Program Name: Division of Surplus Property

Measurability Assessment Conducted by Program Evaluation Division

Overall Indicator Ratings and Table of Contents

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	Meets	Partially Meets	Does Not Meet	
1. Program does not duplicate other related programs.		✓		190
2. Program has a problem definition.			✓	192
3. Program has a logic model.		✓		193
4. Program is evidence-based.			✓	194
5. Program has conducted a scalability analysis.			✓	195
6. Program has a strategic plan.		✓		196
7. Program has performance measures.		✓		197
8. Program has a quality improvement system.			✓	198
9. Program has a risk assessment.		✓		199
10. Program has a financial forecast.		✓		200
11. Program has cost sharing documents.	✓			201
12. Program has conducted a staffing analysis.			✓	202
13. Program has an accounting system.	✓			203
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Division of Surplus Property

Surplus Property is a division within the Department of Administration. The Division of Surplus Property is comprised of the State Surplus Property Agency and Federal Surplus Property Agency.

- **Mission:** To manage the disposition of all state-owned personal property through transfers, trade-ins, recycling, disposals, and sales; provide the audit trail of disposition services to client agencies on a cost reimbursement basis; to secure federal property and make it available to state agencies and non-profits
- **Statutory Authority:** N.C. Gen. Stat. §§ 20-28.3-9, 20-187.2, 143-63.1, and 143-64.02(2)
- **Covered Entities:** All state-owned property for all state government entities

