

# **Performance Audit City-Owned Surplus Personal Property**

**February 2014**



**Office of the City Auditor  
Kansas City, Missouri**

11-2013





## Office of the City Auditor

21<sup>st</sup> Floor, City Hall  
414 East 12<sup>th</sup> Street  
Kansas City, Missouri 64106

(816) 513-3300  
Fax: (816) 513-3305

February 19, 2014

Honorable Mayor and Members of the City Council:

This performance audit of city-owned surplus personal property was initiated by the city auditor after a request from General Services Department management. As part of the structured change management process General Services is undergoing, management asked the City Auditor's Office to conduct an audit of their surplus personal property program. The audit focuses on the disposition process and safeguards for keeping surplus personal property protected from loss or theft.

We found that the surplus personal property office could improve its inventory records and documentation of the disposition of items. The office has not been documenting all surplus items they receive into inventory. For example, they do not record the receipt of surplus items they know will be taken to a scrap metal dealer.

We found the surplus personal property database to be reasonably accurate for the surplus items that are recorded in it. However, the staff do not use the database to record the disposition of all surplus items. For example, information about surplus vehicles and large pieces of equipment is kept separately and typically is not entered into the surplus database. The use and function of the database should be improved so that information about all surplus items can be kept in one system, thereby reducing the risk of data entry errors and increasing efficiency.

The surplus property office does not always follow city rules related to transferring surplus items between general fund and enterprise departments. However, when a surplus item purchased with enterprise department funds is sold, the surplus office assigns the revenue to the proper department. The security of city surplus assets could be improved through segregation of duties among staff. More comprehensive policies and procedures should be written to include how the surplus office staff process property once it is received.

The city's manual of instruction (MI) 2-24 has not been revised since the General Services Department took responsibility for surplus property disposition. MI 2-24 does not reflect the current city process because it still references the Finance Department being responsible for surplus property.

The city follows some recommended practices in the management of surplus personal property. For example, one office is responsible for managing surplus property. The surplus property office maintains an online "catalog" of items that employees can look through when their department needs an item. The

item is described and there is a link to pictures of the item. The surplus property office also regularly lists items at on-line auction websites such as GovDeals.com.

We make recommendations intended to strengthen the documentation of items as they move through the surplus disposition process and improve safeguards over the security of city-owned surplus personal property.

We shared a draft of this report with the director of general services on January 9, 2014. His response is appended. We would like to thank the surplus personal property office and other General Services Department staff for their cooperation throughout the audit. The audit team for this project was Joan Pu and Deborah Jenkins.



Douglas Jones  
City Auditor

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# City-Owned Surplus Personal Property

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## Introduction

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### Objectives

We conducted this audit of city-owned surplus personal property under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties. Additionally, as part of the structured change management process the General Services Department is undergoing, management asked the City Auditor's Office to conduct an audit of their surplus personal property program.

A performance audit provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.<sup>1</sup>

This report is designed to answer the following question:

- Are safeguards adequate to protect city-owned surplus personal property?

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### Scope and Methodology

Our review focuses on safeguards in place to protect city-owned surplus personal property. Our audit methods included:

- Reviewing the city charter, Code of Ordinances, administrative regulations, manual of instruction, audit reports from other jurisdictions, and literature to identify criteria related to surplus property operations.

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<sup>1</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2011), p. 17.

## *City-Owned Surplus Personal Property*

- Reviewing investment recovery<sup>2</sup> literature and websites to identify recommended practices related to disposing of surplus personal property.
- Interviewing the surplus property office and other General Services Department staff to learn about the city's process for disposing of city-owned surplus personal property.
- Examining policies and procedures from other public surplus disposition programs to review their surplus processes.
- Reviewing the Surplus Property Management System and other records related to the inventory, redistribution, and sales of surplus personal property to understand how staff tracks surplus property.
- Selecting a judgmental sample of surplus items in the warehouse and tracing them back to the Surplus Property Management System to check the completeness of the database.
- Selecting a judgmental sample of surplus items listed as sold on the Surplus Property Management System database and reviewing sales documentation for each item to determine whether record-keeping is adequate.
- Tracing documentation for items from a June 2013 list of vehicles and equipment decommissioned by the central fleet division to identify whether there was adequate evidence of their final disposition.
- Reviewing the Surplus Property Management System manual to learn what surplus property information the SPMS is designed to collect.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit

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<sup>2</sup> Selling off or disposing of obsolete, scrap, surplus, or waste supplies, equipment, or material in a way that maximizes the return while minimizing costs and liabilities. This is also called asset recovery.

objectives. No information was omitted from this report because it was deemed privileged or confidential.

