

State of North Dakota **SURPLUS PROPERTY**

Central Services Division
A Division of the Office of Management and Budget



STATE PROPERTY **Disposal Manual**

State Property Disposal Manual

The intent of this manual is to identify to state agencies the procedures to dispose of state-owned or acquired property within the State of North Dakota. It should be utilized as a guideline to ensure the proper submission of State Property Disposal Form Number 2426.

It is recommended all personnel that have been designated to be responsible for their agency's property become familiar with these instructions. This will help facilitate the rapid disposal of their agency's surplus property as required by law.

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About State Surplus Property . . .

State Surplus Property is the operation established to handle the distribution and disposal of state property for the State of North Dakota. State Surplus Property is part of the Office of Management and Budget in the Central Services Division.

Authority References . . .

The North Dakota State Agency for Surplus Property operates under Section 54-44-04.6 of the North Dakota Century Code.

The Law . . .

54-44-04.6. State surplus property - Department heads to inform director -
Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. Political subdivisions may provide their surplus property to the office of management and budget for disposition according to subsections 3, 4, and 5.
3. Surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
4. If not disposed of under subsection 3, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars. The office of management and budget may establish a program for the recycling and disposal of surplus property determined to be unsalable and may assess and collect service charges from the department, agency, institution, or political subdivision from which the property was received to cover direct and reasonable costs of this service.
5. All proceeds received from the transfer, sale, recycling, or disposal of surplus property must be deposited with the state treasurer for deposit in the surplus property operating fund. For each piece of property sold for less than three thousand dollars, all proceeds must be retained in the surplus property operating fund unless the office of management and budget determines the sale proceeds are subject to special requirements for distribution. For each piece of property sold for three thousand dollars or more, the Office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased. At the end of each biennium, the office of management and budget shall transfer all funds in the Surplus Property operating fund that exceed the amount needed for operating the surplus property function for one year to the general fund.

Policies and Procedures for the Disposal of State Surplus Property

Property which is surplus to the needs of a state agency must be reported to State Surplus Property regardless of its condition. The property is then disposed of according to Section 54-44-04.6 of the North Dakota Century Code. The North Dakota State Auditor has determined that the disposing agency may make inventory adjustments at the time Surplus Property takes possession of the property. It is the policy of the State of North Dakota that disposition of state surplus property be accomplished in such a manner as to prevent material benefit to any employee by virtue of their employment.

Disposal of Computers and Software . . .

Because of risk management issues, agency software and data must be removed from the hard drive of any computer being surplussed.

The following is to be done prior to reporting computers for disposal to Surplus Property.

- Format the hard drive with software or utilities available on the web or other sources. Reinstallation of the original software purchased with the computer is optional.
- Send the original software installation disks and manuals with the computer.
- Software no longer needed is to be rendered unusable and destroyed along with the manuals and licenses. There is no requirement to report it to Surplus Property.
- Software can be surplussed as long as doing so doesn't violate any license requirements and the disposing agency is willing to comply with the transfer stipulations that come with all software. It is the responsibility of the original owner of the software to see that the transfer requirements are complied with. Recourse for the manufacturers of software and hardware is with the original owner.

Procedures for Agencies Located in Bismarck . . .

It is requested that only one item be listed on a form. Multiple quantities of the same type of item may be listed on one form. For example, 5 chairs of similar type may be listed on one form.

1. Surplus items are reported to Surplus Property by completing Part A of the State Surplus Property Disposal Form, SFN 2426, and sending it to Surplus Property by inside mail or by mailing it to P.O. Box 7293, Bismarck, N.D. 58507-7293. Securely fasten a copy of the form to the property; retain a copy for agency records and send the remaining copies to Surplus Property. The form can be downloaded from the website at <http://www.nd.gov/eforms/Doc/sfn02426.pdf>.
If an electronic version of the disposal form is used, securely fasten a copy to the item and send one copy to Surplus Property. Retain one copy for agency records.
2. The disposing agency is to note on the disposal form if another state agency has expressed interest for the item(s) being reported. Complete the section on the disposal form for the transfer of property in which a contact person is designated. Do not send property that will be transferred to another agency to Surplus Property.
3. Property with an estimated current value of \$400 or more may be listed on an Internet auction site for sale. Someone from the Surplus Property office will call for more

information about the items intended for Internet sales. Property will not be listed for sale on the Internet until the item has been made available to state agencies and other eligible organizations.

