

Section 1 – Introduction

Values of an Effective Property Management Program

This document has been prepared to serve as a management tool for agencies of the State of Minnesota. The purpose is to establish policy and guidance for the efficient and effective use of state property. This document also contains requirements for handling surplus property, auction sales, employee-owned property in the workplace, and non-state property in the workplace.

There are many values to an effective inventory property management program:

- Protecting the state’s investment in inventory.
- Optimizing the use of state-owned property through intra-agency and inter-agency surplus property transfers.
- Obtaining the maximum resale price for non-transferable surplus property.
- Promoting reliable information in the state’s financial statements by ensuring all asset acquisitions and disposals are recorded accurately.
- Providing an adequate audit trail – an official record that substantiates ownership of all capital assets used in state operations.
- Providing a comprehensive record used as basis for risk management (insurance), preventative maintenance, and capital replacement decisions.
- Proving to underwriters of debt offerings and other creditors that the state has controls in place for effective asset management that contribute to the state maintaining a high bond rating.
- Demonstrating compliance with any grant provisions and/or donor restrictions.
- Serving as the basis for recovering reimbursement of capital asset costs associated with the execution of federal programs.
- Maintaining the public’s trust and confidence by demonstrating legitimate use of taxpayer dollars.

This policy and user guide has been prepared in order to comply with Minnesota Statute [16B.04, subd. 2\(4\)](#) and [16B.24, subd. 4](#) to provide property management direction to state agencies. The Department of Administration (Admin) is responsible for the direction of an ongoing statewide program for the effective management and control of all inventories. Admin periodically provides guidance on property management and provides assistance, as requested, to state agencies through the Surplus Services Division (phone: 651-639-4022 or e-mail: surplus.services@state.mn.us).

Agency heads are responsible for the state property acquired by their agencies based on Minnesota Statute [15.06, subd. 6\(4\)](#). Each agency is required to adhere to the property management reporting and accountability policy and may adopt this policy or establish stricter policies. Any exceptions to this policy must be approved in writing by Admin. Agencies must ensure that internal controls are sufficient to provide reliable financial and operational information; comply with policies and procedures, plans, laws, rules and regulations; and assure that assets are safeguarded. Unless required by policy, the user guide is provided as a reference to assist agencies in property management best practices.

The Statewide Integrated Financial Tools (SWIFT) is the state’s system of record for all capital assets unless an alternative source is approved by Minnesota Management and Budget (MMB). Agencies must follow SWIFT Asset Management Module processes, unless an exception is approved, to ensure that the assets are appropriately recorded.

Property Management

Definition of Key Personnel

1. **Inventory coordinator/sub-coordinator** – This person knows where the property is located and maintains appropriate property records.
2. **Individual who requested that the property be ordered** - This person ensures that the property gets to the right end-user.
3. **Individual who receives property** – This person ensures that the property is received in the appropriate recordkeeping system as applicable.
4. **Individual who pays vendor invoices** – This person matches the order documentation to the packing slip (or substitute receipt) and vendor invoice prior to making payment. If property is acceptable, and the invoice is approved for payment, this individual can process payment to the vendor on a timely basis.

Agency Staffing For Property Management

Critical to the success of any property management program is the control environment. State employees are expected to understand and comply with [Minnesota Statutes 43A.38](#), *Code of Ethics for Employees in the Executive Branch*, relating to the use of state property. Personnel assigned the responsibility for property management must possess the necessary skills and be sufficiently trained to carry out their responsibilities effectively. Agency executive management must commit resources and support to achieve compliance with these requirements.

State agencies must emphasize the importance of effective inventory management in their policy and procedure, and designate a minimum of one person as the agency inventory coordinator. It is advisable for larger agencies to appoint sub-coordinators for each major activity or division.

In addition, for financial reporting purposes, agencies are required annually to report accurate, complete, and timely capital asset information to MMB pursuant to Statewide Financial and MAPS policies related to capital asset reporting.

Inventory coordinator/sub-coordinator responsibilities include, but are not limited to:

1. Designing and preparing written documentation for agency/division property procedures as necessary.
2. Verifying that all purchases of property are accounted for and recorded as appropriate.
3. Ensuring that capital asset property is marked with a numbered asset label and that sensitive items are tagged as appropriate.
4. Monitoring the accuracy and the completeness of all inventories. A complete physical inventory (e.g., a wall-to-wall inventory count) for capital assets and sensitive items must be conducted, at a minimum, biennially. A complete physical inventory for consumable inventories must be conducted, at a minimum, annually.
5. Safeguarding the property assigned to state employees to carry out their operations by training personnel who are involved in property management for the agency.
6. Arranging for the proper disposal of property that is surplus to the agency's needs and removing property from SWIFT or other approved recordkeeping systems.