We assessed the reliability of the data in the Surplus Property Management System (SPMS) by selecting a sample of surplus items in the warehouse and checking whether they were in the SPMS database, and by choosing a sample of surplus items shown as sold in an SPMS report and checking for documentation of the sale. We determined that the data in the SPMS is sufficiently reliable for the purposes of this report.

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## Background

### City-Owned Surplus Personal Property Disposition

The surplus property office in the General Services Department collects, processes, and redistributes or sells city-owned personal property no longer needed by a department. Items left on city property that remain unclaimed are also processed as surplus personal property. Personal property includes all serviceable and unserviceable supplies, furniture, equipment, materials, unclaimed lost and found items, vehicles, and other tangible property exclusive of real property such as land and buildings. The primary goal for the surplus property office is to maximize the reuse of property by other departments or the general public, thereby promoting and facilitating sustainable reuse and minimizing waste. When a department determines it no longer needs items like chairs, tables, filing cabinets, or other office furnishings and equipment, the surplus property office will pick up the items and process them for reuse or sale. The surplus property office also processes surplus vehicles and heavy equipment.

Reutilization by other departments is the preferred disposition of surplus property because it saves the city money by eliminating the need to buy the same item new. The surplus property office maintains a website on the city's intranet that serves as an on-line catalogue where departments can "shop" for surplus items needed at their location. The surplus items are described and pictured on the website. A department may "request" the item on the website and the surplus property office will deliver it.

The surplus property office also has a publicly accessible website on which they sell some items. Surplus property office staff price these items at "fair market value," which they determine by considering factors such as what the item would cost new, the condition of the item, and how

much other on-line sites are charging for similar items, and then applying their professional judgment based on experience to price the item.

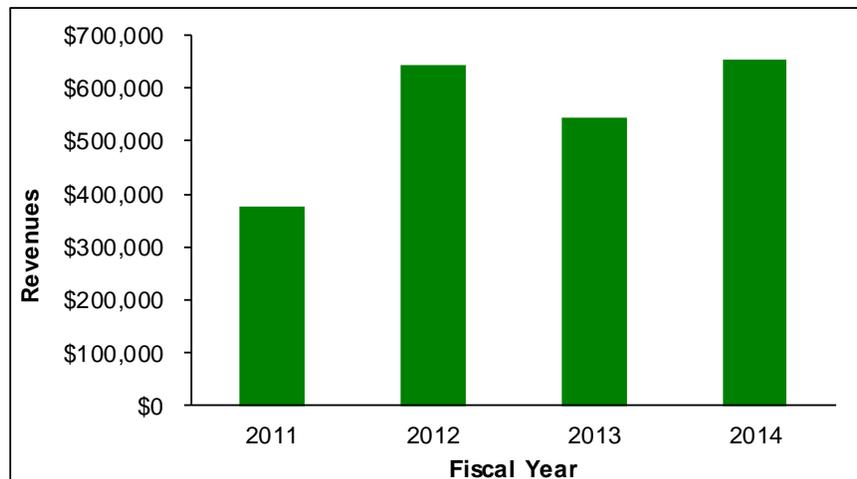
The surplus property office also uses on-line auction sites, such as GovDeals.com, to sell items. When surplus property office staff post an item on an auction website, they can set a minimum price the city will take for the item. If the bidding does not reach that price, the city is not obligated to sell it.

Surplus property staff also maintain informal networks of buyers who they can contact if they know a surplus item would be of use to them. Finally, unusable items are sold as scrap metal when appropriate. If the item is unusable and has no scrap value, surplus property office staff throws it away.

### Annual Revenues

Generally, surplus property sales have been increasing since fiscal year 2011. (See Exhibit 1.) Most revenue comes from the sale of vehicles and heavy equipment.

Exhibit 1. Annual Revenue from Surplus Property Sales – Fiscal Years 2011-2014<sup>3</sup>



Source: General Services Department.

<sup>3</sup> Through October 2013.

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## **Findings and Recommendations**

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### **Inventory Records and Disposition Documentation Could Be Improved**

The surplus office does not always document the receipt of surplus items that cannot be reused or reasons for and management approval for throwing items away or reducing prices on items. The inventory and disposition records of surplus office furniture and equipment seem adequate. In a sample of 28 surplus vehicles and heavy equipment, disposition records could not be found for two of them. The surplus office does not always follow city rules when transferring surplus items between general fund and enterprise departments. In addition, the inventory database used by the surplus office should be enhanced or replaced with software that can capture all information needed by the surplus office to document the chain of custody for surplus items.

