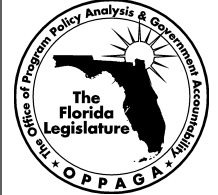




## Office of Program Policy Analysis And Government Accountability



John W. Turcotte, Director

February 1998

# Follow-Up Report on Decentralized State Surplus Property Activities

## Abstract

- The department has taken some recommended steps, such as developing a surplus property home page, to improve the state surplus property program. However, it has not taken other recommended steps, such as establishing contracts with regional vendors or auctioneers that deal with surplus property disposal. We continue to believe that these steps are needed and will save money.
- The Legislature may wish to clarify statutory language to permit agencies to manage their surplus property in a way that allows the value of that property to accrue to the agency.

effective manner and to maintain accountability over state property.<sup>1</sup>

Until 1994, the Department of Management Services (DMS) administered a centralized surplus property program for the disposal of unneeded property items for state agencies. Although the statutes required this program to be self-supporting, our 1993 performance audit found that it had a history of operating losses.<sup>2</sup> The Legislature subsequently eliminated the centralized program and assigned responsibility for surplus property management to individual agencies.

Agencies can dispose of surplus property using several methods. These include such as transferring items to other government entities and nonprofit organizations, trading-in items for replacement property, and selling items to the public.

## Purpose

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Management Services in response to our Report No. 95-40, issued February 28, 1996. This report presents our assessment of the extent to which the department has addressed the findings and recommendations included in our previous report.

## Prior Findings

Our 1996 report found that decentralizing surplus property disposition has reduced costs, but most state agencies still report losing money on this activity. It is unlikely that surplus property activities will ever be fully self-supporting. However, state agencies could reduce surplus property storage costs through faster disposal of surplus property items. Agencies could also increase revenues by selling surplus property through contracts with regional vendors such as auctioneers, scrap metal dealers, and used furniture dealers. In addition, agencies

## Background

Agencies often have property items that are worn out or no longer needed. Surplus property programs are intended to help agencies exchange useful property and dispose of unneeded and worn out items in a cost-

<sup>1</sup> Our reviews focused on state-owned tangible personal property, such as office equipment and furniture that state agencies use to carry out their operations. We did not examine the disposal of other types of surplus property such as real estate or motor vehicles, State University System surplus property, or surplus property items donated by the federal government.

<sup>2</sup> This report was issued by the Office of the Auditor General (Report No. 12020, dated March 3, 1993) prior to the creation of the Office of Program Policy Analysis and Government Accountability.

could save money by having PRIDE, the organization that operates the state's prison industry, refurbish worn-out furniture.

Our report also found that state agencies lack an effective method for identifying and exchanging useful property items. Agencies could receive these useful surplus items from other agencies rather than purchase new items.

We observed that it would not be cost-effective to re-create the centralized DMS surplus property program. We further observed that the statutory authority Florida agencies have to transfer surplus property to nonprofit agencies is broader than the authority granted by federal law. Florida's law enables agencies to transfer surplus property to non-profit organizations, such as advocacy group, the state typically does not assist. This could result in future controversies.

---

## Current Status

The Department of Management Services has taken some of the steps we recommended to improve the surplus property function. However, it could make additional improvements.

### Actions Taken

**State Surplus Property Home Page.** The department has developed a state property home page on the Internet. The purpose of this home page is to provide state agencies with a streamlined approach to property distribution. The home page allows agencies to post their surplus property and view surplus property listings. However, at the time of our fieldwork only 10 items of surplus property from one agency (DMS) were posted on the home page.

**Listing of Eligible Non-Profit Agencies.** The department is in the process of creating a computerized database of nonprofit agencies eligible to receive federal surplus property. When the database is

complete, the department plans to put this information on the state government property home page.

### Actions Not Taken

**Contracts.** DMS has not established contracts with regional vendors to facilitate surplus property disposal. Department staff stated that vendors dealing with surplus property had not expressed much interest in such contracts. We continue to believe that establishing these contracts would help agencies to maximize revenue from surplus property disposal.

---

## Additional Observations

During this follow-up, we noticed ambiguity in the law governing the disposal of state-owned surplus personal property. Specifically, the current language in s. 273.055(5), F.S., makes it unclear whether an agency may retain moneys generated by the disposition of surplus property or whether those moneys must revert to the General Revenue Fund.

The ambiguity originated during the 1994 legislative session when the Legislature passed two bills that revised state policy for disposing of surplus property. Chapter 94-226 (section 28), Laws of Florida, gave the disposing agency authority to retain and use moneys generated by the sale of surplus property for certain purposes. However, Ch. 94-265 (section 14), Laws of Florida, provided that moneys received from the sale of state-owned tangible personal property shall be deposited into the General Revenue Fund.

We recommend that the Legislature clarify the law and allow agencies to manage their surplus property in a way that allows the value of that property to continue to accrue to the agency.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision-making, to ensure government accountability, and to recommend the best use of public resources. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

Web site: <http://www.oppaga.state.fl.us/>

Project Supervised by: Tom Roth (850/488-1024)

Project Conducted by: Richard Woerner (850/487-9217)

