

**MICHIGAN FEDERAL SURPLUS PROPERTY PROGRAM**  
**PLAN OF OPERATION**  
**IN**  
**COMPLIANCE WITH CFR 41 FMR 102-37 & 40 USC 549**

## STATE PLAN OF OPERATION

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## **Section 1. Designation of a State Agency for Surplus Property**

The Michigan State Agency for Surplus Property (MISASP) in the Department of Technology, Management and Budget (DTMB) and under the supervision of the Director of Logistics and Operations Support, shall operate the Federal Surplus Property Program for the State of Michigan in accordance with the provisions set forth in Title 40, United States Code - Public Buildings, Property and Works, Subtitle I, Chapter 5, Section 549 (hereinafter referred to as 40 USC 549), Federal Management Regulation (FMR), Subchapter B - Personal Property (hereinafter referred to as CFR 41 FMR 102-37), state law and this State Plan of Operation. The MISASP is authorized to acquire, warehouse and distribute surplus property to eligible donees and carry out all other requirements of this State Plan. The MISASP is organized as specified in Appendixes I and II.

The MISASP is located at 3111 W. St. Joseph, Lansing, MI 48917. The offices and distribution center occupies approximately 1,500 square feet in a designated area of the State and Federal Surplus Facility. It has approximately 10,000 square feet of outside storage space, which is situated in a gravel parking area.

## **Section 2. Operational Authority**

Authority for the MISASP to acquire, warehouse and distribute federal property in conjunction with this State Plan of Operation is contained in Public Act 139, dated May 31, 1961 (Appendix III) and House Concurrent Resolution No. 253 (Appendix IV). The designated Program Manager of the Federal Surplus Personal Property Donation Program is responsible for the fair and equitable distribution of all federal surplus personal property transferred to the state in accordance with 40 USC 549 and CFR 41 FMR 102-37.

## **Section 3. Definitions**

For the purpose of this plan the following definitions apply:

1. Acquisition Cost – The original cost of the item paid by the federal government.
2. Cannibalization – To remove serviceable parts from one piece of equipment in order to install them on another piece of equipment.
3. Donee – Any of the following entities that is eligible to receive federal surplus personal property through the Federal Surplus Property Donation Program. These entities include the following:
  - a. A public agency as defined in Appendix C of CFR 41 FMR 102-37 that uses surplus personal property to carry out or promote one or more public purposes. (Public airports are an exception and only considered donees

when they elect to receive surplus property through a SASP, but not when they elect to receive surplus property through the Federal Aviation Administration as provided in CFR 41 FMR 102-37.520 through 102-37.535).

- States, their departments, divisions, and other instrumentality.
  - Political subdivisions of states, including cities, counties, and other local government units and economic development districts.
  - Instrumentality created by compact or other agreements between state or political subdivisions.
  - Indian tribes, bands, groups, pueblos, or communities located on state reservations.
  - Instrumentality created by compact or other agreements between state or political subdivisions.
- b. An eligible nonprofit tax-exempt educational or public health institution, including a provider of assistance to homeless or impoverished families or individuals.
- Medical institutions, hospitals, clinics; health centers;
  - Historic light stations;
  - Drug abuse treatment centers;
  - Schools, colleges, and universities;
  - Schools for persons with mental or physical disabilities;
  - Child care centers;
  - Educational radio and television stations licensed by the Federal Communication Commission;
  - Museums attended by the public; and
  - Free libraries serving all residents of a community, district, state, or region.
  - Nonprofit, tax exempt organizations that provide food, shelter, or support services to homeless or impoverished people may also be eligible to receive donations of surplus property. Such organizations include:
    - Soup kitchens and day centers.
    - Food banks that supply shelters and soup kitchens serving homeless and/or impoverished individuals.
    - Overnight, daytime, and around-the-clock shelters helping homeless individuals, regardless of the cause or duration of the homelessness (includes shelters for battered spouses, abused children, and orphans and half-way houses for temporary residence of homeless parolees, recovered mental patients, and recovered substance abusers).

- c. An eligible nonprofit tax-exempt or public program for the elderly.
    - Adult day care, social services, transportation services
    - Nutritional services, legal services; and Multi-purpose senior centers
  - d. Public airports can receive surplus property if the Federal Aviation Administration (FAA) deems it essential, suitable, or desirable for the development, improvement, operation, or maintenance of the public airport.
  - e. Educational Activities of Special Interest to the Armed Services. These service educational activity (SEA) have a formal donation agreement with The Department of Defense (DOD) to obtain DOD surplus property. Certain schools and the following national organizations are eligible:
    - American National Red Cross, Armed Services YMCA of the USA
    - Big Brothers/Big Sisters of America, Boys and Girls Clubs of America;
    - Boy Scouts of America, Camp Fire, Inc., Center for Excellence in Education;
    - Girl Scouts of the USA, Little League Baseball, Inc., Marine Cadets of America;
    - National Association for Equal Opportunity in Higher Education
    - National Civilian Community Corps, National Ski Patrol System, Inc.
    - Naval Sea Cadet Corps, United Service Organizations, Inc.
    - U.S. Olympic Committee, Young Marines of the Marine Corps, League/Marine Corps League.
  - f. Small Business Administration (SBA) Section 8(a) Business Development.
  - g. Veterans organizations whose membership comprises substantially of veterans and representatives are recognized by the Secretary of Veterans Affairs under section 5902 of title 38 as outlined in PA 113-26, Section 549 (c) (3) of title 40.
4. General Services Administration (GSA) – The executive agency responsible for supervising and directing the disposal of surplus personal property. GSA's responsibilities are referenced in CFR 41 FMR 102-37.90.
5. Holding agency – The executive agency having accountability for, and generally possession of the property involved.