#### **Custody of All Items Should Be Documented Upon Receipt**

Surplus office staff does not document the receipt of all surplus items received. For example, the office does not always record the receipt of property they know will be sold as scrap metal. In addition, they have not been documenting what items have been sold as scrap metal. To ensure items taken into the custody of the surplus office can be accounted for, all surplus items received should be documented even when the items will be sold as scrap metal. Other surplus items received are not numbered right away and are not entered into the inventory database. For example, surplus property office staff told us that if the item is likely to be sold through an on-line auction service, they do not assign it a number until right before they post it to the auction website.

Some items received by the surplus office (e.g., office furniture and supplies) are numbered and photographed within a few days of receipt and added to the Surplus Property Management System (SPMS) database. They are then available for other city employees to view online when looking for items needed by their office. The SPMS is updated when an item is redistributed so the “catalog” is up to date. Following the same receiving procedure for all items helps improve completeness of records and consistency of operations. Timely documentation of the receipt of surplus items also reduces errors and opportunities for items to be lost or stolen.

To ensure complete inventory records and to reduce the risk of loss or theft, the director of general services should require the surplus office staff to document the receipt of all items, including scrap materials, at the time they take custody of it.

### **Reasons for Throwing Items Away and Reducing Prices Should Be Documented**

Surplus office staff throw away items without documenting why and without management approval. In some cases, surplus property is so damaged, it is unreasonable to attempt to redistribute or sell it. In these cases, the surplus property staff throws away the property and documents it in the SPMS as “junked.” However, the surplus office does not keep a record describing why the item was considered unusable or who made the decision to “junk” it.

Some items are also “marked down” from the price originally set by the surplus staff without a documented reason or note of who made the decision. In our sample of items sold, we found that some items had been marked down, usually only a few dollars, from the fair market value price determined for the item when it was first received by the surplus office. There was no documentation indicating why it was reduced and by whom. Documentation of management approval of decisions to junk items or reduce prices would protect employees from unwarranted suspicion that valuable items are stolen and then categorized as “junked” in the database or that discounts are given only to certain buyers.

To ensure surplus items are not junked or discounted when they should not be, the director of general services should require staff to document their reasons for junking items or reducing prices on items and management approval before final disposition of the items.

### **Office Furniture and Equipment Seem to Be Accounted for in Inventory Records**

We reviewed a sample of 21 pieces of surplus office furniture and equipment. We checked whether the item numbers were in the SPMS and whether the description and picture of the item matched the items. We found all but one item in the database. We also took a sample of 24 items that were shown as “sold” on the SPMS database and reviewed supporting documentation of the sales. Hard copy documentation for five items in our sample which had been sold in 2011 was inadequate. However, the remaining 19 items in our sample were sold in either 2012 or 2013 and had ample supporting documentation such as a bill of sale,

description/item number of item sold, and a copy of the money order from the customer.

### **A Vehicle and Piece of Heavy Equipment Were Not Accounted for in Disposition Records**

We reviewed a sample of 28 vehicles and pieces of equipment that the central fleet division had told the surplus property office were decommissioned and available to sell during 2013. Of the 28, we were unable to trace the disposition of two – a snow plow (plow only, no vehicle) and a sewer truck. Surplus property office staff told us they were not able to locate the two items when they initially received the list of decommissioned vehicles and equipment.

The central fleet division provides a spreadsheet listing decommissioned vehicles and equipment that are available to sell and notifies surplus office staff. Surplus office staff go to various locations to verify all newly decommissioned vehicles and equipment. Staff take pictures and list the vehicles and equipment for sale (usually on an on-line auction website). The surplus office staff noted in their files that they could not find the two pieces of equipment in our sample when they went to verify them. Surplus office staff said they follow up with central fleet when they cannot locate items on the decommissioned list, and that they do not consider vehicles and equipment to be in their custody until they have been located.

To ensure city assets are accounted for, the director of general services should require surplus office and central fleet staff work together to locate all items on the list of decommissioned vehicles and equipment that are available to sell.

### **Rules Regarding Transfer of Items to and from Enterprise Departments Not Followed**

The surplus property office does not charge general fund departments when a surplus item originally purchased with enterprise department funds is redistributed to them. Conversely, if an enterprise department receives a redistributed surplus item originally purchased by a general fund department, the enterprise department is not charged fair market value for the item. The exception to this is when a vehicle is redistributed between an enterprise department and a general fund department. In these cases, the surplus office asks the departments to work out the value of the transfer.

