

*OFFICE OF COURT*

*ADMINISTRATION*

#### *PROPERTY*

#### *PROCEDURES*

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# *INTRODUCTION*

These procedures are designed to establish effective and sound accountability for the Office of Court Administration's (OCA) personal property. The OCA Property Manager developed these guidelines to familiarize property custodians and authorized users with legal authority, administrative procedures and requirements for handling state property. Property custodians and authorized users must comply with these procedures when dealing with personal property belonging to OCA.

The procedures outlined below have been developed in accordance with the Texas Gov’t. Code Section 403.271 – 403.276 and the State Comptroller’s Office guidelines, as described in the State Property Accounting (SPA) Policy and Procedures Manual.

***DEFINITIONS***

**PARTIES RESPONSIBLE FOR OVERSIGHT OF OCA PROPERTY:**

**OCA Property Manager:** An OCA employee responsible for oversight of all OCA property, including OCA property held by OCA employees at remote locations outside Austin, Texas, and property held by authorized users at the appellate courts or other judicial agencies.

**Property Custodian:** An individual who is responsible for oversight of OCA property assigned to authorized users in a particular location or division, e.g., at an appellate court or an OCA division at OCA headquarters in Austin, Texas. The Property Custodian must be identified in writing and approved by either the Division Manager or Chief Justice, as applicable.

**Authorized User:** An individual who has received written authorization from the OCA Property Manager or Property Custodian to utilize OCA personal property.

**TYPES OF PROPERTY:**

**Capitalized Asset:** Real or personal property purchased by OCA that has a single unit value equal to or greater than the capitalization threshold established for that asset type, and has an estimated useful life of more than one year.

**Controlled Asset:** An asset purchased by OCA that either the State Comptroller’s Office or OCA determines must be secured and tracked due to the nature of the item, and has a value less than the capitalization threshold established for that asset type

**Trust Property:** An asset, such as art collections owned by families and estates, held by an agency on behalf of a non-state entity , under temporary control of the agency, and is not used in agency operations.

**OTHER PROPERTY MANAGEMENT TERMS:**

**Cannibalization:** The authorized removal of components from one item in order to use them in another item to meet a specific requirement and/or return an item to service. The cannibalized item is then reported as surplus to TBPC.

**Personal Property:** A fixed or tangible asset rendered into service for operations and benefits that extend beyond one year from date of acquisition.

**Surplus:** Any personal property which is in excess of the needs of the state agency and is not required for its foreseeable need. Surplus property must have additional useful life.

***OCA PROPERTY MANAGER RESPONSIBILITIES***

* Utilize procedures and documentation that is in compliance with rules and regulations of the State Comptroller’s Office, as described in the State Property Accounting (SPA) Policy and Procedures Manual.
* Perform daily maintenance of personal property purchases, transfers to or from authorized users, trusts, and disposals of property by OCA in accordance with the State Property Accounting System (SPA) rules and under the supervision of the OCA Finance & Operations Division.
* Maintain a current file of all original forms completed by authorized users and/or Property Custodians. The OCA Property Manager may not entrust personal property or trust property to a person unless the person provides a signed and dated Capitalized/Controlled Equipment Receipt Notice (CRN), Loaned Equipment Receipt (LER) form or Interdepartmental Transfer of Equipment (ITE) form.
* Complete a final inventory to clear individuals as part of the exit process when employees resign or transfer to outside agencies.
* Conduct random spot check of inventory of authorized users, as needed, and report results to the Administrative Director and Chief Financial Officer.
* Conduct an annual inventory of all assets and submit a certification form to the Comptroller’s office.
* Reconcile SPA to the appropriate general ledger accounts.

***PROPERTY CUSTODIAN RESPONSIBILITIES***

* Assist the OCA Property Manager in enforcing the rules of property management for property assigned to his/her location, division or court, and ensure authorized users complete necessary forms associated with maintenance of inventory-related activities.
* Coordinate with the OCA Property Manager for the disposal of surplus property.
* On an annual basis (and at other times as directed by the OCA Property Manager), conduct an inventory review and assist in resolving any inventory discrepancy found during the review. Provide the results of any inventory conducted in writing to the OCA Property Manager.

# *AUTHORIZED USER RESPONSIBILITIES*

* Utilize OCA property, equipment, and supplies for state purposes, and exercise reasonable care for safekeeping of all assigned property. The term "reasonable care" means, at a minimum, to ensure the security of any asset, ensure that care is taken to avoid damage to the property, and ensure that the asset can be located at any time requested.
* Know the location of all capitalized/controlled assets at all times.
* Sign a Capitalized/Controlled Equipment Receipt Notice (CRN) or Loaned Equipment Receipt (LER) for new property assigned to the user.
* Complete and maintain a copy of the Interdepartmental Transfer of Equipment (ITE) form if an assigned asset is transferred to or removed from the authorized user’s possession. A user’s responsibility to assigned equipment is not released until the appropriate parties complete such forms.
* Sign a “Responsible Person Report” with liability statement for inventoried property assigned to the user. This report shall be signed at least annually, during the annual inventory review, and at such other times as an inventory of the user’s property is conducted by the OCA Property Manager. The chief justice or property custodian of each appellate court will sign a current inventory statement for inventoried property assigned to the user at least annually, during the annual inventory review, and at such other times as an inventory of the user’s property is conducted by the OCA Property Manager.
* OCA employees who supervise or act as a project manager for contract workers will assume responsibility for OCA equipment assigned to the contract workers. Supervisors or project managers may develop an internal department liability statement for equipment loaned to contractors. A copy of the documentation, internal liability statements and list of property loaned to a contractor should be provided to the division’s/location’s Property Custodian and the OCA Property Manager. When the property is returned or at the end of the contract worker’s assignment with OCA, signed acknowledgement of the return of the loaned property should be obtained and documentation provided to the appropriate OCA personnel.