6. Service Educational Activity (SEA) – Any educational activity designated by the Secretary of Defense as being of special interest to the armed forces; e.g., maritime academies or military, naval, Air Force, or Coast Guard preparatory schools.
7. Transfer Order Surplus Personal Property – The electronic document used by GSA to document the transfer of federal surplus personal property for donation purposes. This form is an exception to the SF-123 approved by GSA Form Policy and Management.
8. Manual Standard Form (SF) 123 – The document used by SASP and GSA to document the transfer of federal surplus personal property for donation purposes. (Appendix V)

## **Section 4. Inventory Control and Accounting Systems**

### **(A) Inventory Control System**

An automated inventory and accounting system will be maintained for all federal surplus property received and distributed by the MISASP. The inventory control system is used to support the Federal Surplus Personal Property Donation Program functions to effectively govern the utilization, inventory control, accountability, and disposal of federal surplus property. Accountability records of all passenger motor vehicles and items having an acquisition cost of \$5,000 or more shall be maintained to easily identify such items.

When property is received, quantities shall be compared to the shipping documents and the MISASP'S copy of the related Transfer Order. If there are no discrepancies, the quantity received and the donee's service charge (which is determined according to the guidelines in Section 6 of this plan) shall be entered in the Automated Receiving System. Discrepancies between the shipping documents and approved Transfer Orders are resolved between the MISASP, the shipper, and the holding agency. Overages and shortages are annotated on the Overage/Shortage Report DTMB Form 2220 (Appendix VI).

When the acquisition cost of the line items involved is \$500 or more, the overage is submitted to the General Services Administration (GSA) on a Transfer Order for approval within 30 calendar days of the date of receipt of the property. The Transfer Order shall contain a notation that it is submitted as an overage and will include the transfer order number of the original Transfer Order. The MISASP shall attach the Overage/Shortage Report as a supplemental document to the Transfer Order. The Automated Receiving System shall be updated accordingly.

Shortages, in which the total acquisition cost of the line items involved is more than \$500, are reported to GSA using the Transfer Order with a copy sent to the holding agency within 30 calendar days of knowledge of the shortage. The MISASP shall attach the Overage/Shortage Report as a supplemental document to the Transfer Order. The Automated Receiving System shall be updated accordingly. All information regarding property donated to eligible donees are recorded on a Warehouse Application and Delivery Agreement (WADA - Appendix XIII) which contains donee certifications and agreements (including terms, conditions, reservations and restrictions). Provisions are made on these documents for recording item name, state application number, quantity, government acquisition cost and service charge.

The MISASP, when operating under a cooperative agreement with GSA, may request to retain surplus property for use in operating the donation program. The MISASP shall obtain prior GSA approval before using any surplus property for SASP operations. The MISASP will make its needs known to GSA by submitting a listing of needed property to the appropriate GSA regional office for approval. GSA will review the list to ensure the needed property is of an appropriate type, reasonable quantity and useful in performing MISASP operations. GSA will notify the MISASP within 30 calendar days as to whether or not it may retain the property for use in its operations. Title to any surplus property GSA approves for retention will vest in the MISASP. The MISASP shall maintain separate records for such property.

An inventory of all federal property on hand will be taken annually. Discrepancies will be investigated by the Program Manager and a copy of the inventory report will be submitted to GSA within 15 days of completion as required. Adjustments to the inventory will be made on the automated inventory system and reported on the next quarterly GSA 3040 Report.

## **(B) Accounting System**

The MISASP shall record and maintain financial records in the automated inventory system and an automated accounting system. Federal Surplus Personal Property Donation Program and State Surplus Property Program revenue and expenditures will be distinguished as required to permit ready identification by MISASP and Federal/State audit personnel. The Program Manager (or designee) shall adhere to methods as prescribed by the Office of the State Auditor and Office of Financial Services for management of the automated inventory control system. The MISASP will submit all financial transactions to the Office of Financial Services for entry into the State of Michigan's central accounting system, which is called Sigma. MISASP financial records shall indicate payments due and received for property to accurately indicate donee account status including the payment balance.

