

Management of State Property

Overview

Description:

The Department of Human Services (DHS) is required to properly perform the life cycle management of the property owned by the agency. This policy is in alignment with the Department of Administration (ADM) [Property Management Reporting and Accountability Policy and User Guide](#) (PDF) dated May 1, 2014 and the Minnesota Management and Budget (MMB) [Financial Reporting Policies](#).

Reason for Policy:

The purpose of this policy is to:

- Clarify the property management terminology used at DHS;
- Outline the required criteria to effectively manage DHS property;
- Implement the proper controls within DHS to effectively account for and manage DHS property; and
- Meet and comply with the statewide requirements of stewardship and financial reporting.

Applicability:

This policy and its procedures applies to all DHS Staff.

Failure to Comply:

Failure to comply with this policy and its procedures may result in disciplinary actions or termination.

Policy:

DHS must commit the resources necessary to follow the Department of Administration's (ADM) State of Minnesota [Property Management Reporting and Accountability Policy and User Guide](#) (PDF).

- The commissioner of DHS is responsible for all state property acquired by the agency.

- DHS must appoint an agency capital asset administrator and the appropriate number of state property inventory coordinators for the effective management of DHS property.
- ADM establishes the statewide administrative policy for the management of state property and determines the accountability threshold for each category. DHS may establish stricter policies for the management of DHS property.
- MMB establishes the statewide financial policy for the financial accounting of capital assets and determines the capitalization threshold for each category of capital asset.

DHS must protect state property by monitoring its use and establishing the proper internal controls for accountability.

- State property must only be used for state business, except as authorized by the ADM Statewide Policy: [Appropriate Use of Electronic Communication and Technology](#) (PDF).
- DHS must establish internal controls in accordance with MMB Statewide Operating Policy 0102-01, [Internal Control System](#) (PDF).
- DHS must establish a code of conduct policy and procedures as required by MMB Statewide Operating Policy 0103-01, [Code of Conduct](#) (PDF).
- DHS employees must understand and comply with [Minnesota Statutes, section 43A.39, Code of Ethics for Employees in the Executive Branch](#), as it relates to the use of state property.
- DHS employees who are assigned responsibility for the management of state property must possess the skills and training to effectively carry out their responsibilities.
- DHS executive management must commit the appropriate resources and support to the DHS state property management requirements.
- Misuse of state property must be reported to a DHS state property inventory coordinator, the appropriate supervisor/manager, the director of DHS Human Resources and the DHS Internal Audits Office for possible disciplinary action. The director of DHS Internal Audits Office will be responsible to report the misuse of state property to the Office of the Legislative Auditor.
- Theft, embezzlement, or unlawful use of state property must be reported to the Office of the Legislative Auditor as required by [Minnesota Statutes, section 609.456](#) and MMB Statewide Operating Policy 0103-01, [Code of Conduct](#) (PDF). The director of the DHS Internal Audits Office will be responsible for reporting the theft, embezzlement, or unlawful use of state property to the Office of the Legislative Auditor.

The DHS state property management function (see definitions) is responsible for administering the state property accounting and management program within DHS. This includes creating and maintaining the official life cycle records of state property acquired by, in the custody of or disposed by DHS.

- ADM determines the accountability thresholds for state property. However, DHS may establish stricter accountability thresholds for stewardship purposes.
- Statewide Integrated Financial Tools (SWIFT) is the system of record for DHS accountable property. Complete and accurate records must be maintained in SWIFT.
- A serialized State of Minnesota property tag must be affixed to each accountable property item in DHS custody.