City rules require that when a surplus item originally purchased by an enterprise fund is redistributed to a general fund department, the transfer be at fair market value as determined by the surplus property office, and conversely, when a surplus item purchased with general funds is redistributed to an enterprise department, the enterprise department be charged the item's fair market value.<sup>4</sup>

The code also requires that when the surplus office sells an item originally purchased with enterprise funds, revenue from the sale be returned to the enterprise department that originally purchased it.<sup>5</sup> The surplus office follows this requirement.

To comply with the Code of Ordinances, the director of general services should ensure that the surplus property office tracks the redistribution of items between general fund and enterprise fund departments and charges the receiving department fair market value for surplus items.

### **Inventory Database Use and Function Could Be Improved**

The Surplus Property Management System (SPMS) database does not have the data fields needed to capture all information the surplus office needs. For example, there are no data fields to record what department relinquished an item to surplus or on what date the surplus office received the item. In addition to the SPMS database, staff keep a separate spreadsheet to document surplus items that have been sold. Duplication of data entry is inefficient and increases the risk of data entry errors. For example, we found an instance where the SPMS indicated an item had been sold for \$900 and the spreadsheet indicated it sold for \$500. A review of the sales documentation showed the item actually was sold for the lower amount listed on the spreadsheet. The amount in the SPMS was a data entry error. Having software that would record all the information needed by the surplus office would eliminate the need to enter data into two systems and provide accurate inventory and disposition reports.

In some cases, the surplus staff is not using the SPMS disposition categories to accurately reflect what happened to an item. The office is currently recording items that are redistributed to other departments as having been "auctioned" rather than using the more descriptive category "reused." Using accurate disposition categories allows management to report useful information about what happens to surplus items and the activity of the surplus office.

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<sup>4</sup> Code of Ordinances, Kansas City, Missouri, Sec. 2-1843(8).

<sup>5</sup> Code of Ordinances, Kansas City, Missouri, Sec. 2-1845(a).

To create and maintain complete and accurate surplus inventory and disposition records, the director of general services should explore the possibility of improving the functionality of the SPMS (e.g., adding additional fields) or upgrading to newer software, and ensure staff is using the most appropriate surplus disposition categories.

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## **Policies and Procedures to Protect Assets Need to Be Strengthened**

Separating incompatible duties so that staff do not have full access to both surplus property and the SPMS database would help prevent mistakes or frauds from going undetected by management. The surplus office needs to update its department surplus property liaison list. The surplus office standard operating procedures could be more comprehensive by documenting management's expectations and directing the work of the surplus office staff.

### **Segregation of Duties Would Increase Security of Surplus Property**

All four surplus property office employees have unlimited access to inventory and inventory records creating an inadequate segregation of duties. The employees receiving the surplus property from departments enter the property information into the surplus inventory database and have the ability to delete or change a record. Another employee who receives payment for items and submits the payment for deposit can delete or change a record. Inadequate segregation of duties increases the risk that a theft could occur and go undetected. For example, a staff person could take a surplus item and change the SPMS status to reflect the item had been "junked." Nothing in the records would suggest there had been a theft.

Proper segregation of duties reduces the risk that unintentional errors or fraud can go undetected by management. Segregation of duties also protects employees. It prevents unwarranted suspicion of honest employees if assets are missing.

Currently all employees have the highest level of access to the SPMS database. They can create or delete a record and make changes to all data fields. The SPMS has four levels of security available. Each level authorizes specific access rights. Limiting full access to one or two employees would reduce the risk of theft.

### **Segregation of Duties as an Internal Control**

A fundamental element of internal control is the segregation of certain key duties. No employee should be in a position to perpetrate and conceal errors or fraud in the normal course of their duties. One person should not have both access to assets and responsibility for maintaining the accountability of those assets. In general, the principal incompatible duties to be segregated are:

- Custody of assets
- Authorization or approval of related transactions affecting those assets
- Recording or reporting of related transactions

Source: Nick Stone, "Simplifying Segregation of Duties," Internal Auditor, April, 2009. Retrieved October 23, 2013.

<http://www.theia.org/intAuditor/itaudit/2009-articles/simplifying-segregation-of-duties/>

To reduce the risk of undetected theft occurring in the surplus property disposition process, the director of general services should require the surplus property office to limit full access to the SPMS database to only one or two staff.

### **Surplus Property Liaison List Outdated**

An internal control described in surplus property office standard operating procedures is for each department to assign a person through which all surplus activity occurs. The practice of having a departmental liaison helps ensure that there is one person who is aware of all items being relinquished to surplus and/or items being acquired from surplus. This protects city-owned surplus items from being unsystematically transferred to and from surplus, which may result in inadequate record keeping of assets and loss.