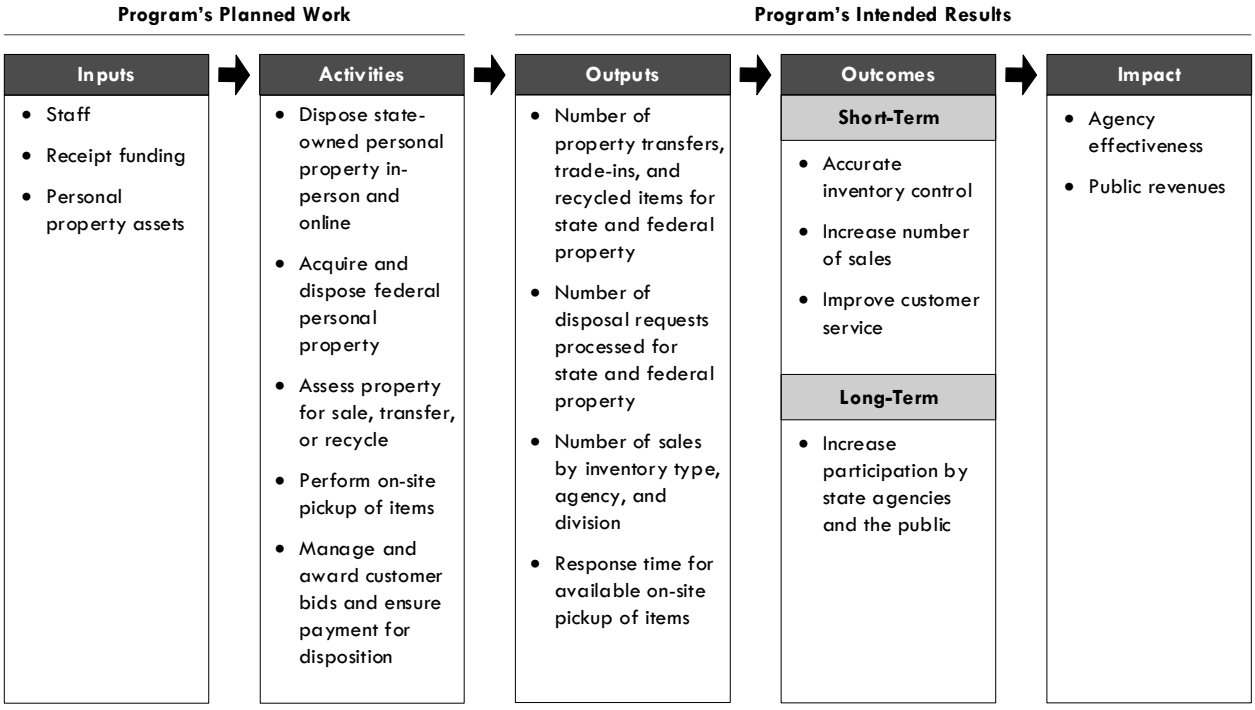
Fiscal Snapshot

	State Surplus Property Agency			Federal Surplus Property Agency		
	FY 2016–17	**FY 2017–18**	**FY 2018–19**	**FY 2016–17**	**FY 2017–18**	**FY 2018–19**
Total Requirements	$1,895,534	$1,855,184	$1,855,184	$712,565	$635,496	$635,496
Total Receipts	($1,896,311)	($1,867,356)	($1,867,356)	($710,138)	($589,064)	($589,064)
Change in Fund Balance	$777	$12,172	$12,172	($2,427)	($46,432)	($46,432)
Total Positions	29.25	26.94	26.94	8.75	6.05	6.05

Note: For Fiscal Year 2016–17, BEACON shows the State Surplus Property Agency having 26.95 positions and the Federal Surplus Property Agency having 6.05 positions, for a total of 33 positions, as of June 30, 2017, instead of 29.25 and 8.75 respectively for a total of 38 positions.

Source: Program Evaluation Division based on OSBM's 2015–17 and 2017–19 Certified Budgets.

Logic Model Created by PED



Source: Program Evaluation Division based on information from the Division of Surplus Property.

Program Name: Division of Surplus Property

Indicators of a Clear and Unique Mission

Key Elements of Indicator 1: Avoids Duplication	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
1.1 Program has an inventory that identifies other current programs active in the policy area that address the same goal.	✓		
1.2 Inventory demonstrates how the examined program is unique from the other related programs.	✓		
1.3 Inventory identifies the purpose of each program.			✓
1.4 Inventory identifies the services, products, or functions each program is providing.			✓
1.5 Inventory identifies the target population served by each program.			✓
1.6 Inventory identifies how the program coordinates with other related programs to avoid wasteful competition and duplication.	✓		
1.7 Inventory is updated periodically.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
1. Program does not duplicate other related programs.		✓	

Description: The Division of Surplus Property has a program inventory that identifies

- governmental entities that handle their own surplus per law (Museums, Community Colleges, NC State University and Department of Agriculture timber sales); and
- governmental entities that conduct unique surplus disposition by longstanding agreements (Department of State Treasurer's Unclaimed Property Division, universities through campus surplus stores, Department of Transportation through live auctions).

The inventory also lists online private companies that sell property for a profit by auction (ebay, GovDeals, Public Surplus, Iron Planet, ActionTime, Webstore). The Division is unique because it provides an audit trail for the disposition of state- and federally-owned personal property for government entities that are not exempt from its authority. The inventory does not identify the purpose of each program; the services, products, or functions each program is providing; or the target population served by each program. The Division coordinates with other related programs to avoid wasteful competition and duplication in the following ways:

- coordinates with Departments of Environmental Quality, Health and Human Services, and Information Technology in the development of statewide contracts to handle the disposition of digitally and environmentally sensitive items to ensure no overlap of responsibilities or reporting; and
- coordinates with US General Services Administration's Southeast Sunbelt Region to ensure eligibility and compliance with federally mandated rules and regulations.

The Division did not provide documentation demonstrating it updates its program inventory periodically.

Suggestions: The Division's program inventory should identify the purpose of each program; the services, products, or functions each program is providing; and the target population served by each program. The Division should include itself in the inventory so that it is clear which services the Division

provides that no other programs provide. The Division should update its program inventory periodically and indicate on the document when it was last updated. In addition, the Division's inventory could be strengthened by individually describing efforts to coordinate with related programs.

