



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

**Audit of Personal Property Donation Program:
New Jersey State Agency for Surplus Property
Federal Acquisition Service
Northeast and Caribbean Region**

*Report Number A110117/Q/2/P12005
March 30, 2012*



Office of Audits
Office of Inspector General
U.S. General Services Administration

REPORT ABSTRACT

OBJECTIVES

The objectives of the audit were to determine if donated property (1) only goes to eligible recipients and (2) is accounted for and used by the New Jersey State Agency for Surplus Property's (NJ SASP) donees in accordance with prescribed criteria.

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Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property Federal Acquisition Service Northeast and Caribbean Region

*Report Number A110117/Q/2/P12005
March 30, 2012*

WHAT WE FOUND

Our audit of the NJ SASP found the following issues:

Finding 1 – Poor recordkeeping, inadequate oversight, and missing identifiers precluded the positive identification of most of the donated property that was searched for.

Finding 2 – Ineffective and incomplete data submissions and entries have resulted in the inaccurate reporting of donation activity.

Finding 3 – State reviews were not performed and documented effectively.

Finding 4 – The NJ SASP does not maintain a current list of eligible donees for the GSA Donation Program.

WHAT WE RECOMMEND

Recommendation 1 – Enforce proper recordkeeping standards on the NJ SASP. Specifically, donee files should be complete and property receipts must comply with FMR standards. Also, encourage donees to retain the identifying information that comes affixed to each donated item.

Recommendation 2 – Reconcile the quarterly donation activity received from SASP's to another data source (such as GSAXcess) and require supervisory review of the data entered into the GSA system.

Recommendation 3 – Review the NJ SASP in a more timely fashion, carefully document these reviews and disseminate the results to the SASP, and follow up on outstanding issues. Given the issues identified relative to the NJ SASP, we recommend that it be reviewed on a 2-year cycle.

Recommendation 4 – Require the NJ SASP to maintain a current list and properly promote the donation program.

MANAGEMENT COMMENTS

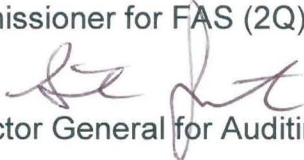
The Regional Commissioner of the Federal Acquisition Service agrees with the report findings.



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

DATE: March 30, 2012

TO: Paul McDermott
Regional Commissioner for FAS (2Q)

FROM: Steven Jurysta 
Regional Inspector General for Auditing (JA-2)

SUBJECT: Audit of Personal Property Donation Program:
New Jersey State Agency for Surplus Property
Federal Acquisition Service
Northeast and Caribbean Region
A110117/Q/2/P12005

This report presents the results of our audit of the Personal Property Donation Program. Our findings and recommendations are summarized in the Report Abstract. Instructions regarding the audit resolution process can be found in the email that transmitted this report.

Your written comments to the draft report are included in Appendix B of this report.

If you have any questions regarding this report, please contact me or any member of the audit team at the following:

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On behalf of the audit team, I would like to thank you and your staff for your assistance during this audit.

Table of Contents

Introduction	1
Results	
<i>Finding 1 – Poor recordkeeping, inadequate oversight, and missing identifiers precluded the positive identification of most of the donated property that was searched for.</i>	<i>2</i>
<i>Recommendation 1</i>	<i>8</i>
<i>Management Comments</i>	<i>8</i>
<i>Finding 2 – Ineffective and incomplete data submissions and entries have resulted in the inaccurate reporting of donation activity.....</i>	<i>8</i>
<i>Recommendation 2</i>	<i>10</i>
<i>Management Comments</i>	<i>10</i>
<i>Finding 3 – State reviews were not performed and documented effectively.....</i>	<i>10</i>
<i>Recommendation 3</i>	<i>11</i>
<i>Management Comments</i>	<i>11</i>
<i>Finding 4 – The NJ SASP does not maintain a current list of eligible donees for the GSA Donation Program.....</i>	<i>11</i>
<i>Recommendation 4</i>	<i>12</i>
<i>Management Comments</i>	<i>12</i>
Conclusion.....	13
Appendixes	
Appendix A – Purpose, Scope, and Methodology.....	A-1
Appendix B – Management Comments	B-1
Appendix C – Report Distribution.....	C-1

Introduction

Personal property that is no longer required by the Federal Government is made available to State Agencies for Surplus Property (SASP) for donation to state and local governments and eligible nonprofit institutions. Regional offices approve all transfers of this property for donation to these non-federal activities. Once the property has been donated, the donees agree to certain restrictions on the use and retention of the property.

