPRINTED BUT NOT REVISED)**

## INTRODUCTION

The purpose of this manual is to assist Legal Services Corporation (LSC or Corporation) programs to establish a uniform and fiscally sound property management program by prescribing procedures for the procurement, inventory control, and disposal of nonexpendable property, under the authority provided by section 1008(b) of the Legal Services Corporation Act.

### Section 1008(b):

The Corporation is authorized to prescribe the keeping of records with respect to funds provided by grant or contract and shall have access to such records at all reasonable times for the purpose of insuring compliance with the grant or contract or the terms and conditions upon which financial assistance was provided.

This manual replaces the instruction of December 10, 1975, relating to the acquisition, control, and disposal of excess Federal property, property purchased with grant funds, and property donated to grantees.

By virtue of the certification made by the president of the Legal Services Corporation regarding "Excess Federal Property in the possession of the Corporation's grantees" and pursuant to the provisions of P.L. 94-519, title to Excess Property reported as "In Use" has been vested in the possessing grantees. (Exhibit #1) Public Law 94-519 requires that effective October 17, 1977, the sponsoring agency (Legal Services Corporation) must pay 25% of the original cost for Excess Federal Property obtained for its grantees. In view of the additional cost, the cost associated with inspection of the property, the pickup and delivery charges, and the amount of regional and program staff time expended on record keeping, it has been determined that the acquisition of Excess Federal Property for the Corporation and its programs will be discontinued.

**NOTE:** The procedures contained in this manual should not be confused with the accounting and financial reporting requirements for property outlined in the "Audit and Accounting Guide for Recipients and Auditors". The property record keeping requirements of the Audit Guide and this manual are compatible. Both can be accommodated by the maintenance of one set of records as provided herein.



**LEGAL SERVICES CORPORATION**

**SUBJECT: PROPERTY MANAGEMENT PROGRAM FOR LEGAL SERVICES CORPORATION RECIPIENTS.**

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**1. PURPOSE:**

To establish uniform policies and procedures for the acquisition, inventory control and disposal of nonexpendable property.

**2. PROCEDURES:**

**a. Nonexpendable Property**

Nonexpendable property is defined as having an acquisition cost exceeding \$50.00 and/or a useful life of more than one year.

**b. Purchase of Nonexpendable Property/Equipment**

Executive Directors are authorized to purchase property/equipment with a cost up to \$5,000.00 without prior approval of the Regional Director, subject to availability of funds and the following conditions:

- (1) Purchase of property/equipment with a cost up to \$1,000.00 may be made at the discretion of the Executive Director without competitive quotations.
- (2) Purchase of property equipment with a single item or cumulative cost from \$1,000.00 to \$5,000.00 may be processed on the basis of telephone quotations. Quotations shall be recorded and filed for audit purposes.
- (3) For the purchase of property/equipment with a single item or cumulative cost exceeding \$5,000.00, the Executive

Director must explain the need and obtain prior written approval for the expenditure from the appropriate Regional Director. After approval is received, written solicitations for bid shall be prepared and at least three written quotations obtained. Solicitations and quotations must be filed and maintained for audit purposes.

- (4) It is recognized that, in some instances, certain items due to technical or quality requirements or the lack of dependable vendors must be purchased from a "sole source". When such a situation occurs, the solicitation of bids is waived but the circumstances must be well documented and all relevant material filed for audit purposes. The Regional Director must be informed when a purchase exceeding \$5,000.00 will be made from a sole source.
- (5) All purchases of nonexpendable property/equipment must be supported by a purchase order, vendors' invoice or other documentation.

c. Property Acquisition

It is essential to ensure that property is acquired through the most economical supply source, provided it will adequately perform the function for which it was intended. In the interest of economy and in order to conserve resources so that maximum funds are available to provide high quality legal assistance to the poor, offices should not be furnished extravagantly but with functional type furniture that will permit business to be conducted in a comfortable and professional manner. (Functional type furniture is further defined as furnishings that the Director of the program considers reasonable and necessary for the efficient conduct of business.) Procurement officers should diligently seek out and use minority and small business vendors whenever possible.

d. Donated Property

Receipt of this type of property shall be supported by documentation which reflects the name of the donor, donor restrictions, if any, the fair market value for each item, and the receipt date.

e. Inventory Control

In order to establish a sound and uniform inventory management control program for LSC programs, the following procedures shall be implemented:

- (1) A permanent type inventory control tag must be affixed to each item of nonexpendable property. The tags shall be consecutively numbered and each number accounted for. (See paragraph g. for a description of the tags, etc.)
- (2) Each item of nonexpendable property must be recorded on a "Property Record Card" (Exhibit #2). A separate line shall be used for each item. As an alternative a single record card may be used for each item. This would facilitate the organization of property records by location and it would simplify record keeping when property is transferred or retired. A similar card may be used if it provides all of the information required on the illustrated "Property Record Card."