The MISASP shall review accounts on a periodic basis so that accounts that may become past due can be identified in advance. The MISASP shall account for all financial transactions, including chart of accounts, cash receipts and expenditures. A statement of revenues and expenses will be prepared at the close of each fiscal year. A

record of individual donee account activity shall be maintained. The Program Manager (or designee) shall ensure that the system provides financial information that may be used to evaluate MISASP financial performance.

## **Section 5. Return of Donated Property**

### **(A) General**

Donees shall return property, at the expense of the donee, when determined usable by the MISASP; and

- (1) The donee has not placed the property into use for the purpose for which it was donated within one year of donation.
- (2) The donee ceases to use the property within one year after placing it into use.

If the MISASP determines that usable property in the possession of a donee has not met the requirements of Section 5 (A) (1) and (2) above, the donee shall return the property to the MISASP's warehouse, retransfer or dispose of the property in accordance with Sections 5 (B) through (E). When a donee wishes to return usable property to the MISASP's warehouse, the donee shall notify the Program Manager (or designee.)

### **(B) Transfer of Usable Property to another Donee within the State**

When usable property is no longer needed by the original donee, the Program Manager (or designee) shall make every effort to locate another donee within the state to determine if usable property can be retransferred. If the property cannot be retransferred to another donee within the state, the Program Manager will instruct the donee to return the property, at the donee's expense, to the Program's property distribution center.

In cases where donated property is retransferred from one donee to another or returned to the distribution center, the Program Manager shall process documentation as required to reflect the return and retransfer transactions in the MISASP's federal surplus property inventory listing. If the property, however, is being transferred directly to another donee within the state, the Program Manager (or designee) shall prepare and process a WADA and indicate on the document that the item is being transferred from one donee to another.

### **(C) Transfer of Usable Property to another SASP or Federal Agency**

When usable property is no longer needed by the original donee and not needed by another donee within the state, the MISASP shall immediately coordinate with GSA to offer it to another SASP. The MISASP will post available personal property on



GSAXcess.gov for other State or Federal Agencies to view and request using the AAMS Property Report function. The AAMS Property Report will require an item control number, reporting agency information and contact/custodian, property type, Federal Supply Class, description of all items listed with current condition code, quantity, unit and total acquisition cost, demilitarization code, any special handling conditions, the date the item was received by the MISASP, surplus release date and certification of reimbursement requested in accordance with CFR 41 FMR 102-37.315.

The MISASP will coordinate inspections with individual agencies independently of GSA. Once the release (screening) end date has expired, GSA will allocated the property to another State or Federal Agency. The Agency is responsible for setting up and covering the costs of transportation of the equipment from the MISASP warehouse to their location.

The property will then remain on inventory at the MISASP until issued to another donee within the state, another SASP, federal agency or otherwise disposed of as directed by GSA.

#### **(D) GSA Approval for Disposal by Sale**

Usable returned property that is not distributed to another donee within the state, to another SASP or to a federal agency may, with GSA approval, be disposed of by public sale (live or online). The MISASP may act as GSA's agent in selling donated property (either as usable property or scrap) if an established cooperative agreement with GSA permits such action. The GSA regional office will inform the MISASP of those item(s) that can be sold. GSA will determine and approve the actual point of sale and required sales method. If GSA authorizes disposal of the item(s) by means of sale, the MISASP shall provide return instructions to the donee (if required) and follow the guidelines set forth in CFR 41 FMR 102-37 through 102-37.315. If GSA determines the property will be moved from GSAXcess.gov to an approved GSA sponsored online auction, GSA will notify the MISASP and proceed with posting the auction internally and complete the sale. Once the items have been sold via auction, GSA will send paid receipts to the MISASP to release the items to the winning bidder. The MISASP can request partial reimbursement from the GSA for items sold in accordance with CFR 41 FMR 102-37.315 (if applicable).

#### **(E) Abandonment and Destruction**

If the Program Manager determines that undistributed property is not usable, has no commercial value, or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale, the Program Manager shall submit a written determination to GSA for approval to abandon or destroy the property. The determination must include the following:

1. The basis for the abandonment or destruction.
2. A detailed description of the property and its condition.
3. The total acquisition cost of the item.
4. The proposed method destruction or abandonment or the abandonment location.
5. A statement confirming that the abandonment or destruction will not be detrimental or dangerous to public health or safety and it will not infringe on the rights of others.
6. The signature of the Program Manager requesting approval for the abandonment or destruction.

GSA will provide alternate disposition instructions if it disapproves a request for abandonment or destruction. If no response to the request is received from GSA within 30 calendar days of receipt of the abandonment and destruction request, the item(s) may be destroyed. However, the MISASP shall consult GSA to determine public notice requirements for proposed abandonment or destruction guidance. The MISASP shall also prepare and retain certification documentation as directed by GSA to account for the physical abandonment or destruction action. The Program Manager (or designee) and the employee of DTMB, Federal Surplus Property Program who witnessed the actual abandonment and destruction action of the item referenced in the document itself must sign the certification document. In the case of destruction of surplus drugs, biological agents and reagents, the Program Director, the Federal Surplus Manager, and the Federal Surplus Supervisor who witnessed the destruction must sign the certificate.

