



Standard Practice for Utilization and Disposal of Personal Property¹

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1. Scope

1.1 This standard encompasses how excess and surplus personal property is utilized, donated, sold, abandoned or destroyed.

1.2 Disposal is the final step in the final phase of the Personal Property Management Life Cycle. Disposal is a cost effective means to transfer property from accountability records of an organization. Until disposal action occurs and is properly documented, the property remains on organizational property and financial records and therefore subject to costly cyclic inventories.

1.3 This standard does not include disposal requirements specific to state or federal environmental or security regulations. However, this standard enables an organizational to align or integrate state, federal, or its own requirements.

2. Referenced Documents

2.1 ASTM Standards:

E 2135 Terminology for Property and Asset Management²
E 2279 Practice for the Guiding Principles of Property Management²

2.2 Other References:

The NPMA Federal Property Manual
Federal Property and Administrative Services Act of 1949
Federal Property Management Regulations
Federal Management Regulations

3. Terminology

3.1 Definitions:

3.1.1 *abandonment and destruction*—occurs when the surplus personal property has reached the end of its useful life and no other disposal options are available.

3.1.2 *disposal*—the processes involved in the removal of personal property from the property accounting system after assignment for utilization, donation, sale, abandonment, or destruction.

3.1.3 *donations*—direct transfer of title of surplus property to eligible donees and other specifically designated recipients.

3.1.4 *excess*—personal property that is no longer required by a program of an owning organization.

3.1.5 *sale*—a method of disposing of surplus personal property, by the organization or under the direction of another authorized source, where interest or ownership in the property is exchanged for monetary reimbursement that is retained by the owning organization.

3.1.6 *screening period*—the period in which excess and surplus personal property are made available for transfer or donation to eligible recipients.

3.1.7 *surplus*—personal property no longer required by the owning organization.

3.1.8 *utilization*—finding another use for property already owned.

4. Summary of Practice

4.1 Organizations will implement property management systems in accordance with ASTM Standard E 2221-01.

4.2 The systems requirements for personal property disposition should enable managers to make disposition decisions through electronic means thereby assuring optimum returns from funds invested in property.

5. Significance and Use

5.1 Continuing emphasis by interested stakeholders demands that an organization dispose of excess assets in the most economical and efficient manner possible.

5.2 An efficient personal property utilization and disposal program will result in economies of operation that are essential in today's budget environment.

5.3 Each of the property life cycle phases are interdependent of each other and when properly managed can minimize property accountability problems for an organization. However, many organizations only recognize the property process as being important as long as the property is useful. When property reaches the disposal stage, organizations often fail to control excess and surplus property.

6. Management and Utilization of Property

6.1 Organizations shall establish policies and implement accountability systems to manage the utilization and disposal of personal property.

¹ This practice is under the jurisdiction of ASTM Committee E53 on Property Management Systems and is the direct responsibility of Subcommittee E53.04 on Reutilization & Disposal.

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² *Annual Book of ASTM Standards*, Vol 04.12.

6.2 Property management systems should be capable of surveying its property needs and determine what property is excess to organizational needs.

6.3 The disposal process for excess and surplus personal property should involve some or all of the following cycles: utilization, donation, sale, and abandonment or destruction, as appropriate.

7. Assessing Excess Personal Property

7.1 Property declared excess by an organization should enter the disposal process at the utilization cycle as early as possible and proceed through the process until appropriate removal is effected. The advance internal screening for alternative use of excess property will enable organizations to utilize property in lieu of new acquisition.

7.2 Organizations shall first offer their excess property within the generating program. If a need is present, the property will be reassigned and the transfer documented in the accountability system.

7.3 Property not reassigned should become available for transfer to other programs within the organization.

8. Assessing Surplus Personal Property

8.1 Property not redistributed within an organization should be deemed surplus and made available for either donation or sale.

8.2 Property not redistributed to an eligible donee should be sold in a manner that results in the greatest benefit to the organization. The Internet is a preferred means to efficiently sale personal property.

9. Abandonment and Destruction of Personal Property

9.1 Normally, property reaches the abandonment and destruction cycle only after utilization, donation, and sale efforts have produced no results.

9.2 Abandonment or destruction of personal property shall be documented in order to meet audit requirements. Great care should be taken to fully justify, document, and ensure audit trail visibility of abandonment or destruction dispositions.

9.3 In establishing justifications for abandonment and destruction actions, organizations should conclude that property meets one of the following conditions: (1) either has no commercial value, (2) the cost of handling and preparation of the property for sale would be greater than the expected sale proceeds, (3) a law requires abandonment or destruction action, or (4) written instructions by a duly authorized official (health, safety, security) directs abandonment or destruction action.

10. Summary

10.1 Although disposal activities may consume as much of an organization's resources as other activities, rarely have they been afforded as much attention. This standard promotes the importance of cost-effective disposition of materials.

10.2 The central objectives of this standard are to ensure (1) that property is fully utilized within an organization, and (2) that the flow of property within the disposal system takes place in a timely and efficient manner.

11. Keywords

11.1 abandonment; destruction; disposal; donation; excess; sale; surplus

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