- A non-serialized State of Minnesota property tag must be affixed to each non-accountable property item in DHS custody.
- A state property item that is to be retired and disposed of must have the state property tag and/or the serialized State of Minnesota property tag removed from it prior to the property leaving DHS custody. Upon the disposition approval from ADM-Surplus Services, serialized property tags must be removed from the accountable property and attached to an [Asset Tag Removal Certification Form](#) (DOC).
- DHS must periodically conduct complete physical inventories of its accountable property. Physical inventories of accountable property must determine the existence, location, custody, and use-status of each accountable property item. Accountable property must be inventoried, at minimum, biennially. Capital assets that are reported in the statewide Comprehensive Annual Financial Report (CAFR) must be inventoried annually.
- DHS must follow the General Records Retention Schedules for State Agencies — State Property Management.
- Stolen, lost, or recovered accountable property must be documented on a [Stolen, Lost, Damaged or Recovered Property Report](#) (DOC) (LDRP Report).
- Only damaged accountable property with costs of \$30,000 or greater need to be reported on the LDRP Report. Each LDRP Report must be routed for reporting and approval as per the procedure for the associated type of retirement.
- All confiscated or seized property must be appraised upon acquisition to determine the current fair market value. Property that will be retained for DHS use will be entered into SWIFT as a DHS acquisition, property to be disposed of via auction or other required process will have adequate records maintained and available for audit purposes.

DHS must protect state property by controlling its assignment and movement.

- DHS supervisors/managers must authorize the use of state property outside of the DHS workplace.
- DHS supervisors/managers must disclose to their employees the terms and conditions for the possession and use of state property outside of the DHS workplace.
- Authorization and disclosure of terms and conditions for the use of use of accountable property outside of the DHS workplace must be documented on Agreement to Take State-Owned Property Out of the Workplace form. The signed form must identify each property item by the serialized State of Minnesota property tag number, serial number, manufacturer, model, and employee or contractor name.
- DHS employees must return accountable property that is outside of the DHS workplace when employees depart from their division/program or DHS, when the accountable property is no longer needed for DHS-related business, or when requested.
- The signed Agreement to Take State-Owned Property Out of the Workplace form must be maintained by the approving supervisors/managers, with copies on file with the DHS State property inventory coordinator.
- DHS must develop and enforce procedures to prevent unauthorized access to private or non-public data stored on state property that is used outside of the DHS workplace.
- Contractors may use state property outside of the DHS workplace provided that their State contracts identify the property and the terms and conditions for the possession and use of the items.

DHS must properly manage the disposition of state property.

- DHS staff must complete a request to retire and dispose of accountable property on the [Accountable Property Disposition Request \(APDR\)](#) (XLS) and submit to the DHS asset management team.
- The DHS asset management team will review and approve the APDR. After approving the ADPR the DHS asset management team will complete and submit the [Property Disposition Request \(PDR\)](#) (PDF) for review and approval by ADM Fleet and Surplus Services before final disposition.
- DHS must follow the procedures for building sales, pre-priced sales, auctions and sealed-bid sales as outlined in ADM's State of Minnesota [Property Management Policy and User Guide](#), May 1, 2014, unless otherwise instructed by ADM Fleet and Surplus Services.
- Liens against accountable property must be satisfied before the property can be considered surplus State property.
- State property must be retired and disposed of in a manner that complies with federal, state, and local laws and regulations.
- Accountable property that contains private or non-public data must be retired and disposed of in accordance with the MNIT Services' Enterprise Security [Information Sanitization and Destruction Standard](#) (PDF).

DHS must protect state property by controlling employee-owned property in the DHS workplace.

- Personal property of DHS employees in the DHS workplace must be documented on the [State Employee's Personal Property form](#) (PDF).
- DHS may impose restrictions on personal property in the workplace. These restrictions based on work location, program or facility will be in accordance with client or employee safety and security policies.
- The signed copy of [State Employee's Personal Property form](#) (PDF) must be maintained by the approving supervisors/managers.
- DHS employees are responsible for removing their personal property from the DHS workplace upon request or separation from employment.

Procedure:

All DHS staff must follow the procedures and requirements in the Department of Human Services [Property Disposal User Guide](#) (DOC).