## **Section 6. Financing and Service Charges**

The MISASP shall assess, collect and expend service charges for surplus property transferred to eligible donees as authorized by Public Act 139, dated May 31, 1961 and House Concurrent Resolution No. 253. The MISASP shall assess reasonable service charges in a fair and equitable manner based on services performed (or paid for) by the MISASP as they relate to the original acquisition cost of federal donated property. Service charges assessed by the MISASP shall cover costs incurred by the MISASP to screen, retrieve, receive, package, crate, warehouse, repair, refurbish, ship and transport property.

Funds accumulated from service charges may be used to maintain and improve the facilities and other purposes as specified in accordance with CFR 41 FMR 102-37.280. The MISASP may recover costs for undistributed property that is retransferred or sold in accordance with CFR 41 FMR 102-37.315.

The MISASP shall assess service charges as a percentage of the original acquisition cost as follows:

<u>ORIGINAL ACQUISITION COST</u>	<u>PER CENT</u>
\$ 0 - 500	1 – 50
501 - 2,500	1 – 45
2,501 - 10,000	1 – 35
10,001 - 25,000	1 – 30
Over 25,000	1 – 25

The MISASP may also authorize direct pickup of items to donees. However, if direct pickup is authorized, the service charge shall not exceed 15% of the original acquisition cost or be less than the established minimum service charge. The transportation costs for direct pickup of items will be incurred by the donee and will not be calculated as part of the service charge. The MISASP may establish a minimum service charge of \$100 for direct pickup of property.

The MISASP shall provide property to eligible donees that provide assistance to homeless individuals at a nominal service charge. Service charges may also be adjusted for property for which the agent incurred expenses for initial repairs. The agent shall prepare a work order detailing expenses the agent incurred to repair the item and inform the donee of the expenses incurred for repairs prior to the donee acquiring the item.

The Program Manager (or designee) shall deposit funds collected from service charges in the working capital reserve in accordance with PA 139 of 1961, MCL 18.258. The DTMB Office of Financial Services shall manage the revolving fund (or working capital reserve) for the benefit of donees and the MISASP. The Program Manager (or designee) shall expend the funds for allowable costs of the MISASP as specified in CFR 41 FMR 102-37.280. If the Program Manager determines that excess funds exist in the revolving fund, the Program Manager will reduce service charges for property to limit the working capital reserve to equal two months of expenditures.

If the State of Michigan decides to liquidate the MISASP, the method of disposing of any financial assets realized upon the sale or other disposal of the facilities will be provided as part of a liquidation plan to GSA in accordance with FMR 102-37.365. However, any financial assets realized upon the sale or other disposal of the facilities, other than to liquidate the MISASP, will be utilized to acquire new facilities.

## **Section 7. Terms and Conditions on Donated Property**

All property acquired by donees through the MISASP is subject to the terms, conditions, reservations and restrictions cited on the WADA and Conditional Transfer Document (used for combat aircraft, non-combat aircraft, firearms or vessels) when applicable.

Prior to MISASP release of property to an authorized donee representative, the donee must certify that:

- a) It is a public agency or a nonprofit organization meeting the requirements of the 40 U.S.C. 549 and CFR 41 FMR 102-37;
- b) It is acquiring the property for its own use and will use the property for authorized purposes;
- c) Funds are available to pay all costs and charges incident to the donation;
- d) It will comply with the nondiscrimination regulations cited within the eligibility requirements cited in this State Plan of Operation;
- e) It is not currently debarred, suspended, declared ineligible, or otherwise excluded from receiving the property.

Donee personnel authorized to select property shall agree in writing to the terms, conditions, reservations and restrictions contained in the WADA and Conditional Transfer Document (when applicable) by signing these documents.

The restriction period on property with an original acquisition cost of less than \$5,000 is 12 months. The MISASP shall impose an additional 6 month restriction period on all passenger vehicles and all property with an original acquisition cost of \$5,000 or more (1 year + 6 months). The restriction period for combat configured aircraft and firearms is perpetuity. The restriction period for non-combat aircraft and vessels 50 feet or more in length is five years.

Additional special handling, use limitations or processing requirements may be imposed on property, regardless of unit acquisition cost, as prescribed by GSA.

The Program Manager (or designee) may amend or grant a release from state-imposed restrictions on donated property when conditions warrant such action. The donee shall submit a written request for the amendment or release to the Program Manager (or designee). The Program Manager (or designee) shall review the conditions and reasons for the amendment or release and will make the decision in writing. The Program Manager (or designee) shall not amend or grant releases from terms, conditions, use requirements, reservations or special handling conditions set forth in CFR 41 FMR 102-37.465 through 102-37.475 or other requirements imposed by GSA.