There are four SASPs in the Northeast and Caribbean Region, located in New York, New Jersey, Puerto Rico, and the Virgin Islands. From 2008 to 2010, GSA reported that approximately \$17.5 million of donated property was transferred to eligible donees through the New Jersey SASP (NJ SASP).

The objectives of the audit were to determine if donated property: (1) only goes to eligible recipients and (2) is accounted for and used by the NJ SASP's donees in accordance with prescribed criteria.

See ***Appendix A*** – Purpose, Scope, and Methodology for additional details.

Results

Finding 1 – Poor recordkeeping, inadequate oversight, and missing identifiers precluded the positive identification of most of the donated property that was searched for.

We could only verify 28 percent (\$787,227 of \$2,831,029) of the donated items we looked for with any degree of certainty because the NJ SASP did not maintain its records in accordance with prescribed policies and procedures. Also, identifying information was missing from the donated items and/or supporting paperwork.

The NJ SASP did not maintain its records in accordance with prescribed procedures

The Federal Management Regulation (FMR) outlines the responsibilities of a SASP for the donation of surplus personal property. Per FMR §102-37.130, a SASP must:

(a) determine whether or not an entity seeking to obtain surplus property is eligible for participating in the donation process; (b) distribute surplus property fairly, equitably, and promptly to eligible donees in the appropriate state based on their relative needs; and (c) enforce compliance with the terms and conditions imposed on donated property.

In addition, the NJ SASP's State Plan of Operations (as mandated by FMR §102-37.135(a)) provides for the creation and retention of certain forms and other documents that evidence the transfer of donated property among the Federal Government, the state, and donees. When reviewing files, we looked for three specific documents:

- Standard Form 123 - Surplus Personal Property Transfer Order (SF-123) – Once property becomes surplus, a SASP requests GSA's approval for the transfer of such property from federal holding agencies to eligible donees through a SF-123. After GSA approval, the SASP may coordinate transfer of the property to a donee.

The SF-123 includes a description of the donated property, any identifying numbers, the specific SASP requesting the property, the GSA office/officer in charge of approving the transfer, and the federal holding agency. Since the SF-123 provides more detail about each donated item than other available documents, we used it as our primary means of identifying donated property during our site visits.

- Direct Pick-up Authorization Form – This form is provided by the SASP to the donee, and authorizes the donee to pick up the donated item(s) directly from the donor agency. It contains the donee's and donor's contact information, the item identification numbers, and the authorizing signature of the NJ SASP representative.
- Property Receipt – This form is provided by the SASP to the donee, and requires the donee to report the specific items that it "has taken possession of." The blank form

provides space for the donee to fill in the Transfer Order Number and a description of the donated property. There are also lines requiring a signature and the name of the donee's organization. Finally, the following statement appears above the signature line:

These items will be placed in use immediately and utilized within the guidelines of the General Services Administration and N.J. State Agency for Surplus Property as outlined on page 5 of the Federal Surplus Property Program Application.

Our file review revealed a high rate of missing documents. We selected 13 donees for a file review and site inspection. Records indicated that these donees received 336 donated items. However, we could only find the applicable SF-123's and pick-up authorization forms for 31 (9 percent) of the donated items and property receipts for 61 (18 percent) of the donated items.

In addition, the property receipts used by the NJ SASP do not comply with FMR requirements. FMR §102-37.260 stipulates that "(a)ll SASPs must document the distribution of Federal surplus property on forms that are prenumbered, provide for donees to indicate the primary purposes for which they are acquiring property" and that incorporate appropriate certifications, agreements, and restriction periods.

Despite this requirement, the NJ SASP's property receipts are not prenumbered nor do they properly incorporate required certifications agreements, and restriction periods. Specifically, the Donation of Surplus Personal Property Handbook (Handbook) asserts that if a SASP's distribution document¹ does not contain the required "certifications, terms, and conditions," then the SASP must require donees to "execute a certification to the terms and conditions of donation at the time the donee's eligibility application is processed." The NJ SASP does comply with this rule – although its property receipts do not contain the certification language, its donees are required to execute the certification at the time of application. However, the Handbook adds that when the preceding circumstance exists, the distribution document must then include the following language above the signature line:

The donee agrees to the certifications and agreements contained in the certification document executed on (DATE).