Forms that Apply:

- [Agreement to Take State-Owned Property Out of the Workplace](#) (PDF | Page 59) — Minnesota Department of Administration
- [DHS Accountable Property Disposition Request](#) (EXCEL) (submitted by DHS staff)
- [DHS Serialized State Property Tax Removal Certification Form](#) (DOC) (Asset Tag Removal Certification Form)

- [Property Disposition Request](#) (submitted by the DHS asset management team) — Minnesota Department of Administration
- [State Employee’s Personal Property](#) (PDF) — Minnesota Department of Administration
- [State of Minnesota Acknowledgment of Receipt](#) (DOC) — Mobile Device Services and Equipment — Minnesota Department of Administration
- [Stolen, Lost, Damaged or Recovered Property Report \(LDRP\)](#) (PDF) — Minnesota Department of Administration

Related Policies and References:

- ADM State of Minnesota [Property Management Policy and User Guide](#) (PDF)
- ADM Statewide Policy: [Appropriate Use of Electronic Communication and Technology](#) (PDF)
- DHS Policy on [Use of State Property](#)
- DHS [Property Disposal Guide](#) (D) C)
- DHS [Finance, Contracts and Procurement](#) SharePoint Site
- MMB Statewide Operating Policy 0102-01 — [Internal Control System](#) (PDF)
- MMB Statewide Operating Policy 0103-01 — [Code of Conduct](#) (PDF)
- MMB Statewide Operating Policy 0106-01 — [Capital Asset Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-02 — [Land and Land Improvements Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-03 — [Buildings, Structures, and Improvements Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-04 — [Construction-in-Progress Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-05 — [Development-in-Progress Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-06 — [Infrastructure Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-07 — [Intangibles Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-08 — [Art and Historical Treasures Reporting](#) (PDF)
- MMB Statewide Operating Policy 0106-09 — [Equipment Reporting](#) (PDF)
- MMB Statewide Operating Policy 0602-12 — [Gifts Acceptance](#) (PDF)
- MMB Statewide Operating Policy — [Telework policy](#)

Legal Authority:

- [Minnesota Statutes, section 3.971, subdivision 9](#) — Legislative Auditor
- [Minnesota Statutes, section 15.054](#) — Sales or Purchase of State Property; Penalty.
- [Minnesota Statutes, section 15.06, subdivisions 6\(3\) and 6\(4\)](#) — Appointment of Department Heads; Terms; Deputies.
- [Minnesota Statutes, section 16A.013](#) — Gifts; Acceptance (PDF)
- [Minnesota Statutes, section 16A.055](#) — Commissioner’s Duties.
- [Minnesota Statutes, section 16A.057](#) — Internal Controls and Internal Auditing.
- [Minnesota Statutes, section 16A.50](#) — Financial Report to Legislature.
- [Minnesota Statutes, section 16A.501](#) — Report on Expenditure of Bond Proceeds.

- [Minnesota Statutes, section 16A.632](#) — Capital Asset Preservation and Replacement Account.
- [Minnesota Statutes, section 16A.633](#), subdivision 1 — Capital Funding; Maintaining Data and Reporting.
- [Minnesota Statutes, section 16A.695](#) — State Bond Financed Property.
- [Minnesota Statutes, section 16A.722](#) — Loss or Damage to State Property.
- [Minnesota Statutes, section 16B.04, subdivisions 2\(4\), 2\(6\) and 2 \(12\)](#) — Authority.
- [Minnesota Statutes, sections 16B.24 through 16B.28](#) — Management of State Property.
- [Minnesota Statutes, sections 16B.281 through 16B.298](#) — Surplus State-Owned Land and Property.
- [Minnesota Statutes, sections 16B.30 through 16B.355](#) — Capital Improvements
- [Minnesota Statutes, section 16B.55](#) — Use of State Vehicles; Compensation for use of Personal Vehicles
- [Minnesota Statutes, section 16B.245](#) — Inventory of State-Owned Land.
- [Minnesota Statutes, section 43A.38](#) — Code of Ethics for Employees in the Executive Branch.
- [Minnesota Statutes, section 43A.39](#) — Compliance with Law.
- [Minnesota Statutes, section 471.59, subdivision 1](#) — Joint Exercise of Powers.
- [Minnesota Statutes, section 609.456, subdivision 2](#) — Reporting to State Auditor and Legislative Auditor Required

Standards:

- [MNIT State of Minnesota Enterprise Security Information Sanitization and Destruction Standard \(PDF\)](#)

Definitions:

Accountable Property: An accountable property item is a State property item that is categorized as a capital asset or a sensitive asset per the definition in the Department of Administration’s (ADM) Property Management Reporting and Accountability Policy. For purposes of financial accounting, the expenditures for some accountable property items are capitalized and recorded in asset accounts for capital assets, while the expenditures for other accountable property items are expensed and recorded in expense accounts as noncapital. For DHS, accountable property is the term used to refer to the capital, noncapital and sensitive assets for which DHS must account for, maintain detailed records on, and properly manage through end of use. Historically, fixed asset is the term that DHS has used to refer to accountable property.