Handguns, rifles, shotguns, and individual light automatic weapons, all less than .50 caliber in Federal Stock Class (FSC) 1005 and rifle and shoulder-fired grenade launchers in FSC 1010 assigned a Disposal Condition Code of "4" or better may be offered to eligible law enforcement agencies (LEAs) whose primary function is the enforcement of applicable federal, state and/or local laws, and whose compensated law enforcement officers have the power to apprehend and arrest. Firearms approved for a

donee will be shipped or transported directly from the federal holding agency to the donee. They may not be stored at the MISASP distribution center. Arrangements may be made for the donee to pickup the firearms directly from the federal holding agency. A Conditional Transfer Document will be provided with each Transfer Order issued. The LEA is responsible for reporting via GSAXcess.gov their yearly inventory of firearms.

Restrictions on firearms shall be in perpetuity and may not be released by the MISASP without prior written approval from GSA. The donee must notify the MISASP when firearms are no longer needed. The MISASP may, with GSA approval, transfer the firearms to another donee within the State of Michigan or to another SASP.

If not transferred as stated above, the firearms must be destroyed by the donee or the MISASP. Destruction must be such that each firearm is rendered completely inoperable and incapable of being made operable for any purpose except for the recovery of basic material content. The donee and a representative from the MISASP, must both witness the destruction of the firearms and state in writing that the firearms were so destroyed and the original signed statement must be maintained by the MISASP.

Aircraft with fixed or rotary wings and vessels that are 50 feet or more in length with a unit acquisition cost of \$5,000 or more may be acquired by an eligible donee. Each request made by the MISASP on behalf of a donee must include a letter of intent, signed and dated by the authorized representative of the donee organization that includes a detailed plan of utilization for the property; a letter signed and dated by the Program Manager confirming and certifying the applicant's eligibility and contains an evaluation of the applicant's ability to use the aircraft or vessel for the purpose stated in its letter of intent, and any other information pertinent to the needs of the donee.

Special terms and conditions that apply to aircraft and vessels are as follows:

- a. The period of restriction for non-combat aircraft and vessels will expire after the property has been used for the purpose stated in the letter of intent for a period of five years. The period of restriction for combat-type aircraft, however, is perpetuity.
- b. If the aircraft is intended for flight use, the donee must apply to the Federal Aviation Administration (FAA) for registration of the aircraft within 30 days of receipt. A donee that acquires a vessel must apply for documentation of the vessel under applicable federal, state, and local laws within 30 days of receipt and must record each document with the U.S. Coast Guard at the port of documentation. The donee must provide the MISASP and GSA with a copy of the FAA registration and/or Coast Guard documentation.
- c. The aircraft or vessel must be used in accordance with the executed Conditional Transfer Document and the plan set forth in the letter of intent, unless the donee has amended the letter of intent and has received written approval from the MISASP and GSA. If the letter of intent is amended, the corresponding

conditional transfer document must be amended as well to effect consistency of documented item description, use intentions and the state in which the property would be used.

- d. If any of the terms and conditions within the donee's conditional transfer document or the plan of utilization in the donee's letter of intent are breached, title may revert to GSA and the donee may be required to return the aircraft or vessel or pay for any unauthorized disposal transaction or use.
- e. If during the period of restriction the donee no longer needs the aircraft or vessel, the donee must notify the MISASP Program Manager and request disposal instructions. Disposal instructions must be given only after the written concurrence of GSA.
- f. Military aircraft previously used for ground inspection and/or static display or that are combat-configured may not be donated for flight purposes.
- g. For all aircraft donated for non-flight purposes, the donee must turn over to the Program Manager (or designee) any aircraft historical records, except the records of the major components/life-limited parts; e.g., engines, transmissions, rotor blades, etc., necessary to substantiate their reuse, within 30 days after receipt of the aircraft. The Program Manager will then forward the records to GSA for transfer to the FAA.

## **Section 8. Non-utilized or Undistributed Property**

Usable property in the possession of the MISASP that is not utilized by donees of the State of Michigan shall be disposed of by one of the following methods:

1. By transfer to another State Agency for Surplus Property;
2. By transfer to a federal agency or disposal by public sale or other means of property **not** transferred to another State Agency for Surplus Property. The MISASP shall report undistributed property to GSA in accordance with CFR 41 FMR 102-37.300.
3. By abandonment and destruction (see Section 5 (E) if the property is considered to be not usable and the cost of its continued care would exceed the estimated proceeds from sale. A list of property abandoned or destroyed will be a matter of record.

Property not donated within one year of receipt shall be disposed of as described in paragraphs 1 through 3 above and in accordance with the detailed procedures outlined in Section 5. The MISASP may recover costs for undistributed surplus property that is retransferred or sold in accordance with CFR 41 FMR 102-37.315.

## **Section 9. Fair and Equitable Distribution**

A fair and equitable method of distribution will be used to fill all requests for equipment and common-use items. Property distributions shall be made on a prompt, fair and equitable basis to eligible donees for use within the State of Michigan. Distribution shall be based on the donee's relative needs, relative resources, ability to utilize property, type and quantity of property received to date. The MISASP will generally have a firm requirement or an anticipated demand for any donable property requested.