A review of the department liaison list showed it is out of date. Our review showed some departments did not have a surplus property liaison listed. Some employees listed as liaisons did not know they were assigned that role for their department. Six individuals who no longer work for the city are listed as department liaisons.

To ensure that there are liaisons in each department who coordinate all surplus activities, the director of general services should update the department liaison list and keep it updated.

### **Policies and Procedures Could Be More Comprehensive**

The surplus property office has many practices in place for processing surplus property, but most of these are not formalized into written policies and procedures. For example, management said they attempt to get a surplus item numbered within two days of picking it up from a department, and try to get it photographed, listed on the intranet, and ready for redistribution as soon as they can. There are no written policies and procedures that reflect this goal. There are also no written policies and procedures to guide decisions about how long to keep items in the warehouse, how to determine fair market value of items, what items to hold for redistribution, and what items to sell.

Written policies and procedures provide a basic framework of management's expectations for what must be done and how to do it properly to accomplish the department's mission and goals. Written policies and procedures also serve as a training resource for new staff.

To ensure consistency and accuracy of the surplus property process and a shared understanding of department goals, the director of general services should create written policies and procedures that outline management's expectations and direct the work of staff.

### **Surplus Property SOPs Include Unapproved Revision of MI 2-24**

The surplus office revised the city's manual of instruction (MI) 2-24, Surplus City Personal Property, in March 2012 for its standard operating procedures manual. The revision reflects the transfer of responsibility for surplus personal property from the Finance Department to General Services. However, the MI 2-24 revised by surplus property staff has not been authorized. The MI 2-24 that appears in the official manual of instruction was authorized in May 1999 and does not reflect the transfer of responsibility for surplus personal property to General Services.

The stated purpose of the city's manual of instruction is to provide information and instructions to departments concerning operations that are the responsibility of the Finance Department. Because surplus property is no longer the responsibility of Finance, it may be more appropriate to remove MI 2-24 from the manual of instruction and use it as the basis for making a city administrative regulation that addresses the disposition of surplus personal property. The city's administrative regulations are general guidelines in the form of stated management standards and a delineation of procedures and instructions required to implement responsibilities across department lines.

To ensure the city's guidelines about surplus personal property disposition reflect the current management structure and process, the director of general services should work with the director of finance to update and authorize the guidelines.

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## **Recommendations**

1. The director of general services should require the surplus office staff to document the receipt of all items at the time they take custody of it.
2. The director of general services should ensure there is documentation of management approval for surplus items that are thrown away or sold at a reduced price.
3. The director of general services should require the surplus office and central fleet division to work together to locate all identified vehicles and equipment that have been decommissioned and ready for sale.
4. The director of general services should ensure that the surplus property office tracks the redistribution of items between general fund and enterprise departments and charges the receiving department fair market value for those items.
5. The director of general services should ensure staff is using accurate surplus disposition categories, and explore the possibility of improving the functionality of the Surplus Property Management System (SPMS) database or upgrading to newer software.
6. The director of general services should require the surplus property office to limit full access to the SPMS database to only one or two staff members.
7. The director of general services should ensure surplus office staff update the surplus property liaison list.
8. The director of general services should create written policies and procedures that outline management's expectations and direct the work of staff.
9. The director of general services should work with the director of finance to ensure the city guidelines for the disposition of surplus property are up-to-date.

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**Appendix A**

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**Director of General Services' Response**

*City-Owned Surplus Personal Property*



## GENERAL SERVICES DEPARTMENT



**DATE:** January 30, 2014  
**TO:** Douglas Jones, City Auditor  
**FROM:** Earnest Rouse, Assistant City Manager/Director of General Services  
**SUBJECT:** Response to Surplus Property Office Audit 2014

The General Services Department requested an audit of the Surplus Property Office by the City Auditor's Office as part of the department's continuing initiative of Structured Change Management.

The General Services Department values program review and transparency in its efforts to improve the department's performance in the delivery of services to the City, and this audit is a welcome and important element in these efforts.

I thank the City Auditor's Office for their work on behalf of the General Services Department.