As detailed earlier, the NJ SASP's Property Receipts do not contain the specific language mandated by the Handbook. Therefore, the required certifications are not properly incorporated.

Finally, of the 14 actual property receipts that were found, 2 were not signed, 12 were not dated by the donees, and 7 of the receipts combined more than one property

¹ We consider the NJ SASP's Property Receipt to represent the distribution document referred to in the Handbook, because this document establishes a donee's possession of the donated property.

transfer over a period of time, indicating that not every individual property transfer was accompanied by a property receipt.

As a result of the recordkeeping deficiencies listed above, site inspections were very challenging. We searched for 158 items valued at approximately \$2.8 million² but we could not positively identify the majority of those items as a result of missing documents (especially the SF-123). However, as discussed in the following section, there were many cases where, despite the presence of documentation, positive identifications could not be made because of missing identifiers.

Identifying information was missing from the donated items and/or supporting documentation

The files often did not have enough identifying information to permit a positive identification of the donated items we were searching for. In addition, many donated items did not contain adequate identifying markings.

For example, we visited the New Lisbon Developmental Center to search for a Trailer Mounted Air Compressor, Model 150GP. The associated SF-123 and Direct Pick-up Authorization form each referenced Item Control Number 141330 0231 0076 – this was the only ‘identifier’ included in the files. We did find a Model 150GP air compressor (**Figure 1**), but could not positively identify it because the Item Control Number was not affixed to the item. The compressor bore a serial number (**Figure 2**) which was not identified in the records.

Figure 1 - Air Compressor at New Lisbon



² Donated property is valued at original acquisition cost, and is based on the representations of the property donors.

Figure 2 – Air Compressor Model and Serial Numbers



We faced a similar problem during our visit to the Bradley Beach Police Department, where we attempted to locate several Panasonic Toughbook laptops. The associated SF-123's detailed the Item Control Numbers and the following model numbers for seven toughbooks: 1 Model CF-18, 2 Model CF-29's, 1 Model CF-72, and 3 Model CF-73's. However, only one of the SF-123's listed anything resembling a serial number (CF-73XCVTSBM). When we examined the laptops, we found a different distribution of model numbers (4 Model CF-29's, 2 CF-73's, and 1 indeterminate), and no control numbers were affixed. As a result, we were only able to positively identify one toughbook based on its serial number (**Figure 4**).

Figure 3 – Laptop With Unconfirmable ID Tag



Figure 4 – Laptop With Confirmable ID Tag



The toughbook example illustrates that identifiers must be unique in order to be useful. In addition, to enhance accountability, especially for larger or more valuable items, identifying information should be permanently affixed to the donated item. For the vast majority of the items in our sample, the identifier used was the Item Control Number, which is a number created when a donated item is first input into the process by its donor. These Item Control Numbers are not permanently affixed to the donated items;

we found that they were most commonly applied via a white sticker, or painted onto the side of larger items. Unfortunately, more often than not, the items we found during our inspections no longer showed evidence of their Item Control Number. For example, during our site visit to the Mantoloking Fire Department, we searched for and found two tractors. For both tractors, their associated SF-123's only listed their Item Control Numbers. One tractor still had its original sticker listing its Item Control Number,³ and could therefore be positively identified (**Figure 5**).

Figure 5 – Tractor With Its Item Control Number Intact, At Mantoloking



The second tractor, however, had been painted, and the sticker had either been removed or painted over (**Figure 6**). Consequently, the Item Control Number was unavailable and we were unable to establish a positive identification.

Figure 6 – Repainted Tractor At Mantoloking



Unfortunately, the lack of a permanent identifier, such as a serial number, appears to be a systemic issue. We reviewed available instructional sources and noted that, while serial numbers are mentioned, there is no actual requirement for a donor to report an item's serial number when inputting the item into the system. For example, GSA's Personal Property Disposal Guide provides potential property donors with the following instructions:

³ Note that in the sticker depicted in **Figure 5**, the Item Control Number is labeled DTID. Apparently, this is a Defense Department acronym for Disposal Turn-In Document. We do not know why GSA uses this acronym.

