

Military Department Regulation  
37-06

State Operations - General

# **STATE PROPERTY ACCOUNTABILITY AND CONTROL**

South Carolina Military Department  
Columbia, SC  
01 July 2022

**UNCLASSIFIED**

# ***SUMMARY OF CHANGE***

MDR 37-06

State Property Accountability and Control

This revision, dated 01 July 2022:

- Updated website references to the SC Military Departments new website.
- Changes the title from “Property Asset Manager” to the “State Property Book Officer”
- Updates the responsibilities of the Department Heads, Program Managers, and Administrative Officers, and adds possible financial responsibility and disciplinary (for State employees) actions for lost, stolen or damaged equipment.
- Adds responsibilities for Hand Receipt Holders to include possible financial responsibility and disciplinary (for State employees) actions for lost, stolen or damaged equipment.
- Adds responsibilities for State Employees to include possible financial responsibility and disciplinary actions for lost, stolen or damaged equipment.
- Increases the minimum threshold to track and enter low value assets in SCEIS from \$1,000 to \$2,500.
- Changes the definition of “Controlled /Sensitive Property” by increasing the value from less than \$1,000 to less than \$2,500.
- Added requirement to list items meeting the requirements for GASB 87 and 96 to the State Property Book.
- Added special requirements for Chainsaws, Computers, Handheld Radios and Firearms to be listed on the Property Book.
- Changes the definition of “Expendable Property” by increasing the value from \$1,000 to \$2,500.
- Changes the minimum value requirement for the Shopping Cart requestor to select “Unknown Asset” to route the request through the State PBO from \$1,000 to \$2,500.
- Increases the minimum asset value required to have a “Property of Military Dept. of SC” Property tag from \$1,000 to \$2,500.
- Added possible disciplinary actions for the personal use of State property
- Clarified process for authorizing the temporary removal of State property from the workplace

Headquarters  
South Carolina Military Department  
Columbia, SC 29201-4752  
01 July 2022

Military Department  
Regulation 37-06

Effective: 01 July 2022

State Operations - General  
**State Property Accountability and Control**

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Major General, SCARNG  
The Adjutant General

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**History.** This Regulation was created to reflect proper the State Property Accountability and Control Program processes for the State of South Carolina, Office of the Adjutant General. SC Code of Laws 25-1-50 and annual budget Provisos authorize the Adjutant General the authority to promulgate regulations governing Property Accountability and Control Programs within the Agency.

**Summary.** This publication replaces MDR 37-06 dated 15 March 2015 and all previous editions of that regulation, has been revised, and must be reviewed completely. This publication prescribes policy to address State Property Accountability and Control Program procedures for property and equipment owned or leased by the Office of the Adjutant General.

**Applicability.** This regulation applies to all property and equipment owned or leased by

the Office of the Adjutant General, and to Armory Managers, Administrative Officers, and other departments and sections of the South Carolina Military Department.

**Proponent and Exception Authority.** The proponent of this regulation is the Adjutant General of South Carolina. The proponent has the authority to approve exceptions or waivers to this regulation that are consistent with law and regulations.

**Supplementation.** Supplementation of this regulation is prohibited without prior written approval of the Adjutant General of South Carolina or his designee.

**Suggested Improvements.** Users are invited to send comments and suggested improvements directly to The South Carolina Military Department, ATTN: Chief of Staff for State Operations (NGSC-SO), Mail Stop #3, 1 National Guard Road, Columbia, South Carolina 29201-4752.

**Distribution.** This publication is available in electronic media at <https://scmd.sc.gov/state-operations/regulations>, and can be downloaded and printed. This publication is intended for all offices and organizations within the SC Military Department.