Factors to be considered in the fair and equitable distribution of property are:

1. Contemplated use and frequency of use of the property;
2. Critical or urgent need;
3. Ability to pay the required service and handling charge;
4. Availability of funds to repair or maintain the property.

Electronic bulletins concerning property availability will be sent to donees via electronic mail. Donees shall have the opportunity to request specific items. This may be done by providing the donee with "search only" access to GSA's online computerized inventory of excess and surplus property. Donees may also submit "want lists" for needed property to the MISASP. Where special needs exist, a letter of justification may accompany the request. The Program Manager (or designee) will review the request and letter of justification when allocating property. If two or more donees submit justifications that indicate equal relative needs, resources and the ability to utilize the item, it will be allocated to the donee whose request bears the earliest postmark or electronic date and time stamp on an e-mail.

Donees that experience a local disaster or loss of property due to fire, flood, tornado, etc., will be given a 30 day temporary priority for all requested items of property. Special efforts will be made to locate and distribute needed property to them.

MISASP personnel or eligible donees that wish to screen property at federal holding agencies shall contact the property custodian or the point of contact listed on the GSAXcess property data sheeting (GSA posting). The donee will be authorized to screen on its own behalf and at its own expense. The screener must have valid photo identification issued by their agency to screen at the federal holding agency. The MISASP will maintain records of authorized screeners in accordance with CFR 41 FMR 102-37.190.

When the donee has completed screening at a holding agency, the donee will submit an electronic request to the MISASP. After review and final approval by the Program

Manager (or designee), the item(s) will be frozen on behalf of the donee in GSA's automated inventory system. In situations where property being physically screened does not appear in the GSA automated inventory, the MISASP shall first consult GSA prior to submitting a manual SF 123 transfer document for processing. GSA will advise the MISASP as to whether or not a manual SF 123 can be submitted depending on the availability status of the property desired. If GSA approves use and submission of a manual SF 123 transfer document, the donee will be notified when the manual document is approved for actual transfer. When GSA approves the transfer action, whether initiated by automated or manual means, the MISASP will notify the donee, which shall make arrangements to remove the property from the holding agency. The donee may pickup property directly from the holding agency or may make arrangements to have the property shipped directly to its location. The donee may also request that the MISASP arrange shipment. The donee will be billed a service fee associated with the transfer. The donee is solely responsible for any applicable shipping and handling charge for the property. The property will be subject to the same terms and conditions as property that is acquired through the MISASP's distribution center.

## **Section 10. Eligibility**

Eligibility determinations will be made in accordance with the criteria set forth in CFR 41 FMR 102-37.380 through 102-37-430 and the parameters set forth by GSA. The donee shall submit an "Application for Eligibility (Appendix XII) which identifies the applicant and establishes status as a public agency, a nonprofit education or public health organization or institution, a nonprofit tax-exempt activity which is funded, in part, under the Older Americans Act of 1965, as amended, a provider of services to homeless, indigent, disabled, or underprivileged individuals, a Service Educational Activity, a Small Business Administration (SBA) Section 8(a) business development organization or a veterans organization under section 5902 of title 83 as outlined in PA 113-26, Section 549 (c) (3) of title 40. If the applicant is a nonprofit organization, evidence of tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986 must be included.

The applicant shall provide the following minimum information upon which the Program Manager (or designee) can use to make a determination of the applicant's eligibility to participate in the Federal Surplus Property Donation Program.

1. Legal name and street address.
2. Status as a public agency or a nonprofit activity.
3. Proof of tax exemption under section 501 of the Internal Revenue Code, if applying as a nonprofit activity.
4. Detailed description of programs and facilities, including financial information and a listing of the types of property needed.



5. Proof of any necessary approval, accreditation, licensure, or other legal requirement for operation.
6. A written authorization signed by the governing body or Chief Administrative Officer (CEO) or executive head of the donee organization that designates one or more persons to act for the applicant when acquiring property from the MISASP; to obligate funds for the applicant for this purpose and to sign the MISASP's WADA as acknowledgement of all terms, conditions, reservations, and restrictions established by the MISASP and the General Services Administration regarding the use of donated property. The MISASP will obtain signature samples for all persons authorized to acquire property by the donee organization.
7. Assurance that the applicant will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), 40 U.S.C. 122, Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended, Title IX of the Education Amendments of 1972 (20 U.S.C. 1681-1688), as amended, the Civil Rights Restoration Act of 1987, and Section 303 of the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) (Nondiscrimination Form see Appendix XX).
8. Certification that it is not debarred, suspended, or excluded from any federal program, including procurement programs.
9. Types of property needed.