- A good comprehensive description of available property is the best way to ensure its quick disposition...Each item entered into GSAXcess[®] (or Block 18B of the hardcopy SF-120) should be described in commercial terms and in sufficient detail to permit transfers or sale without further reference to the holding agency...
- You must provide the following data on excess personal property...
 - (4) Description of item, in sufficient detail...
 - (8) Manufacturer, date of manufacture, part and serial number, when required by GSA;

The NJ SASP is also responsible for inputting descriptive information when creating SF-123's. The Handbook specifies that the item description block of the SF-123 should

include national stock numbers and noun name, if available. Otherwise, furnish Federal supply class numbers and commercial description, when possible. The space on this form may also be used to insert additional data pertinent to the description of the property; e.g., serial numbers and packaging information.

However, for all practical purposes, the NJ SASP will complete the SF-123 using information previously input by the donor. So the lack of a serial number will perpetuate in documents subsequently created by the SASP and provided to the donee.

Conclusion

Poor recordkeeping and inadequate property receipts represent major control weaknesses in the administration and accountability of this program. A NJ SASP official blames a lack of time and staff for these program deficiencies. At the time of our audit, the NJ SASP was running its donation program with a single New Jersey State Police Officer on a 'part-time basis,' in addition to his regular job responsibilities.

Additionally, missing identifiers prevent the positive identification of items that have been donated. The use of permanently affixed identifiers, such as serial numbers, for larger or more valuable items would be ideal. However, this is essentially dependent on the input of donor agencies and establishing such a requirement is outside the purview of the Region. Therefore, we suggest that, in order to enhance accountability, donees be instructed to retain the stickers that contain the Item Control Number; so if the stickers do not remain affixed to the item, at least they will be retained with the other donation-related documents.

Recommendation 1

We recommend that the Regional Commissioner of the Federal Acquisition Service, Region 2, ensures that the Personal Property Division enforces proper recordkeeping standards on the NJ SASP. Specifically, donee files should be complete and property receipts must comply with FMR standards.

We also recommend that the Personal Property Division instructs the NJ SASP to encourage donees to retain the identifying information that comes affixed to each donated item.

Management Comments

The Regional Commissioner of the Federal Acquisition Service agrees with the report finding. Management's written response to the draft report is included in its entirety as Appendix B.

Finding 2 – Ineffective and incomplete data submissions and entries have resulted in inaccurate reporting of donation activity.

New Jersey donation activity has been inaccurately reported over the last three years. Since this information is reported to Congress and forms the basis for evaluating the NJ SASP's performance, its inaccuracy is a concern. As shown below, donation activity as reported on quarterly GSA Form 3040 (State Agency Monthly Donation Report of Surplus Personal Property) reports, did not reconcile to other sources of available information.

Table 1 - NJ SASP Donation Activity Discrepancies - Fiscal Years 2008 to 2010

Fiscal Year	Total Donated Property Per 3040 Reports	Total Donated Property Per GSAXcess⁴	Discrepancy	Differential (%)
2008	\$14,158,030	\$2,297,653	\$11,860,377	83.77%
2009	1,582,354	1,189,165	393,189	24.85%
2010	1,797,559	1,712,772	84,787	4.72%

The NJ SASP included an \$11.3 million F-15A aircraft in its fiscal year (FY) 2008 3040 submission which had not actually been donated, accounting for most of the 2008 discrepancy. According to the SASP's records, the aircraft was donated to the Naval Air Station Wildwood Aviation Museum in Cape May, New Jersey. However, a site visit and follow up conversation with the donee revealed that the donation had been

⁴ "GSAXcess is a totally web-enabled platform that authorized customers use to report, search and select property." Personal Property Disposal Guide, GSA, Page 6.

cancelled. Neither the NJ SASP nor Region 2's Personal Property Division was able to provide any documentation related to the donation cancellation.

We also noted that on several occasions, Region 2 Personal Property staff inadvertently duplicated quarterly 3040 information during the data input process, thereby contributing to FY 2009 and FY 2010 discrepancies.⁵ Specifically, the Region reported personal property donations through the NJ SASP of \$304,857 in both the third and fourth quarters of FY 2009. Likewise, the Region reported personal property donations through the NJ SASP of \$302,031 in both the third and fourth quarters of FY 2010.

FMR §102-37.360 mandates that each SASP must submit a 3040 *on a quarterly basis* to the appropriate GSA regional office. The Handbook, Chapter 10-4(a), instructs GSA regional offices to

review and evaluate the donation data...with respect to the State agencies' performance in effecting fair and equitable distribution, in carrying out and reporting on State agency reviews...and in evaluating State agency screening of Federal installations.