Please find my responses to the findings of the audit as provided below:

- 1. The Director of General Services should require the Surplus Property Office staff to document the receipt of all items at the time custody is taken.**

*Agree. Henceforth, Surplus Property Office staff will properly and completely record all items when they receive/retrieve such items from the relinquishing department. (See Attachment #1).*

- 2. The Director of General Services should ensure there is documented management approval for surplus items that are thrown away or sold at a reduced price.**

*Agree. Surplus Property Office process forms have been amended to require final approval by division managers for price reduction and/or final disposal of relinquished property. (See Attachments #2 and #3).*

- 3. The Director of General Services should require the Surplus Property Office and the Central Fleet Division to work together to locate all identified vehicles and equipment that have been decommissioned are ready for sale.**

*Agree. The Surplus Property Office and the Fleet Services Division are using new procedures to ensure the accuracy of all identified vehicles and equipment designated as decommissioned; these items will be prepared for sale.*

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*Further, both Fleet Services and the Surplus Property Office will update their standard operating procedures to reflect the changes to their business procedures.*

- 4. The Director of General Services should ensure that the Surplus Property Office tracks the redistribution of items between general fund and enterprise departments, and charges the receiving department fair market value for those items.**

*Agree. Surplus Property Office staff will begin assessing fair market value of all such items, and tracking redistribution in accordance with Manual of Instructions MI 2-24.*

- 5. The Director of General Services should ensure staff are using accurate surplus disposition categories, and explore the possibility of improving functionality of the Surplus Property Management System (SPMS) database or upgrading to newer software.**

*Agree. The Surplus Property Office will work with the Information Technology Division to accurately categorize surplus items and to investigate software solutions to improve business processes.*

- 6. The Director of General Services should require the Surplus Property Office to limit full access to the SPMS database to only one or two staff members.**

*Agree. The Surplus Property staff will determine appropriate levels of access to the database, and work with the Information Technology Division to make necessary changes.*

- 7. The Director of General Services should ensure Surplus Property Office staff update the Surplus Property Liaison list.**

*Agree. The Surplus Property staff will correct the liaison list and update it quarterly to ensure accuracy.*

- 8. The Director of General Services should create written policies and procedures that outline management's expectations and direct the work of staff.**

*Agree. The staff of the Surplus Property Office will review and revise the standard operating procedures to ensure clarity and compliance with charter requirements and management expectations.*

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**9. The Director of General Services should work with the Director of Finance to ensure City guidelines for the disposition of surplus property are up-to-date.**

*Agree. Staff members from the aforementioned departments have initiated a project to update MI 2-24 (attached) in order to reflect current procedures. A draft of this document is currently under review.*

cc: Troy M. Schulte, City Manager  
Cedric Rowan, Procurement Services Manager

Attachments







## ATTACHMENT NO. 4

**Maintaining & Distributing the Current Surplus List Procedure**

1. MSC's Light Section Supervisor will go to [FleetData/Surplus Vehicles/Current Working Copy](#) and look at the 1<sup>st</sup> tab called, "SURPLUS UNITS NOT STRIPPED" and verify the information is up to date. If any of the vehicles listed on that tab have been stripped and prepared for disposal then an e-mail will be sent to the Superintendent of Motor Equipment updating him of the vehicle unit number that has been stripped, prepared for disposal and where the vehicle is currently located.

If there are any new vehicles at MSC that **are not** on the 1<sup>st</sup> tab "SURPLUS UNITS NOT STRIPPED" the MSC's Light Section Supervisor will e-mail the Superintendent of Motor Equipment with as much information as possible on the vehicle or piece of equipment and the current location. That vehicle or piece of equipment will not be stripped or any work performed until it appears on the [FleetData/Surplus Vehicles/Current Working Copy](#) on the 1<sup>st</sup> tab called, "SURPLUS UNITS NOT STRIPPED".

2. When the Superintendent of Motor Equipment receives an e-mail from MSC's Light Section Supervisor with updated information or any corrections to be made to the 1<sup>st</sup> tab "SURPLUS UNITS NOT STRIPPED", the Superintendent will review the information and if new information is required will then go to [FleetData/Surplus Vehicles/Current Working Copy](#) 1<sup>st</sup> tab "SURPLUS UNITS NOT STRIPPED" and update or add the new information provided for the MSC's Light Section Supervisor to work off of.
3. Surplus Property personnel will be responsible for verifying all of the information on the 2<sup>nd</sup> tab, "SURPLUS UNITS READY FOR SALE" in [FleetData/Surplus Vehicles/Current Working Copy](#). If any of the information is incorrect or any changes need to be made, Surplus Property personnel will send an e-mail to the Superintendent of Motor Equipment with the changes that need to be made. When the Superintendent of Motor Equipment receives the e-mail from Surplus Property personnel he will make the necessary changes and updates on the 2<sup>nd</sup> tab, "SURPLUS UNITS READY FOR SALE" in [FleetData/Surplus Vehicles/Current Working Copy](#).
4. The Superintendent of Motor Equipment will be responsible for verifying and updating the information on 3<sup>rd</sup> tab "UNITS RECENTLY SOLD" in [FleetData/Surplus Vehicles/Current Working Copy](#). The information to be updated on the 3<sup>rd</sup> tab will come from Surplus Property when any City vehicle has been sold, removed from city property and the M5 database has been updated to reflect the sale information.
5. The Superintendent of Motor Equipment will be responsible for verifying and updating the information on the 4<sup>th</sup> tab "TOTALLED & WAITING FOR LEGAL" in [FleetData/Surplus Vehicles/Current Working Copy](#).