# *RECEIVING FIXED ASSETS*

* When OCA issues a Purchase Order for property that will be tracked for inventory purposes, the OCA Property Manager will initiate a Capitalized/Controlled Equipment Receipt Notice (CRN) or a Loaned Equipment Receipt (LER) and assign an inventory number. A property tag with the following text and identifier, “State Property, Office of Court Administration, 212-XXXXX” will be attached to the CRN or LER, as applicable.
* The CRN/LER and inventory tag will be forwarded to the appropriate Property Custodian.
* The property will be received using the OCA Procedure for Receiving Goods.
* Upon receipt of the property, the Property Custodian will complete the CRN or LER, providing additional information such as authorized user, location, required signatures; affix the inventory tag to the property; and return the completed form to the OCA Property Manager within 3 days of receipt of the property.
* Upon receipt of the completed CRN or LER form, the OCA Property Manager will update the inventory in SPA.

ASSETS AT APPELLATE COURTS

* All equipment purchased or reimbursed with funds appropriated to OCA and placed at the appellate courts will remain on OCA’s property inventory control list.
* The procedures and rules outlined in this manual apply to OCA property placed at the appellate courts.
* The Property Custodian at the appellate court will be the designated contact for all OCA property located at the court.
* When items are purchased and direct-shipped to an appellate court, the Property Custodian for the appellate court will receive notification from OCA that the specific items have been ordered. The Property Custodian should work with the person at the court who will receive the goods, using the OCA Procedure for Receiving Goods.

## UPGRADING ASSETS

It is the Property Custodian’s responsibility to inform the OCA Property Manager any time an item proposed for purchase is intended to be used for the sole purpose of upgrading a current asset. The purpose of the asset to be purchased should be included on the purchase requisition order.

***CANNIBALIZATION OF STATE PROPERTY***

Cannibalization authorization must be obtained from the Property Custodian and the OCA Property Manager in order to cannibalize OCA property. This authorization is obtained using the Property Destruction Record Form that lists all equipment to be cannibalized and is signed by the Property Custodian. The original form must be sent to the OCA Property Manager prior to cannibalizing the property.

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***SOFTWARE***

The OCA Information Services Business Manager will maintain documentation of all capitalized licenses of software purchased by OCA. This information shall be submitted to the OCA Property Manager for any necessary updates to the State Property Accounting (SPA) system.

The OCA Information Services Division is responsible for adherence to software license agreements. No personal software or non-business related software should be installed on any computer. Based on the license agreement and the purchase agreement, software and related manuals that have expired or been upgraded with a new version should be destroyed. Machines that are removed from use and/or are to be surplused should have all software removed prior to storage or disposal. The OCA Property Manager should be notified of the need to delete any software from the inventory.

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# *LIABILITY FOR PROPERTY LOSS*

* All authorized users should immediately report any property missing, stolen or damaged to their Property Custodian. A Missing Property Form 74-194 should be completed within 24 hours of detection.
* The Property Custodian will immediately report any disappearance of property to the OCA Property Manager. Failure to inform the OCA Property Manager immediately could significantly impact the investigation of the report and is not in compliance with these guidelines.
* The OCA Property Manager is authorized to contact the Department of Public Safety (or Capitol Police) for further investigation. Authority to call or report a loss or theft lies solely with the OCA Property Manager. If the loss or theft occurs outside OCA headquarters in Austin, the OCA Property Manager may authorize a person from the location where the theft or loss occurred to contact the appropriate local law enforcement authority.
* Once property has been reported missing, stolen or damaged, a complete property inventory may be conducted by the OCA Property Manager and Property Custodian to verify the property is missing and identify if any other property may be missing.
* Under the provision of GAA, Article IX, Section 12.04(b) 82nd Legislature, Regular Session, the value of all lost or stolen property must be reported to the Legislative Budget Board and the Comptroller on an annual basis. The Comptroller must withhold 50 % of the value of the excess amount from the agency’s General Revenue fund if the loss or stolen property exceeds the standard set by the American Standard for Testing and Materials. The loss of any property will directly impact OCA’s ability to meet future and/or fund new obligations.
* The Attorney General has the authority to investigate any loss of state property. Based upon its investigation, the Attorney General can take legal action against state employee(s) in order to recover the value of the property.