In order to reconcile reported data, we requested all 3040 submission documents from the NJ SASP for 2008 through 2010. Of the twelve quarters requested, the NJ SASP was only able to provide a 3040 for five quarters. Regional Personal Property staff could only provide a 3040 for two of the seven missing quarters. Among the missing quarters were the fourth quarter of FY 2009 and the third quarter of FY 2010, two of the 'duplicated' quarters discussed above. Given the lack of evidence to the contrary, this raises the possibility that the NJ SASP does not always submit its quarterly data as required, nor does the regional staff always enforce this requirement.

Further, Chapter 10-4(c) of the Handbook states that the data reported on the 3040 "shall be accumulated and analyzed by the Central Office and used in the preparation of the annual and biannual reports to Congress as well as in evaluating regional and State agency performance in carrying out their donation responsibilities." Consequently, since donation activity is reported to Congress and forms the basis for evaluating the NJ SASP's performance, its inaccuracy is a concern.

The problems described above result from a combination of ineffective recordkeeping and lax oversight. The NJ SASP maintains a spreadsheet of all its donation activity, but this spreadsheet was inaccurate, inconsistent, and difficult to reconcile due to limited supporting documentation. The Regional staff does not reconcile State 3040 submissions to any other data source (such as GSAXcess) and erred in inputting data, resulting in duplications and inaccurately reported activity.

⁵ We also noted duplicate entries related to two other SASP's in Region 2. For the New York SASP, \$962,455 of property donations was reported for both the fourth quarter of FY 2008 and the first quarter of FY 2009. For the Puerto Rico SASP, a total of \$1,094,534 of property donations was duplicated over the first three quarters of FY 2009.

Recommendation 2

We recommend that the Regional Commissioner of the Federal Acquisition Service, Region 2, ensures that the Personal Property Division reconciles the quarterly donation activity received from SASP's to another data source (such as GSAXcess) and requires supervisory review of the data entered into the GSA system.

Management Comments

The Regional Commissioner of the Federal Acquisition Service agrees with the report finding. Management's written response to the draft report is included in its entirety as Appendix B.

Finding 3 – State reviews were not performed and documented effectively.

Oversight of State donations is lax because the Region's review function is not effective.

The Handbook stipulates that "State reviews will be conducted every 2 or 4 fiscal years based on" an analysis of the SASP's overall performance. Essentially, the Handbook asserts that a SASP should be reviewed on a 2-year cycle if previous problems have been identified.

At the start of our audit, we were told that the NJ SASP was last reviewed by the Region in 2007, and a current review was scheduled for 2011. However, it appears that a 2007 report was never prepared; we could not obtain a copy from the Region, nor was a copy available from the NJ SASP. Rather, the Region provided us a copy of a March 30, 2011, letter sent from the Region to the NJ SASP in which GSA provided a "written summary of key findings from our prior review in October 2007." However, the NJ SASP representative stated that he was not aware of any prior recommendations since they likely predated his tenure in this position. Consequently, there is no evidence that these "key findings" were ever communicated to the NJ SASP prior to 2011.

For example, in 2007 the NJ SASP's State Plan of Operations needed several updates, such as:

- "Chapter 1 – 'Legal Authority' – many of the regulatory references are outdated and require updates (e.g. FPMR 101-44 should be FMR 102-37)."
- "Chapter 2 – 'Designation of State Agency' - Part D cites the physical address for the State distribution center for Federal surplus property to be 15E Chimney Rock Road, Bound Brook, NJ. As the New Jersey SASP has moved to a 'direct donation' methodology for Federal property distribution, this particular provision needs to be amended."

However, as far as we can determine, the State Plan of Operations remains unchanged and there is no evidence that the Region ever followed up on its recommended updates.

We have also been told that the Region conducted a State review in July 2011, but we have yet to be provided a copy of the report or a summary of the results.⁶

The purpose of GSA's State review is to evaluate the SASP's operations and effectiveness in donating surplus property. The lack of an effective review process represents a major control weakness over the administration and accountability of this program.

Recommendation 3

We recommend that the Regional Commissioner of the Federal Acquisition Service, Region 2, ensures that the Personal Property Division reviews the NJ SASP in a more timely fashion; carefully documents these reviews and disseminates the results to the SASP; and follows up on outstanding issues. Given the issues identified relative to the NJ SASP, we recommend that it be reviewed on a 2-year cycle.