6. The Superintendent of Motor Equipment will be responsible for updating any and all information on the Current Working Copy of the Surplus List that is in [FleetData/Surplus Vehicles/Current Working Copy](#). After any information is updated or added to the Current Working Copy it will be SAVED. Then it will also be SAVED in [FleetData/Surplus Vehicles/Surplus Lists –History/Surplus List \(then the date that the Surplus was updated\)](#)
  - a. An e-mail will be sent to all interested parties with a notice that the latest revised Surplus list is available and where it can be found. EXAMPLE: [FleetData/Surplus Vehicles/Surplus Lists – History/Surplus List + \(date\)](#).
7. The Superintendent of Motor Equipment will need to go to [FleetData/Surplus Vehicles/Current Working Copy](#) every time after the latest copy has been SAVED in [FleetData/Surplus Vehicles/Surplus Lists –History/Surplus List + \(date\)](#) and interested parties have been notified and follow the steps listed below in [FleetData/Surplus Vehicles/Current Working Copy](#).
  - i. The revision date must be changed to the current day on all 4 tabs.
  - ii. If there are sold vehicles on the 3<sup>rd</sup> tab “UNITS RECENTLY SOLD” they will need to be removed.
  - iii. On the 1<sup>st</sup> tab “SURPLUS UNITS NOT STRIPPED” all information will be reviewed. Any new vehicles that are surplus units that need to be stripped will be added to this tab so the MSC’s Light Section Supervisor will have an accurate and current list to work off of.
  - iv. On the 2<sup>nd</sup> tab “SURPLUS UNITS READY FOR SALE”, all e-mails received from MSC’s Light Section Supervisor with information regarding a vehicle that has been stripped and prepared for disposal, that vehicle’s information will be removed from the 1<sup>st</sup> tab “SURPLUS UNITS NOT STRIPPED” and be added to the 2<sup>nd</sup> tab “SURPLUS UNITS READY FOR SALE”.
  - v. On the 3<sup>rd</sup> tab “UNITS RECENTLY SOLD”, all e-mails received from Surplus Property or the Tow Lot since the last updated Surplus List will be updated with the vehicle and sale information. The vehicle unit will be removed from the 2<sup>nd</sup> tab “SURPLUS UNITS READY FOR SALE”.
  - vi. On the 4<sup>th</sup> tab “TOTALLED & WAITING FOR LEGAL” all e-mails received from Legal that the City’s law/legal department will be handling a vehicle will be updated and include the contact name and phone number of the person in Legal that is handling the vehicle.
8. The Superintendent of Motor Equipment will continually update [FleetData/Surplus Vehicles/Current Working Copy](#) as soon as new information is provided by MSC’s Light Section Supervisor, Surplus Property, Tow Lot or the Legal Department. Every time an update or revision is made to the Current Working Copy it will be SAVED and then SAVED in [FleetData/Surplus Vehicles/Surplus Lists – History/Surplus List + \(date\)](#)
  - a. An e-mail will be sent to all interested parties notifying all that an update has been made and informing them of the directory and location that the latest dated revision can be found.

**ATTACHMENT NO. 5**

**INTER-DEPARTMENT UNIT TRANSFERS FROM SURPLUS**

WHEN A DEPARTMENT WANTS TO TRANSFER A UNIT IN SURPLUS TO THEIR DEPARTMENT -

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The unit cannot be transferred until the Fleet Administrator, Sam Swearngin, receives notification from the department who currently has the unit that payment for the unit is complete AND either a surplus unit is identified or turned in from the department who wants the transfer unit, or if it is to be an 'add to the fleet', an approval is submitted.

If this unit is to be an 'add to the fleet', the Fleet Administrator, Sam Swearngin, will need a simple approval note from the Department Director of where the unit is going to 'as an add' will be an unbudgeted financial increase to operations for vehicle repair and maintenance.

MI No. 2-24  
Surplus City Personal Property

MANUAL OF INSTRUCTION  
ACCOUNTS DIVISION

MI 2-24  
May 1, 1999

**SUBJECT: SURPLUS CITY PERSONAL PROPERTY**

I. **SCOPE:** This instruction deals with the disposal of surplus personal property.

II. **APPLICATION:** This instruction is applicable to all departments, boards, and agencies of the City of Kansas City, Missouri.