The MISASP will keep a record of the authorized representatives for all donee organizations. The eligibility of all donee organizations will be verified each time property is selected. An eligibility file will be maintained for each donee and will be updated as needed but not less than every three years to ensure continuing eligibility. Donee organizations that are not active for two years and do not have any property under restriction will be placed in Inactive Status and will not be updated until the donee organization requests property or requests to be placed in Active Status. When an eligible donee ceases to operate or when it loses its license, accreditation, or approval or otherwise fails to maintain its eligibility status, distributions to that donee will be terminated.

Conditional eligibility may be granted to a recently organized activity that meets all requirements except that of being in full operation. Accreditation, approval, or licensing may be waived at the time of application if evidence indicates such accreditation, approval, or licensure will be granted within 60 days after the activity is in operation. Documentation of accreditation, approval, or licensure must be made a part of the eligibility file before the conditional status is removed. Under no circumstances shall conditional eligibility be granted to a potentially eligible nonprofit, tax-exempt applicant before a copy of the applicant's letter of tax-exempt status under Section 501 of the IRS Code of 1986 has been received. An applicant with conditional eligibility may only receive property that can be used immediately.

## **Section 11. Compliance and Utilization**

The MISASP shall perform utilization reviews to ensure donees are using donated federal surplus property during the period of restriction for the purpose for which it was donated and in compliance with the terms, conditions, reservations and restrictions imposed by GSA and the State. Utilization reviews shall include a survey of donee compliance with any special handling conditions or use limitations imposed on the use of the property by GSA.

Utilization reviews shall be conducted for property having a unit acquisition cost of \$5,000 or more, any passenger motor vehicle, or other donated federal surplus items. The MISASP will review a minimum of 5% of all eligible active donees each fiscal year. The review shall be made by means of an on-site visit or by a review form. The review must be certified by the donee and returned to the MISASP.

Property utilization and/or cannibalization survey forms will be mailed to a donee 11 months after the donee receives a passenger vehicle or any item having an acquisition cost of \$5,000 or more. All survey forms must be returned to the MISASP 30 days after receipt of the form. The Property Utilization Survey Form (Appendix XII) solicits information concerning the date the property was placed in use and how the property is being utilized. If the donee has not placed the property into use for the purpose it was donated within one year of donation or ceases to use the property within one year after placing in use, the MISASP will initiate action to reallocate the property to another eligible donee within the state. If the MISASP cannot reallocate the property to another donee within the state, the original donee, at the donee's expense, will be required to return the property to the MISASP's warehouse. When appropriate, the Cannibalization Survey Form (Appendix XIII) will be used to solicit information from the donee regarding the onset of cannibalization and the continuing need for cannibalization.

When on-site visits are made, a report will be prepared indicating the donee visited, the date of the visit, the property reviewed, comments and any corrective action taken. All reports will be placed in the applicable donee file. MISASP personnel shall emphasize federal utilization and cannibalization regulation guidelines to donees at the time property is donated at meetings, when issuing bulletins, notices and letters and when conducting utilization reviews.

The Program Manager (or designee) shall fully document all compliance efforts and report all instances of noncompliance (misuse or mishandling of donated property) in accordance with CFR 41 FMR 102-37.485 through 102-37.495. The Program Manager (or designee) shall handle funds derived from noncompliance actions in accordance with CFR 41 FMR 102-37.495.

## **Section 12. Consultation with Advisory Bodies, Public and Private Groups**

In accordance with CFR 41 FMR 102-37 Appendix B (k), the MISASP shall consult with an official advisory body as well as public/private groups which can assist the MISASP in determining the relative needs and resources of donees, the proposed utilization of federal surplus property by eligible donees, and how distribution of surplus property can be effected to fill existing needs of donees.

The MISASP will hold an annual open house/meeting for eligible donees in the state to discuss procedures and problems and obtain recommendations on determining relative needs, resources and the utilization of property and how the program can provide a more effective service. Such organization will include but are not limited to local, regional, or state-wide public and private organizations and associations representing public agencies, educational, public health, library, museums, veterans' organizations, civil defense and similar groups of donees. The MISASP will regularly provide information on the donation program to state and local public officials and administrators of non-profit institutions and organizations and will actively participate in and provide speakers for conferences and meetings held by public and private organizations on request.

The MISASP will invite eligible donees to submit written "expressions of need" for property items and advise GSA of such requirements including requirements for specific items of property for specific donee needs. The MISASP will query the donees for property needed by the donee organizations during training sessions on how to screen property using federal government websites, customer satisfaction surveys, and electronic surveys by e-mails.

## **Section 13. Audit**

The State of Michigan, Office of the Auditor General shall conduct internal audits of the MISASP's operations and financial affairs in accordance with the Single Audit Standards and the Single Audit Act. The Office or the Auditor General will conduct an audit if the MISASP receives \$500,000 in personal property. The value of the property donated according to CFDA 39.003 is determined to be 23% of the original acquisition value. The value does not include service charges. The valuation method follows General Services Administration guidelines.

The MISASP shall comply with the external audit requirements of GSA's Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" for each year in which the MISASP receives \$500,000 or more in federal surplus property or other federal assistance.