Management Comments

The Regional Commissioner of the Federal Acquisition Service agrees with the report finding. Management's written response to the draft report is included in its entirety as Appendix B.

Finding 4 – The NJ SASP does not maintain a current list of eligible donees for the GSA Donation Program.

The NJ SASP does not maintain a current list of eligible donees. As a matter of fact, we were told by the NJ SASP's representative that there have not been any new donees added to the program since 2006.

The NJ SASP's State Plan of Operations asserts that it should establish a list of potential donees by using various within-State sources, and then attempt to contact these potential donees in order to promote the program.

⁶ During our exit interview with the FAS Deputy Regional Commissioner for Region 2, we were provided with a draft of the July 2011 NJ SASP review report. The July 2011 draft cites issues similar to what we are reporting: for example, missing documentation and signatures, inadequate staffing, and lack of certification language on distribution documents. The draft also cites the need to update the State Plan of Operations, an issue that was raised in the 2007 review. Most importantly, the draft requires that the NJ SASP submit an action plan in response to the many recommendations it makes and asserts that a follow-up review will be scheduled in two years, the same time period we cite in our recommendation.

The NJ SASP's representative cited the lack of time and available resources for the failure to maintain a current list or to seek out new donees for inclusion in the program.

Recommendation 4

We recommend that the Regional Commissioner of the Federal Acquisition Service, Region 2, ensures that the Personal Property Division requires the NJ SASP to maintain a current list of eligible donees and to properly promote the donation program.

Management Comments

The Regional Commissioner of the Federal Acquisition Service agrees with the report finding. Management's written response to the draft report is included in its entirety as Appendix B.

Conclusion

The NJ SASP and Region 2's Personal Property Division are not effectively administering the Personal Property Donation Program in New Jersey. Poor recordkeeping, lax oversight, and missing identifiers precluded us from positively identifying about 72 percent of the donated property that we searched for during our site inspections. Also, ineffective and incomplete data submissions and entries resulted in the inaccurate reporting of donation activity, including an overstatement in excess of \$11 million in FY 2008. In addition, required State agency reviews are poorly documented and not followed up on, thereby allowing flawed procedures to go uncorrected. Finally, the NJ SASP does not maintain a current list of eligible donees, resulting in the potential underuse of the program.

In order to address these deficiencies, the Personal Property Division should enforce proper recordkeeping standards on the NJ SASP, encourage donees to retain identifying information, reconcile the quarterly donation activity received from SASP's to other data sources, and require supervisory review of data entered into the GSA system. Additionally, reviews of the NJ SASP should be performed in a more timely fashion (we suggest a 2-year cycle), and should be carefully documented, disseminated to the SASP, and followed up on. Finally, the NJ SASP needs to maintain a current list of eligible donees in order to properly promote the donation program.

Appendix A – Purpose, Scope, Methodology, and Internal Controls

Report Number A110117/Q/2/P12005

Purpose

The General Services Administration's (GSA) Office of Inspector General included an audit of the Personal Property Donation Program in the Northeast and Caribbean Region (Region 2) in its Fiscal Year 2011 Audit Plan.

Scope

We limited the scope of this audit to personal property donations administered by the New Jersey State Agency for Surplus Property (NJ SASP).

Methodology

To accomplish our objectives, we:

- Reviewed the Federal Management Regulation, Donation of Surplus Personal Property Handbook, and other available GSA-issued guidance related to the personal property donation program;
- Interviewed Personal Property Division personnel in the Northeast and Caribbean Region;
- Interviewed the NJ SASP representative;
- Reviewed the NJ State Plan of Operations and current NJ State Review reports;
- Obtained and analyzed NJ SASP records of donated activity for fiscal years 2008 through 2011;
- Visited 13 donee facilities to inspect donated property. The 13 donees were judgmentally selected based on various factors such as aggregate dollar value of donated property, type of donated property, and location; and
- Reviewed transfer records in GSAXcess and compared them to SASP records and 3040 reports.

We conducted the audit between May 2011 and November 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We

believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

The examination of internal controls was limited to those necessary to address the specific objectives and scope of the audit. Our results are identified in the body of this report.