Program Name: Division of Surplus Property

Indicators of a Clear and Unique Mission (continued)

Key Elements of Indicator 2: Problem Definition	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
2.1 Problem definition is based on supportive evidence that clearly describes the nature and extent of the problem facing the individuals the program serves.			✓
2.2 Problem definition identifies the major factors contributing to the problem.			✓
2.3 Problem definition identifies current gaps in services or programs.			✓
2.4 If program is based on a "promising approach" or "best practice," problem definition provides a rationale for the transferability of the approach to the population the program serves. *If program is not based on a "promising approach" or "best practice," enter N/A.*	N/A		
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
2. Program has a problem definition.			✓

Description: The Division of Surplus Property does not have a problem definition based on supportive evidence that clearly describes the nature and extent of the problem facing the agencies the program serves.

Suggestions: The Division should create a problem definition, in one document, that describes the statewide problem it is intended to address. For example, duplication and inefficiencies result from decentralized management of state surplus. The problem definition should be based on supportive evidence that clearly describes the nature and extent of the problem facing the agencies the Division serves. The problem definition should identify the major factors contributing to the problem and identify current gaps in services.

Program Name: Division of Surplus Property

Indicators of a Clear and Unique Mission (continued)

Key Elements of Indicator 3: Logic Model	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
3.1 Logic model includes specified inputs.	✓		
3.2 Logic model includes specified activities.	✓		
3.3 Logic model includes specified outputs.	✓		
3.4 Logic model includes specified short-term and long-term outcomes.	✓		
3.5 Logic model includes specified impacts.	✓		
3.6 The logic model has been shared with program staff and key stakeholders.			✓
3.7 The logic model is updated periodically.		✓	
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
3. Program has a logic model.		✓	

Description: The Division of Surplus Property has a logic model that includes inputs, such as staff. The logic model has specified activities, such as disposing state-owned property in-person and online. The logic model includes outputs, such as transfers and trade-ins. The logic model has specified short-term outcomes (e.g., improve customer service) and long-term outcomes (e.g., increase participation by state agencies). The logic model has specified impacts, such as public savings. The Division did not provide documentation demonstrating it shares its logic model with staff and key stakeholders. Although the Division states that it updates its logic model as necessary, the Division did not provide documentation demonstrating its logic model is updated on a regular basis.

Suggestions: The Division should share its logic model with staff and key stakeholders. The Division should indicate on its logic model when it was last updated (e.g., by using a timestamp). In addition, the Division's logic model could be strengthened in the following ways:

- phrase outputs in terms of quantity (e.g., number of property transfers),
- differentiate outcomes that are achievable in the short-term (e.g., accurate inventory control) from those that are achievable in the long-term (e.g., increase participation by state agencies and the public),
- phrase outcomes in terms of the direction of change expected (e.g., increased, decreased), and
- differentiate long-term outcomes from impacts.

Program Name: Division of Surplus Property

Indicators of a Focus on Results

Key Elements of Indicator 4: Evidence-Based	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
4.1 Program can demonstrate that its outcomes in North Carolina have been tested by a rigorous impact evaluation or that it uses a design that has been tested and found to be successful through multiple rigorous impact evaluations in other jurisdictions.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
4. Program is evidence-based.			✓

Description: Although the Division of Surplus Property provided a financial audit by the Office of the State Auditor (2013) and stakeholder surveys (2015), these efforts are not impact evaluations. Therefore, the Division did not provide documentation demonstrating its outcomes in North Carolina have been tested by a rigorous impact evaluation or that it uses a design that has been tested and found to be successful through multiple rigorous impact evaluations in other jurisdictions.

Suggestions: The Division should identify the primary services it offers, and each service should be subject to an impact evaluation. Impact evaluations determine the extent to which a program produces desired outcomes and intended improvements in the conditions it was intended to ameliorate. Impact evaluations produce an estimate of the net effects of a program—the changes brought about by the intervention above and beyond those resulting from other processes and events affecting the targeted conditions.