4. Property may be delivered to the Surplus Property facility, Building 12, Igoe Industrial Park, between 8:30 a.m. and 3:00 p.m., Monday through Friday. All property delivered to Surplus Property must have a copy of the disposal form attached to it.
5. Property will be picked up on Thursdays from the capitol loading dock. A copy of the disposal form must be securely fastened to the property or the property will not be picked up. Agencies located outside the capitol need to make arrangements with Surplus Property to have their property picked up. Agencies that need property picked up other than Thursdays must arrange a time with Surplus Property.
6. Agencies will receive a monthly report showing all activity regarding their property.
7. Surplus Property will retain all proceeds from the sale of surplus property unless an agency has special requirements to meet in the disposal of their property or the item sells for more than \$3,000. Net proceeds (gross proceeds less Surplus Property's administrative costs) from the sale of these items will be distributed as the sales occur.
8. At the end of each biennium, funds generated from the sale of surplus property exceeding one year's operating expenses will be deposited into the State's general fund.

Procedures for Agencies Located Outside of Bismarck . . .

Agencies located outside of Bismarck/Mandan can dispose of their unneeded assets from their location but it must be done according to NDCC 54-44-04.6 and the procedures outlined in this manual. Please see Item 6 below for the procedures for disposing of property on-site.

The property may also be delivered to the Surplus Property facility, Building 12, Igoe Industrial Park, Bismarck, between 8:30 a.m. and 3:00 p.m. Monday through Friday. All property delivered to Surplus Property must have a copy of the disposal form attached to it.

Please follow the procedures listed below.

1. Surplus items are reported to Surplus Property by completing Part A of the State Surplus Property Disposal Form, SFN 2426, and mailing it to PO Box 7293, Bismarck, N.D. 58507-7293. Securely fasten a copy of the form to the property; retain a copy for agency records and send the remaining copies to Surplus Property. The form can be downloaded from the website at <http://www.nd.gov/eforms/Doc/sfn02426.pdf>.
2. Securely fasten a copy to the item and send one copy to Surplus Property. Retain one copy for agency records.
3. The disposing agency is to note on the disposal form if another state agency has expressed interest for the item(s) being reported. Complete the section on the disposal form for the transfer of property in which a contact person is designated. Do not send property that will be transferred to another agency to Surplus Property.
4. Property with an estimated current value of \$400 or more may be listed on an Internet auction site for sale. Someone from the Surplus Property office will call for more information about the items intended for Internet sales. Property will not be listed for sale on the Internet until the item has been made available to state agencies and other eligible organizations.
5. Property may be delivered to the Surplus Property facility, Building 12, Igoe Industrial Park, Bismarck, between 8:30 a.m. and 3:00 p.m., Monday through Friday. All property

delivered to Surplus Property must have a copy of the disposal form attached to it. If the property is to remain on location, inventory numbers will be assigned to each item on yellow inventory tags and mailed to the disposing agency. As disposition of the property occurs, it is to be indicated on the tag and the tag returned to Surplus Property.

6. Agencies will receive a monthly report showing all activity regarding their property.
7. Surplus Property will retain all proceeds from the sale of surplus property unless an agency has special requirements to meet in the disposal of their property or the item sells for more than \$3,000. Net proceeds (gross proceeds less Surplus Property's administrative costs) from the sale of these items will be distributed as the sales occur.
8. At the end of each biennium, funds generated from the sale of surplus property exceeding one year's operating expenses will be deposited into the State's general fund.

Sales to the Public . . .

State property is available for sale to the general public for personal use on a first-come, first served basis for items valued at less than \$3,000. Items valued at more than \$3,000 can only be sold to the general public by sealed bid or by auction. Surplus Property reserves the right to determine the best method of disposing of state-owned assets, regardless of its value, for which there is no known requirement for the property by an eligible organization as defined in the Federal Property and Administrative Services Act.

Some items may be sold on an Internet auction site. Links to the auction sites are on Surplus Property's website at www.state.nd.us/csd/surplus/default.html.

The Surplus Property Disposal Form, SFN2426, is available through Central Supply or online at: <http://www.state.nd.us/eforms/Doc/sfn02426.pdf>

Instructions for Completing SFN 2426 - State Property Disposal Form. . .

Part A: To be completed by disposing agency.

Agency - Name of the disposing agency.

Location of the Property - List where the property is located at the time the form is completed.

Date - Date the form is being completed.

Phone - List the phone number of the person to contact to make arrangements for pickup.

Complete Description of Item - List the description of the item.

Date Purchased - List the date the item was purchased. Leave blank if the information is not available.

Original Cost - List the original cost. Leave blank if the information is not available.

Agency Inventory No. - List the agency inventory number. Leave blank if your agency has not assigned a number to the item.