NOTE: The completed card contains all of the essential information that is needed for accounting purposes as illustrated on page 80 of the pamphlet entitled "Accounting Model for Recipients."

The recorded information will facilitate the preparation of inventory reports when required for the internal use of the program. (Exhibit #3 - Inventory Report Form)

f. Disposal of Nonexpendable Property

A recipient shall use nonexpendable property purchased with Corporation funds in the activity or project for which it was acquired as long as needed, whether or not the activity continues to be supported by Corporation funds. When no longer needed for the original activity or project, the recipient shall use the property, if needed, in connection with legal assistance activities supported by other public or private funds.

The Corporation reserves the right, upon termination of a grant for cause as provided in 45 CFR Sec. 1606.4 or of a grant made for research or demonstration purposes, to require transfer of all nonexpendable property purchased with grant funds to the Corporation or to an

eligible third party named by the Corporation. If the Corporation exercises this right, it shall identify the property to be transferred and issue disposition instructions to the recipient within 120 calendar days after termination of the grant.

When an item of nonexpendable property or equipment becomes unserviceable, or is no longer needed, it shall be disposed of by one of the following methods:

- (1) Nonexpendable property with a fair market value of less than \$1,000.

The recipient may use the property for other purposes or sell the property and retain the proceeds.

- (2) Nonexpendable property with a fair market value of \$1,000 or more.

- (a) The property may be transferred to another LSC program or to a nonprofit program servicing the poor in the same community. When property is donated a letter of transfer which reflects a description of the property, serial number if appropriate, acquisition date and acquisition cost shall be furnished to the donee and a copy placed in the file for audit purposes.
- (b) The property may be advertised and sold to the highest bidder.
- (c) The property may be sold at the fair market value.
- (d) The property may be sold to an employee or to a member of his or her family only after the other avenues of disposal mentioned above have been exhausted. When this situation occurs all employees shall be given an opportunity to bid on the property.

- (e) Unserviceable property with no monetary value may be destroyed.

A notation shall be made on the Property Record Card which explains the reason for disposing of the property and the disposition that was made. The Property Record Card will then be placed in the property inventory record disposal file. The inventory control tag should be removed from the item and destroyed.

Proceeds from the sale of property with a fair market value of \$1,000.00 or more may be used for general program purposes or for the purchase of other property. All funds received from such sales must be deposited to the account of the program. However, proceeds received will not result in a permanent increase in the program's annualized funding requirements.

g. Permanent Inventory Control Tags

The permanent-type inventory tags used at LSC Headquarters are 1 3/4" x 7/16" in size and are inscribed with the words Legal Services Corporation and a number. The numbers start with 001 and run consecutively. It is suggested that programs use similar tags and that they be inscribed so as to identify the program. These permanent type tags, to the best of our knowledge, are a sole source item and can be obtained only from Metalcraft Inc., 149-4th Street, S.W., Mason City, Iowa 50401. The stock number is 1-BTSN. Telephone (515) 423-9460. A folder describing the tags, prices, how to order, etc., can be obtained from the company.

**GSA**

General  
Services  
Administration

Federal  
Supply  
Services Washington, DC 20406

EXHIBIT #1

June 23, 1978

Mr. Thomas Ehrlich  
President  
Legal Services Corporation  
733 15th Street, NW.  
Washington, D.C. 20005

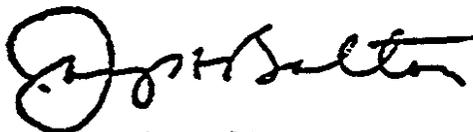
Dear Mr. Ehrlich:

Thank you for your letter of May 26, 1978, requesting passage of title of excess personal property furnished to your grantees prior to October 17, 1977, in accordance with Public Law (P.L.) 94-519.

By virtue of your certification regarding the property in use by your grantees for the purposes for which it was furnished, and pursuant to P.L. 94-519, the listed property is determined to be surplus and title is vested in the possessing grantees. Your agency is hereby authorized to notify the subject grantees of the passage of title and to remove the certified items from your property accounts.

The property certified to be not in use is also determined to be surplus and will be offered for donation by our regional offices. Those items not requested for donation will be referred for sale through standard General Services Administration (GSA) sales procedures. Please ensure that no item certified to be not in use is removed from your property accounts until documentation specifying final disposition is furnished by the appropriate GSA regional office. Any questions regarding the disposal of property subject to this procedure should be directed to the GSA regional office servicing the area in which the property is located.

Sincerely,



Jay H. Bolten  
Acting Commissioner