Appendix B – Management Comments


Report Number A110117/Q/2/P12005



U.S. General Services Administration

MAR 22 2012

MEMORANDUM FOR: Steven Jurysta
Regional Inspector General for Auditing
NY Field Audit Office (JA-2)

FROM: Paul McDermott 
Regional Commissioner
Federal Acquisition Service
Northeast and Caribbean Region (2Q)

SUBJECT: Audit of Personal Property Donation Program: New Jersey
State Agency for Surplus Property, Federal Acquisition
Service Northeast and Caribbean Region
Report Number A110117

Please find the following management response to The Office of Audits, Office of The Inspector General's Audit of Personal Property Donation Program: New Jersey State Agency for Surplus Property (NJ SASP), Federal Acquisition Service Northeast and Caribbean Region, Report Number A110117, February 29, 2012.

Finding 1 – Poor recording, inadequate oversight, and missing identifiers precluded the positive identification of most of the donated property that was searched for.

GSA will reinforce with the NJ SASP the importance of proper recordkeeping standards as the NJ SASP needs to have property and inventory control procedures in place to address these requirements. Specifically, the NJ SASP's donee files should be complete and property receipts must comply with FMR standards. Also, GSA will encourage the NJ SASP to advise donees to retain the identifying information that comes affixed to each donated item and if needed, the NJ SASP should follow-up with their donees to obtain any required information, details, documents and paperwork. The NJ SASP should ensure that they obtain fuller and better detailed descriptions that are to be included in their documents (examples include: serial numbers or product/model numbers). GSA will continue to highlight and reinforce the importance of this with the NJ SASP.

Finding 2 – Ineffective and incomplete data submissions and entries have resulted in the inaccurate reporting of donation activity.

The NJ SASP is responsible for the submission of accurate and complete reporting of data for all reports they provide to GSA. After GSA receives NJ SASP's 3040 reports, these reports will then be reviewed. If errors are discovered, the NJ SASP will be

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1

advised of this finding. As the NJ SASP is ultimately responsible for this, they are required to correct any errors and they must then resubmit to GSA accordingly. When GSA receives the accurate and complete 3040 reports from the NJ SASP, this data will be entered into GSAs systems and a GSA supervisor who is experienced and fully trained in this discipline will then review the entered 3040 data reports as to complete this process for GSA. GSA will continue to highlight and reinforce the importance of this with the NJ SASP.

Finding 3 – State reviews were not performed and documented effectively.

Region 3 serves as a Center of Expertise program guidance and assistance for Regions 1-5, they do not however, provide oversight and Region 2 is responsible for the NJ SASP Reviews. We do understand from Region 3, that the completion of the FY11 review of the NJ SASP is on track. The initial review response date for the NJ SASP was January 22, 2012, Region 3 did however grant a 60-day extension and it is expected that NJ SASP will respond by March 22, 2012. Region 2 will follow-up with Region 3 on the timeliness of the NJ SASP response. After the response from NJ SASP is received, their current status relative to the 2011 review and as applicable to this audit will be known further. At a minimum though, it appears that the NJ SASP does not have the resource power for many of these important tasks so follow-up on outstanding issues is important. The NJ SASP will be placed on a two year review cycle.

Finding 4 – The NJ SASP does not maintain a current list of eligible donees for the GSA Donation Program.

NJ SASP should obtain and maintain a current list of eligible donees that have an approved eligibility application on file for GSAs Donation Program, as to further promote the donation program and achieve greater successes for the NJ SASP. GSA will continue to reinforce the importance that NJ SASP maintains current listings and properly promote the donation program as to increase awareness of available property among eligible donees throughout New Jersey.

Should the NJ SASP fail to meet their obligations, GSA will take the necessary steps to address this with the goal of resolving any issues. If the NJ SASP continues to fail in meeting their obligations to this Program, appropriate restrictions and limitations will then be implemented in accordance with established standards and policies.

Appendix C – Report Distribution

Report Number A110117/Q/2/P12005

Regional Administrator, Northeast and Caribbean Region (2A)

Commissioner, Federal Acquisition Service (Q)

Regional Commissioner, Federal Acquisition Service (2Q)

Regional Counsel (LD2)

Division Director, GAO/IG Audit Response Division (H1C)

Internal Audit Liaison, Northeast and Caribbean Region (2Q1)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JID)

Director, Audit Planning, Policy, and Operations Staff (JAO)