The MISASP shall provide GSA with two copies of any audit report made pursuant to OMB Circular A-133 or two copies of those sections that pertain to the federal donation

program. The MISASP shall also provide GSA an outline of all external audit related corrective actions and scheduled completion dates for the actions required.

The MISASP shall provide for cooperation in GSA or Comptroller General conducted audits. GSA shall notify the State's Chief Executive Officer of the reasons for a GSA audit.

The MISASP shall advise donees that receive property with an acquisition cost of \$500,000 or more during a fiscal year, shall provide the agency with a copy of an audit the donee conducted in accordance with OMB Circular A-133. The MISASP shall advise the donee that it is the donee's responsibility to identify and determine the amount of property received by the donee and to arrange for audits.

#### **Section 14. Cooperative Agreements**

The MISASP may enter into cooperative agreements with GSA, federal agencies designated by GSA and other State Agencies for Surplus Property as may be necessary to facilitate the Federal Surplus Personal Property Donation Program in accordance with CFR 41 FMR 102-37.270 and 102-37.325 through 102-37.340 and as provided for in Public Act 139, dated May 31, 1961 and House Concurrent Resolution No. 253. The cooperative agreement may include agreements to permit the MISASP to retain items of surplus property as needed to perform donation functions; conduct sales of undistributed property on behalf of GSA and enter into cooperative agreements with other State Agencies for Surplus Property.

#### **Section 15. Liquidation**

Prior to any action to liquidate the MISASP, a liquidation plan will be submitted to the GSA for approval. The plan will be in accordance with CFR 41 FMR 102-37.365 and shall have prior public notice in accordance with CFR 41 FMR 102-37.370.

The liquidation plan will include all of the following:

1. Reasons for liquidation;
2. A schedule for the liquidation and an estimated termination date;
3. A method of disposing of surplus property on hand;
4. The method of disposing of the Program's physical and financial assets;
5. Provision for the retention of all books and records for a period of two years after the liquidation date;

6. Designation of another governmental entity to serve as the Program's successor in function until continuing obligations on property donated prior to the closing of the program are fulfilled.

## **Section 16. Forms**

The MISASP shall utilize forms to enable property receipt and distribution, donee eligibility and other components of its operation. The MISASP shall comply with Department of Technology, Management and Budget's requirements for form review and approval.

For forms that require GSA approval, following department approval, the MISASP shall submit forms to GSA for review and possible approval. If GSA approves the form, the MISASP shall record the beginning date of form use. However, if GSA disapproves the form, the MISASP shall incorporate form amendments as required by GSA. After incorporation of GSA amendments and any other required additional departmental or GSA reviews and approvals, the MISASP shall record the beginning date the form was placed into service.

MISASP forms are shown within the following Appendixes

1. Warehouse Application and Delivery Agreement (Appendix XIV)
2. Conditional Transfer Document for Combat-type Aircraft (Appendix X111)
3. Conditional Transfer Document for Non-Combat-type Aircraft (Appendix XIV)
4. Conditional Transfer Document for Vessels (Appendix XV)
5. Conditional Transfer Document for Firearms (Appendix XVII)

## Section 17. Records

All official records of the MISASP will be retained according to the following schedule:

<b>Property Item</b>	<b>Period of Restriction (POR)</b>	<b>Records Retention after POR</b>
1. Combat aircraft	Perpetuity	Perpetuity
2. Firearms	Perpetuity	Perpetuity
3. Non-Combat aircraft	5 years	5 years
4. Vessels (50 feet or more in length)	5 years	5 years
5. Motor vehicles and items with a original acquisition cost of \$5,000 or more	1 year plus additional state-imposed restriction period (6 months)	5 years
6. Other Property less than \$5,000	1 year	6 years

Records on items in noncompliance status will be retained for one year following completion of the noncompliance action.

## **Section 18. Appendixes**

- I. Department of Management and Budget Organizational Chart
- II. Logistics and Operations Support Organizational Chart
- III. Copy of Public Act No. 139, dated May 31, 1961
- IV. Copy of House Concurrent Resolution No. 253
- V. Standard Form (SF) 123, Transfer Order Surplus Personal Property
- VI. DTMB Form 2220, Overage/Shortage Form
- VII. Standard Form (SF) 122, Transfer Order Excess Personal Property
- VIII. Standard Form (SF) 126, Report of Personal Property for Sale
- IX. DTMB Form 2219, Request for Property Form
- X. DTMB Form 597, Property Utilization Survey Form
- XI. DTMB Form 2221, Cannibalization Survey Form
- XII. DTMB Form 292, Application for Eligibility
- XIII. DTMB Form 505, WADA
- XIV. Combat-type Aircraft Conditional Transfer Document
- XV. Non-Combat-type Aircraft Conditional Transfer Document
- XVI. Vessel Conditional Transfer Document
- XVII. Firearm(s) Conditional Transfer Document
- XVIII. Nondiscrimination Assurance Document
- XIX. Authorized Signature Document