# *EQUIPMENT TRANSFER*

Transfers of equipment from one authorized user to another may occur at any time. An Interdepartmental Transfer of Equipment (ITE) form or a Transfer of Loaned Equipment form must be completed and forwarded to the OCA Property Manager in order to transfer responsibility of the assigned asset from the responsible person to the new assignee. The transfer becomes official at the time the OCA Property Manager makes the necessary changes in the State Property Accounting (SPA) system.

If any equipment is to be transferred to another state agency, the Property Custodian must complete a Property Transfer Receipt form and forward the completed form to the OCA Property Manager, who will contact the agency receiving the property to coordinate the transfer of the asset and ensure the required SPA transactions are complete. No equipment may leave OCA’s inventory until the OCA Property Manager has authorized the transfer of the property.

# *LOANING OF PROPERTY*

* OCA property may be loaned out on a temporary basis to another state entity, non-state entity, or individual other than the authorized user. This property should be used solely for conducting state business.
* If equipment is loaned to another OCA employee, another state agency, or non-state entity, an Interdepartmental Transfer of Equipment (ITE) form must be obtained from the Property Custodian, and signed by all parties before the equipment is taken from the authorized user. This is the only way to relieve the authorized user of responsibility for the loss or damage of loaned property. No property may be loaned out until the OCA Property Manager has authorized the loan.
* If a division has a pool of OCA property (e.g., laptop computers) from which property is loaned out on an as-needed basis, the Property Custodian must, at all times, maintain a log with property numbers, check-in & check-out dates, and signature of individuals using the equipment.

### *SURPLUS*

Subject to the Property Custodian’s approval, a “Request to Surplus” can be made by completing the Interdepartmental Transfer of Equipment form or the Transfer of Loaned Equipment form for all property that is no longer useful. The OCA Property Manager is responsible for following up on all requests to surplus equipment. (Subchapter F, Chapter 2175, Government Code, Section 2175.307 effective 9-1-07)

* After the ‘request to surplus’ has been made, OCA will use the guidelines as outlined in the SPA manual for the sale, disposal, or transfer of any OCA property.
* The OCA Property Manager will advertise the equipment on the Comptroller’s website for ten business days.
* As a general rule, the asking price for advertised surplus property is 10% of the acquisition cost.
* If an offer made by a qualified organization (state agency, political subdivision or assistance organization) is for the full asking price, then the surplus is sold on a first come, first served basis.
* The purchaser will pay for any costs associated with the sale/transfer of surplused equipment.
* If proceeds are received from the sale of surplused equipment, the funds will be credited to the appropriation from which like items are purchased.
* If an offer is below the asking price, then the surplus is given to Texas Building and Procurement Commission (TBPC) or Texas Department of Criminal Justice (TDCJ), as applicable. (It is not awarded to a qualified organization.)
* Arrangements are made with TBPC or TDCJ to pick-up the equipment.

# *INVENTORY*

Inventories are conducted to ensure that the property on record is current and accurate. The following types of inventories will be conducted, as directed by the OCA Property Manager:

**INITIAL:** New authorized users are required to assume responsibility for property in the room or location assigned. An Interdepartmental Transfer of Equipment (ITE) form must be completed and signed by the authorized user accepting responsibility for all OCA property assigned to the user.

**EXIT:** Prior to terminating employment with OCA or other user entities, employees must complete an exit inventory review with their supervisor. All property will be transferred temporarily to the employee’s immediate supervisor until a replacement is hired. An Interdepartmental Transfer of Equipment (ITE) form must be completed and signed by the authorized user and the employee’s immediate supervisor to document this transfer.

**ANNUAL:** End-of-the-year physical inventory is required by the Comptroller of Public Accounts for certification and is to be conducted by the OCA Property Manager and Property Custodians.

**SPECIAL:** Inventories ordered by the OCA Property Manager under special circumstances (i.e., when *reporting stolen or missing items, for random samplings, and any other circumstances the OCA Property Manager sees fit for control).* In these circumstances, the OCA Property Manager will conduct the inventory along with the Property Custodian.

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# *FORMS*

Authorized users, Property Custodians and the OCA Property Manager are required to complete the appropriate forms whenever OCA property is received, loaned, transferred, surplused, etc. Forms can be obtained from the OCA Employee Reference Web page for Property.

Here is a brief description of the most frequently used forms:

**Designation of Property Custodian:** This form is used to designate a property custodian for a division or court, and must be signed by either the Division Manager or the Chief Justice, as applicable.

**Capitalized/Controlled Receipt Notice (CRN):** This form is used by state agencies to show receipt of equipment and that an inventory number has been issued. It provides the OCA Property Manager with the necessary information to complete the inventory listing in SPA.

**Loaned Equipment Receipt (LER):** This form is used by the courts to show receipt of equipment purchased by OCA for use by the court, and document that an inventory number has been issued. It provides the OCA Property Manager with the necessary information to complete the inventory listing in SPA.

**Interdepartmental Transfer of Equipment (ITE):** This form is used to transfer equipment between employees, departments, or state agencies.

**Transfer of Loaned Equipment (TLE):** This form is used to document the transfer of loaned equipment to/from the courts.