Condition of Item - Check the most accurate condition of the item.

Purchased with Monies from - Check the fund from which the item was purchased. Leave blank if the information if not available.

Is the Current Value of this Asset \$400 or More? If the value, not original purchase price, of the asset is \$400 or more, it may be listed on an Internet auction site for sale to the public after state agencies and other eligible organizations have had the opportunity to acquire the item(s).

Has another agency expressed interest in this property? If yes, fill out information below. If no, go to Date and Authorized Signature.

Agency - List name of agency interested in the property.

Person - List person to contact with the interested agency.

Phone - List phone number of the interested person.

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Date - List the date the form is signed.

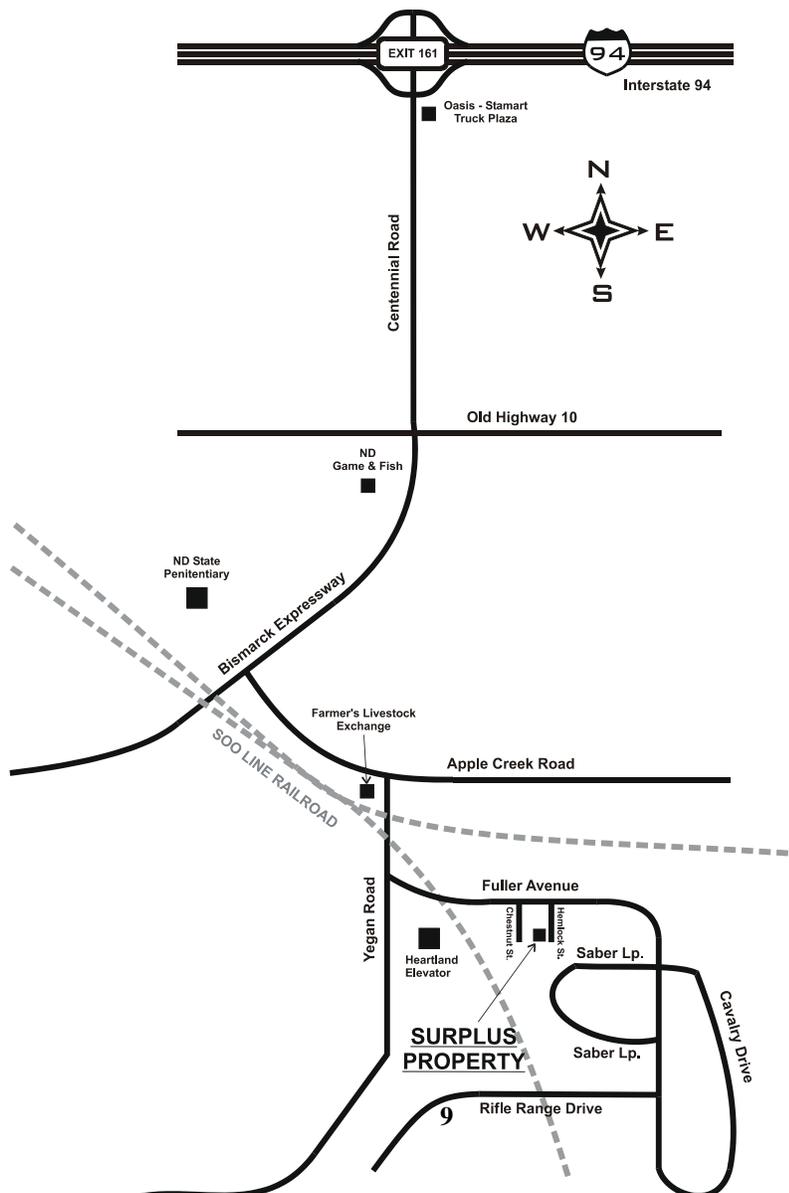
Authorized Representative - Signature of authorized agent for the disposing agency.

Part B: This section will be completed by State Surplus Property.

Location of SASP Warehouse . . .

The SASP warehouse is located in the Igoe Industrial Park, Building 12, Bismarck, N.D. Listed below are directions from I94, Exit 161:

- Go South 2.2 miles on Centennial Road/Bismarck Expressway.
- Turn left onto Yegan Road.
- Turn left onto Fuller Avenue. Note: There is a red sign with white writing that says North Dakota State Surplus Property.
- Turn right onto Hemlock Street. Note: There is a red sign with white writing that says North Dakota State Surplus Property.
- Surplus Property's warehouse is the last set of concrete buildings on the right hand side. Note: There is a red sign with white writing that says North Dakota State Surplus Property.



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