Program Name: Division of Surplus Property

Indicators of a Focus on Results (continued)

Key Elements of Indicator 5: Scalability Analysis	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
5.1 Scalability documents determine whether the program has robust evidence of its effectiveness.			✓
5.2 Scalability documents determine whether the program has the potential for substantially expanded reach and system adoption.			✓
5.3 Scalability documents determine whether an expanded program is acceptable to target groups and settings.			✓
5.4 Scalability documents determine whether an expanded program can be delivered at an acceptable cost.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
5. Program has conducted a scalability analysis.			✓

Description: Although the Division of Surplus Property is a statewide program established in statute, it could still conduct a scalability analysis to determine whether it could have a greater impact if it had more resources such as more staff or newer technology. Although the Division did provide information on current workload and the use of services by local governments, the provided documentation does not demonstrate it has conducted a scalability analysis.

Suggestions: The Division should conduct a scalability analysis to determine whether it has robust evidence of its effectiveness and has the potential for substantially expanded reach and system adoption. The scalability analysis should determine whether an expanded program would be acceptable to target groups and settings and could be delivered at an acceptable cost.

Program Name: Division of Surplus Property

Indicators of a Focus on Results (continued)

Key Elements of Indicator 6: Strategic Plan	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
6.1 Strategic plan includes a mission statement.	✓		
6.2 Strategic plan includes a vision statement.		✓	
6.3 Strategic plan includes a values statement.	✓		
6.4 Strategic plan includes identified goals.		✓	
6.5 Strategic plan includes identified objectives.		✓	
6.6 Strategic plan includes performance measures.		✓	
6.7 Strategic plan is updated periodically.	✓		
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
6. Program has a strategic plan.		✓	

Description: The State Surplus Property Agency has a mission statement: "to manage the disposition of all state-owned personal property through transfers, trade-ins, recycling, disposals, and sales; provide the audit trail of disposition services to agencies and other governmental units on a cost reimbursement basis." The Federal Surplus Property Agency has a mission statement: "to secure federal property for the State of North Carolina and make it available to state agencies and non-profits on a cost reimbursement basis." The Division of Surplus Property has a values statement: "quality, safety and health, accountability, continuous improvement and development, innovation and creativity, customer service, diversity and inclusion, excellence, and integrity."

The Division updates its strategic plan every two years in accordance with biennium budgets. The Division is in the process of updating its strategic plan to include a vision statement, goals, objectives, and performance measures.

Suggestions: The Division should update its strategic plan, in one document, to include a program-specific vision statement and program-specific goals, objectives, and performance measures.

Program Name: Division of Surplus Property

Indicators of a Focus on Results (continued)

Key Elements of Indicator 7: Performance Measurement	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
7.1 Performance measures assess key inputs.	✓		
7.2 Performance measures assess key outputs.	✓		
7.3 Performance measures assess efficiency/process.	✓		
7.4 Performance measures assess quality.	✓		
7.5 Performance measures assess key outcomes.	✓		
7.6 Program has a defined method for collecting performance data.			✓
7.7 Program has a standard format for reporting performance data.	✓		
7.8 Program validates performance measures periodically.			✓
7.9 Performance measures are regularly reported to managers, staff, and key stakeholders.	✓		
7.10 Performance measures provide the level and type of data needed to conduct a rigorous evaluation of program impacts.	✓		
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
7. Program has performance measures.		✓	

Description: The Division of Surplus Property has performance measures that assess key inputs, such as inventory and customers, and key outputs, such as number of client agencies served per month and gross sales. In addition, the Division has performance measures that assess efficiency/process (e.g., turn rate) and quality (e.g., measure of customer satisfaction). The Division has performance measures that assess outcomes, such as

- repurposed surplus items;
- non-profits benefit from state/federal surplus; and
- sale of surplus returned funds to agency budgets, which they report as receipts.

Therefore, the Division has performance measures that provide the level and type of data needed to conduct a rigorous evaluation of program impacts. In addition, the Division has a standard format for reporting performance data and regularly reports this information to managers, staff, and key stakeholders.

Although the Division has a defined place for storing performance data, the Division did not provide documentation demonstrating it has a defined method for collecting performance data. In addition, the Division did not provide documentation demonstrating it periodically validates performance measures.

Suggestions: The Division should develop a defined method for collecting performance data that explains what it is going to collect and how (e.g., who will be surveyed and how often). In addition, the Division should periodically validate the information that is being reported by reviewing data collection protocols and comparing reported information to a sample of source data.