Accountability Threshold: The accountability threshold is set by ADM and it defines the categories of State property for which DHS must account for, maintain detailed records on, and properly manage through end of use in order to demonstrate stewardship of State property.

Asset: For the purpose of the Management of State Property see the definition of Property.

Capital Asset: For DHS, a capital asset is an asset that is used in the operations of DHS that is not intended to be sold as part of such operations. A capital asset must have a useful life of greater than or equal to two years and an acquisition value greater than \$30,000 or equal to the capitalization threshold set forth by MMB. Capital assets are accountable property items, must be inventoried on an annual basis and are required to be included in the Comprehensive Annual Financial Report (CAFR) provided to MMB.

Capitalization Threshold: The capitalization threshold is set by MMB and it defines the categories of State property for which DHS must account for, maintain detailed records on, and properly manage through end of use financial accounting purposes.

Comprehensive Annual Financial Report (CAFR): All state agencies are required to certify and submit this financial report to MMB on an annual basis. The CAFR report collects and identifies the financial information as it relates to a variety of Capital Asset categories. Data from this report is summarized and provided to the legislature for review per statute 16A.50.

Consumable Item: A consumable item is a non-accountable property item that is purchased by DHS for reissue/resale as part of the operations of DHS or incorporated into an end item during a production process.

DHS State Property Accounting and Management Program: The DHS State Property Accounting and Management Program consists of the personnel, policies, procedures, and processes within DHS to properly manage the State property acquired by or in the custody of DHS. The day-to-day operations of this program are administered by the DHS Capital Asset Administrator and the DHS State Property Inventory Coordinators.

DHS State Property Management Function: The DHS State Property Management Function is the organization that is responsible for administering the State Property Accounting and Management Program within DHS. This includes creating and maintaining the official life cycle records of accountable State property acquired by or in the custody of DHS. The DHS State Property Management Function is currently assigned to DHS Procurement, a section within DHS Contracting, Procurement, and Legal Compliance division.

Fixed Asset: Fixed Asset is a legacy term previously used to identify accountable property.

Non-Accountable Property: Non-accountable property items consists of consumable items, supply items (supplies) and property with a cost of \$0-\$4,999 with the exception of those items that qualify as a Sensitive Asset.

Personal Property: Personal property are items that are owned by DHS employees or contracted vendors and brought into the workplace. This property may or may not be used for DHS business purposes however the agency has no financial investment or stewardship responsibility of the property.

Property (State Property): Property acquired by, in the custody of and owned by DHS.

Sensitive Asset: A sensitive asset is an asset that is used in the operations of DHS that is not intended to be sold as part of such operations. A sensitive asset has a useful life of greater than or equal to two years, an acquisition value of less than \$5,000.00, and an accountability threshold of between \$0.00 and \$4,999.00. Sensitive assets are accountable property items that could be easily sold, stolen, or misused. For DHS, accountable property is the term used to refer to the capital, noncapital and sensitive assets for which DHS must account for, maintain detailed records on, and properly manage through end of use.

Supply Item (Supplies): A supply item is a non-accountable property item that is purchased by DHS for immediate use or for use within a reasonable period of time.

Surplus Property: Surplus property is State property with utility or monetary value that is obsolete, unused, no longer needed or ineffective for the operations of DHS. Such State property is excess to DHS and considered excess State property.

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Policy History:

Issue Date: 02/27/2019

Effective Date: 02/27/2019

Version 2.0

02/27/2019 (Revised)

Version 1.0

07/01/2016 (Initial Release)

This policy and its procedures remain in effect until rescinded or updated.