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**Contents** (Listed by paragraph and page number)

Purpose • 1-1, *page 1*  
Introduction • 1-2, *page 1*  
Responsibility • 1-3, *page 1*

Types of Property • 1-4, *page 2*  
Agency Property Tags • 1-5, *page 3*  
Installed/Fixed Property • 1-6, *page 4*  
Controlled /Sensitive Property • 1-7, *page 4*  
Expendable Property • 1-8, *page 5*  
Property Asset Categories • 1-19, *page 5*  
Personal Use of State Property • 1-10, *page 6*  
Temporary Removal of State Property from the Workplace 1-11, *page 6*  
Lost/Missing, Stolen, Damaged or Vandalized State Property • 1-12, *page 7*  
Damage, Abuse or Negligent Use of State Property 1-13, *page 7*  
Acquisition of Capital/Low-Value Assets • 1-14, *page 7*  
Acquisition of Property from the State Surplus Property Office • 1-15, *page 8*  
Donated Assets • 1-16, *page 8*  
Transfer of State Property to the Agency • 1-17, *page 8*  
Cooperative Agreements Purchased Assets • 1-18, *page 9*  
Inventory Control Processes • 1-19, *page 10*  
Turn-In of State Property • 1-20, *page 10*  
Turn-In of Computers • 1-21, *page 10*  
Cannibalization of State Property • 1-22, *page 11*  
Temporary Loan of State Property to Outside Agencies • 1-23, *page 11*  
State Property Located at National Guard Facilities • 1-24, *page 11*

## **STATE PROPERTY ACCOUNTABILITY AND CONTROL**

### **1-1. Purpose**

This regulation sets forth the guidelines for the physical and reporting control of State assets, establish responsibility for property accountability, provide procedures for accounting and better utilization of property, facilitate the physical inventory of property, and ensure compliance with applicable South Carolina Code of Laws and Code of Regulations.

### **1-2. Introduction**

a. Property accountability is an essential function of the South Carolina Military Department (Agency).

b. Sound and prudent property accountability practices at the user and department level must be guided by consistent property management policies and procedures that apply to Agency.

c. The Agency must meet its responsibilities to comply Federal and other guidelines when it receives support from the Federal Government and other external sources in the form of contacts, grants and cooperative agreements.

### **1-3. Responsibility**

a. The Adjutant General. In accordance with South Carolina Code of Laws Section 10-1-140, the Adjutant General (TAG) is accountable for the supervision, control, and inventory of all State-owned property in the custody of the Agency and requires such property, except expendables, be physically inventoried and validated annually.

b. Deputy Adjutant General. The Deputy Adjutant General (DAG) is responsible for ensuring the Agency-level accountability, proper care, maintenance and security to prevent misuse or loss of all Agency property.

c. State Property Book Officer

(1) The State Property Book Officer (State PBO) has the overall responsibility for day-to-day property management and disposition of State and Agency property.

(2) The State PBO is responsible for:

- Creating all asset records
- Deletions of assets records
- Transferring of assets
- Identifying, recording, assigning and issuing Agency Property Tags to new acquisitions, and issuing replacement Agency Property Tags
- Maintaining the capital/low-value assets property control records

- Scheduling annual inventories
- Management and turn-in of surplus property in accordance with State guidelines

d. Department Heads, Program Managers, and Administrative Officers

(1) Department Heads, Program Managers, and Administrative Officers (AO) are responsible for ensuring the accountability, proper care, maintenance and security to prevent misuse or loss of all Agency property in their respective department, program, organization or facility regardless of the source of funding or property.

(2) Department Heads, Program Managers or AOs may hand receipt the property to on-site asset custodian (i.e., Armory Manager), but no farther down than one sub-user, for day-to-day property accountability, proper care, maintenance, and security. The sub-hand receipting of the property does not relieve the Department Heads, Program Managers or AO of the overall responsibility for accountability and control.

(3) Department Heads, Program Managers or AOs who fail to ensure the accountability, proper care, maintenance and security of Agency property may be held financially liable for the replacement or repair cost of the lost, stolen or damaged equipment. Department Heads and Program Managers who are also State employees may be subject to the Agency's Progressive Discipline Policy up to and including Termination.

e. Hand Receipt Holders

(1) Hand Receipt Holders are responsible for ensuring the accountability, proper care, maintenance and security to prevent misuse or loss of all Agency property for which they are signed and will ensure the equipment is properly identified and marked.

(2) Hand Receipt Holders who fail to ensure the accountability, proper care, maintenance and security of Agency property may be held financially liable for the replacement or repair cost of the lost, stolen or damaged equipment. Hand Receipt Holders who are also State employees may be subject to the Agency's Progressive Discipline Policy up to and including Termination.

f. Agency Employees

(1) Agency employees using State property or equipment are responsible for the accountability, proper care and use, maintenance and security of that equipment regardless of whether or not the property or equipment is specifically assigned to them

(2) Employees who fail to ensure the accountability, proper care, maintenance and security of Agency property may be held financially liable for the replacement or repair cost of the lost, stolen or damaged equipment, and may be subject to the Agency's Progressive Discipline Policy up to and including Termination.