Program Name: Division of Surplus Property

Indicators of a Focus on Results (continued)

Key Elements of Indicator 8: Quality Improvement System	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
8.1 Quality improvement system sets objectives, which have indicators, targets, and dates.			✓
8.2 Objectives are consistent with those set by the program's strategic plan and are updated annually.			✓
8.3 Quality improvement system monitors progress towards objectives through an action plan and milestones.			✓
8.4 Program takes remedial action if there is a performance shortfall.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
8. Program has a quality improvement system.			✓

Description: Although the Division of Surplus Property has a process for monitoring performance, this process is not a quality improvement system. Therefore, the Division did not provide documentation demonstrating it has a quality improvement system.

Suggestions: The Division should create a quality improvement system that sets annual objectives and then tracks performance towards these objectives on either a quarterly or monthly basis. The objectives should have indicators, targets, and dates, and the objectives should be consistent with the Division's strategic plan and updated annually. Progress towards objectives should be monitored through an action plan and milestones. The Division should take remedial action if there is a performance shortfall.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management

Key Elements of Indicator 9: Risk Assessment	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
9.1 Risk profile identifies inherent risks, assesses the likelihood and impact of inherent risks, determines risk tolerance, and examines the suitability of existing controls and prioritizes residual risks.		✓	
9.2 Mitigation strategy identifies who is responsible for risk management activities, determines what control activities the program is using, establishes when the program is implementing activities, and determines where the program is focusing its activities.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
9. Program has a risk assessment.		✓	

Description: In accordance with N.C. Gen. Stat. §143D-7, the Department of Administration certifies to the State Controller that it performs an annual review of its system of internal control. The Department has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting; compliance with certain provisions of law, regulations, contracts, and grant agreements; and the efficiency and effectiveness of its operations. However, the Division of Surplus Property did not provide documentation demonstrating it has a program-specific risk profile. The Department's monitoring plan for grantees is not a monitoring plan for the Department or for the Division.

Suggestions: The Division should conduct a risk assessment to identify potential financial, fraudulent, and legal hazards. Then, the Division should create a risk profile that identifies inherent risks, assesses the likelihood and impact of inherent risks, determines risk tolerance, and examines the suitability of existing controls and prioritizes residual risks. In addition, the Division should create a mitigation strategy that identifies who is responsible for risk management activities, determines what control activities the program is using, establishes when the program is implementing activities, and determines where the program is focusing its activities.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 10: Financial Forecast	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
10.1 Financial forecast is conducted at least annually.	✓		
10.2 Financial forecast projects revenues and expenditures for at least 5 years.		✓	
10.3 Financial forecast breaks down projections into revenue and expenditure categories.	✓		
10.4 Financial forecast is based on a basic model of forecasting.	✓		
10.5 Financial forecast attempts to explain trends by discussing why revenue and expenditures are expected to increase or decrease.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
10. Program has a financial forecast.		✓	

Description: The Division of Surplus Property follows the biennial budget preparation instructions from the Office of State Budget and Management to develop its financial forecast, and therefore the forecast is reviewed annually and breaks down projections into revenue and expenditure categories. Although the Office of State Budget and Management's budget development process requires the Division to conduct two years of financial forecasting, the Division did not provide documentation demonstrating it projects revenues and expenditures for at least five years. The financial forecast is based on a basic model of forecasting; it uses extrapolation by reviewing historical revenue and expenditure data to predict the future by projecting the trend forward subject to the restrictions required by the Office of State Budget and Management. The Division did not provide documentation demonstrating its financial forecast attempts to explain trends by discussing why revenues and expenditures are expected to increase or decrease.