III. **AUTHORITY:** This instruction is written pursuant to the authority contained in Article IV, Section 77 of the Charter of the City of Kansas City, Missouri.

IV. **RESCISSION:** This instruction supersedes MI 3-16 dated March 7, 1997.

V. **RESPONSIBILITIES:**

A. Departments will appoint a Personal Property Officer to coordinate the transfer of personal property within the department and to advise department associates of available surplus property.

B. Departments will prepare a Notice of Surplus City Personal Property form (1271-073) to advise the Surplus Property Officer of surplus property within the department. The property may be advertised for 30 days to other City Departments as available for use in city service.

C. Departments are responsible for their property until it is either transferred to another department, sold or scrapped. They will keep their property in the best possible condition to enhance the disposal process. Departments will keep the property ready for viewing and will allow other city employees to inspect the property, by appointment.

D. Departments will be responsible for any external costs related to the disposal of their property.

E. The Finance Department will appoint a Surplus Property Officer to assist in the disposal of personal property.

F. Either the Surplus Property Officer or the Commissioner of Accounts will select the disposition method they believe will provide the maximum return to the City. Disposition methods include:

1. Transfer to another department. Surplus property can be transferred from one department to another if a need exists. Transfers will be at no charge unless one of the departments is part of an enterprise or internal service fund. Transfers to or from either enterprise or internal service funds will be at fair market value as determined by the Surplus Property Officer.

2. Sale by public bid procedures, including multiple term contracts, when

appropriate. Property will most often be sold by an informal or formal bid process. Bids for property valued at \$35,000 or more will be formal. Bids for property valued under \$35,000 will be informal. Term contracts can be established for sale of metals and other salvage, scrap or junk.

3. Sale by public auction. The monthly auction of unclaimed motor vehicles and similar equipment also can be used to sell city-owned vehicles and motorized equipment, construction machinery and other equipment.

4. Public sale at posted prices. Occasionally, there will be enough surplus property with appeal to the general public to hold a sale to the public at pre-determined prices.

5. Sale by negotiation through public bid may be used when other methods do not produce satisfactory results.

6. Sale by special agent for personal property requiring special sales effort and market knowledge.

7. Non-competitive sale to not-for-profit organizations serving the public good. Requests, which explain the need and provide information about the organization, should be addressed to the Commissioner of Accounts. Appropriate city agencies may be requested to verify the request and recommend approval or disapproval of the sale and price.

8. Trade-in or sale as a part of the purchase of new equipment. Bids for new equipment should be requested to provide prices with and without trade-in values.

9. Sales to certain groups **prohibited**. City employees, contract employees, agents of the City, and appointed and elected officials of the City cannot buy surplus personal property except at sales opened to the public at posted prices, or at advertised public auctions.

**VI. ADVERTISING and BID POSTINGS:** Sales and auctions must be advertised in the same manner as regular purchases.

**VII. INVENTORY RECORDS:** Inventory records must be updated to reflect transfers of property to other departments within the City and sales to individuals or groups outside the City. Refer to Manual of Instruction No. 2-04. City identification tags or other City markings should be removed from property when sold.

**VIII. INSTRUCTIONS for FORM NO. 1271-073:**

- 1 Control Data - Leave blank. This portion of the form will be completed by the Accounts Division.
2. Date - The date the form was completed.
3. Property Office - The name and telephone number of the department/division's property officer
4. Division - The division name
5. Department - The department name
6. Item No. - List items numerically (i.e., 1, 2, 3, 4 -- up to 15 items per page)
7. Description - A short description of each item, serial number, city identification number, physical condition (i.e., usable, repairable, not repairable, etc.) Items listed

should be of same general type (i.e., Office Equipment, Other Equipment, Vehicles, Other). Description of vehicles should include: City Identification, Manufacturer, Year, Vehicle Identification Number, & Odometer reading.

8. Quantity - The number of items

9. Unit- The type of unit (i.e., each, set, box, etc.)

10. Estimated value per item - What you think the item is worth. (Value per each if quantity is more than one.

11. Location of Materials - The address where items are physically located.

12. Fund/Revenue Account - The account to be credited if the items are sold.

13. For Information Call - The name of the person to contact for information regarding the surplus property

14. Telephone No. - The telephone number of the person to contact

15. Remarks - List any pertinent information regarding the property listed i.e., date property will be available, property to be used as a trade-in, another department wants property, etc.

16. Declaration of Surplus - The signature of the person authorized to sign the form

17. Instructions - Leave blank. The Surplus Property Officer will provide instructions to dispose of the surplus property.

Gary Morris  
Commissioner of Accounts