**1-4. State Property**

a. All State Property with a value of \$2,500 or more, unless otherwise noted in this Regulation, will be listed on the State Property Book. The determination of the \$2,500 value will include the total cost of the item to include taxes, shipping, etc.

- b. State Property includes all property, tangible and intangible, owned by the Agency.
- c. All Agency property is State property regardless of acquisition method or funding source. Property that is purchased with State, Federal or non-State funds is State property.
- d. Any property donated or given as a gift becomes Agency/State property as soon as it is accepted.
- e. Agency/State property cannot be given away, donated, disposed of, sold or converted for personal use regardless of acquisition cost.
- f. The Agency maintains an Agency Property Book by use of the SCEIS automated Inventory Property Listing. Each inventory listing will contain:
  - Cost Center
  - Agency Property Tag number
  - Asset number
  - Item description
  - Serial number
  - Date Acquired
  - Location
  - Quantity
  - Cost Value
- g. The State PBO is the only person authorized to make additions, deletions, adjustments and transfers to State Property Book.

#### **1-5. Agency Property Tags**

- a. All asset items listed on the State Property Book are required to have an Agency Property Tag.

(1) Agency Property Tags are small, durable, self-adhesive tags, silver in color, printed with the wording "Property of Military Dept. of SC". Each tag has a unique, permanently stamped identification number and are affixed to each item of nonexpendable asset regardless of whether the asset is purchased, donated, fabricated, transferred in, or received from excess.

(2) The tag will be uniformly placed where it can be easily seen for ease in locating and reading the number, placed in consistent locations on each similar type asset, and placed so the tag is not easily removed or destroyed by use.

(3) Under no circumstances should the tag be altered or removed.

- b. The State PBO is responsible for assigning Agency Property Tag numbers and issuing replacement tags.

## **1-6. Installed/Fixed Property**

a. Installed/Fixed Property are items that have become permanently affixed as part of a building or another piece of equipment by being hard-wired or bolted to, or becomes an integral part of that equipment.

b. Installed/Fixed Property will not be listed on the State Property Book and will not be inventoried except as a part of the building or equipment.

c. Examples of Installed/Fixed Property, but not all inclusive, are:

- Heating and Air Conditioning systems
- Intrusion Detection Systems
- Boilers
- Walk in coolers
- Gas stoves
- Flag poles

## **1-7. Controlled /Sensitive Property**

a. Controlled /Sensitive Property is an item with a value of less than \$2,500 determined by the Department Head, Program Manager, AO or facility manager/Armory Manager to be easily pilfer-able or has a potential for theft or misuse.

b. Controlled /Sensitive Property will not be listed on the State Property Book. Department Head, Program Manager or AO will maintain a locally produced Internal Control Register for items they determine to be Controlled /Sensitive Property.

c. The Department Head, Program Manager or AO is responsible for setting up internal control measures to include inventory processes for Controlled/Sensitive Property.

d. Examples of Controlled /Sensitive Property are, but not all inclusive, are:

- All hand tools to include electric hand tools
- Scanners, printers, paper shredders
- Cameras, televisions, projectors
- Lawn mowers
- Cell phones, desk phones
- Vacuum cleaners
- Weapons (other than firearms)



e. Exceptions

(1) The following items will be listed on the State Property Book regardless of the cost or expected life of the item, tagged with an Agency Property Tag, and inventoried at least annually:

- Chainsaws
- Laptop, Desktop and Tablet Computers
- Handheld radios

(2) Firearms

(a) A firearm is any pistol, revolver, rifle, shotgun, machine gun, submachine gun, or assault rifle which is designed to fire or is capable of firing fixed cartridge ammunition or from which a shot or projectile is discharged by an explosive.

(b) All firearms will be listed on the State Property Book regardless of the cost or expected life of the item, tagged with an Agency Property Tag, and inventoried at least annually.

(c) Firearms will be accounted for individually by make, model, serial number, and decal number.

(d) If issued to individuals, the Department Head, Program Manager or AO will issue the firearm by use of a hand receipt or by a control log.