Suggestions: During the budget development process, the Division should build in a long-term focus by including revenue and expenditure projections for at least five years in its annual plan. The forecasts should attempt to explain the trends they reveal by discussing why revenue and expenditures are expected to increase or decrease.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 11: Cost Sharing	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
11.1 If program does not require cost sharing, documents include a description of why program does not require cost sharing. *If program does require cost sharing, enter N/A.*	N/A		
11.2 If program does require cost sharing, documents include a description of cost sharing requirements. *If program does not require cost sharing, enter N/A.*	✓		
11.3 If program does require cost sharing, documents describe the method used to set charges. *If program does not require cost sharing, enter N/A.*	✓		
11.4 If program does require cost sharing, documents review cost sharing levels and recommend modifications as appropriate. *If program does not require cost sharing, enter N/A.*	✓		
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
11. Program has cost sharing documents.	✓		

Description: The Division of Surplus Property requires cost sharing. As an internal service fund, the Division is supported on a cost-reimbursement basis by the state entities that utilize its services. The Division provided documentation that includes a description of cost sharing requirements and the methods used to set charges. The documents also review cost sharing levels and recommend modifications as appropriate.

Suggestions: None.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 12: Staffing Analysis	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
12.1 Staffing analysis measures caseload and workload.			✓
12.2 Staffing analysis identifies trends and establishes internal benchmarks for efficient operations.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
12. Program has conducted a staffing analysis.			✓

Description: The Department of Administration is participating in the Office of State Human Resources's Statewide Compensation System Project, which reviewed job descriptions to streamline job classifications, but this project is not a staffing analysis with measures of caseload and workload. Therefore, the Division of Surplus Property did not provide documentation demonstrating it has conducted a staffing analysis that measures caseload and workload or that identifies trends and establishes internal benchmarks for efficient operations.

Suggestions: The Division should conduct a staffing analysis to determine if its staffing levels are appropriate based on the volume of work it is required to perform. The staffing analysis should measure caseload (i.e., the number of cases that staff are assigned in a given time period) and workload (i.e., the amount of work required to manage assigned cases or perform certain tasks). The staffing analysis should identify trends and establish internal benchmarks for efficient operations by using historical data analysis, benchmarking, or business process mapping.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 13: Accounting System	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
13.1 Accounting system includes assets, liabilities, fund equity and other credits, revenues, and expenditures.	✓		
13.2 Accounting system tracks financial information on a cash and accrual basis.	✓		
13.3 Accounting system is capable of producing financial statements required by the Governmental Accounting Standards Board.	✓		
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
13. Program has an accounting system.	✓		

Description: The Division of Surplus Property uses the North Carolina Accounting System. Therefore, its accounting system includes assets, liabilities, fund equity and other credits, revenues, and expenditures; tracks financial information on a cash and accrual basis; and is capable of producing financial statements required by the Governmental Accounting Standards Board.

Suggestions: None.

Program Name: Division of Surplus Property

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 14: Audit	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
14.1 Audit documents include a description of audit requirements.	✓		
14.2 Audit documents demonstrate accessibility of persons involved with the program; books, records, reports, vouchers, correspondence, files, personnel files, investments, and any other documentation of the program; and property, equipment, and facilities of the program.	✓		
14.3 Program maintains a record of prior audits, examinations, and evaluations.			✓
14.4 Program maintains a record of corrective actions taken in response to audit findings and recommendations.			✓
	Overall Indicator Rating		
	Meets	**Partially Meets**	**Does Not Meet**
14. Program is audited.		✓	

Description: The Division of Surplus Property has audit documents that include a description of audit requirements and that demonstrate accessibility of persons, documents, and property. In accordance with N.C. Gen. Stat. §143-746, the Department of Administration has an internal auditing program that audits the agency's major systems and controls periodically. The Department's internal auditor works in conjunction with the Secretary and senior staff to determine the audit schedule and reports findings to the Secretary and responsible managers for action. In addition, the Department complies with the Office of the State Auditor as required. However, the Division did not provide documentation demonstrating it maintains a record of prior audits, examinations, and evaluations. Also, the Division did not provide documentation demonstrating it maintains a record of corrective actions taken in response to audit findings and recommendations.

Suggestions: The Division should maintain a record of prior audits, examinations, and evaluations by listing key aspects of them (e.g., subject of audit, date completed, major findings) in a separate document from the audits themselves. The Division should maintain a record of corrective actions taken in response to audit findings and recommendations. The corrective actions could be listed in the separate document mentioned above.