**1-8. Expendable Property**

(1) Expendable Property are items which have a value of less than a \$2,500, and are consumed by use or become unidentifiable through use.

(2) Expendable Property will not be listed on the State Property Book, will not be inventoried, and will not be turned into the State PBO for disposal.

(3) Examples of Expendable Property, but not all inclusive, are:

- Construction materials
- Carpet
- Office supplies
- Janitorial supplies

**1-9. Property Asset Categories**

a. Capital Assets

(1) Capital Assets are any tangible items of a non-consumable nature with value of \$5,000 or more and which have a normal expected life of one (1) year or more. The minimum value of computer software to be listed as a Capital Asset is \$100,000.

(2) Capital Assets will be listed as an asset on the State Property Book, tagged with an Agency Property Tag, and inventoried at least annually.

(3) Leased property assets and software that meet the requirements of GASB 87 or 96 will be listed as a Capital asset on the State Property Book, tagged with an Agency Property Tag (when reasonable and applicable), and inventoried at least annually.

(4) Capital Assets are subject to capital depreciation.

b. Low-Value Assets

(1) Low-Value Assets are any property with a useful life of more than one (1) year and have an acquisition cost of \$2,500 to \$4,999. The \$2,500 value will include the total cost of the item to include taxes, shipping, etc.

(2) Low-Value Assets will be listed on the State Property Book, tagged with an Agency Property Tag, and inventoried at least annually.

**1-10. Personal Use of State Property**

a. Property and equipment owned by the Agency will be used only for the support of the Agency in the fulfillment of its mission. The use of State owned property or equipment for personal use or gain is not authorized.

b. Employees or hand receipt holders who are Agency employees who are found to have used State owned property or equipment for personal use or gain may be subject to the Agency's Progressive Discipline Policy up to and including Termination. Non-State employees who are found to have used State owned property or equipment for personal use or gain will be reported to their respective owning organization.

**1-11. Temporary Removal of State Property from the Workplace**

a. Temporary removal of State property from the workplace is authorized when there is a unique or special task or circumstance outside of a person's regular duties and the Department Head, Program Manager or AO determines that the removal of property will aid the employee in accomplishing their primary mission.

b. The Department Head, Program Manager or AO are authorized to grant permission, in writing, for temporary removal of the State property from the workplace in writing. The approval must include the following:

- Description of equipment
- Serial Number
- Agency Property Decal Number
- Condition of equipment
- Justification for temporary removal of State property from the workplace
- Expected date for return of the property

## **1-12. Lost/Missing, Stolen, Damaged or Vandalized State Property**

### **a. Reporting Lost/Missing, Stolen, Damaged or Vandalized State Property**

(1) Department Heads, Program Managers or AOs will report lost, stolen, or damaged or vandalized State property immediately upon the discovery to the State PBO. The Department Head, Program Manager or AO will also report suspected theft of State property to the appropriate local Law Enforcement Agency.

(2) The Department Head, Program Manager or AO will prepare a written report of the missing or damaged property and actions taken.

(a) The Department Head, Program Manager or AO will submit the report through the State PBO, the State Chief of Staff, to the DAG.

(b) The report should include a description of the property, description of the damage, name of hand receipt holder, date/time the property was last seen or when the property was damaged, personnel who have access to the property or was using the property, and any other information that would be helpful in locating the equipment or in proving responsibility.

(c) For stolen property, the report will include a copy of any law enforcement report.

b. Relief of Accountability for Lost or Stolen Property. If the State Property is not recovered or located after 90 calendar days, Hand Receipt holders may submit a request for Relief of Accountability for the lost or stolen property through the respective Department Head, Program Manager or AO, through the State PBO, through the State Operations Chief of Staff, to the DAG.

c. The DAG will review all reports of lost/missing, stolen, damaged or vandalized state property and any Requests for Relief of Accountability, approve/disapprove and determine any financial liability or disciplinary actions.

## **1-13. Damage, Abuse or Negligent Use of State Property**

(1) Upon discovery that an employee or user has damaged or abused State property, or has been negligent in the operation and use of State property, the Department Head, Program Manager or AO will submit a written report describing the incident, along with any supporting documentation, through the State PBO, through the Chief of Staff for State Operations, to the DAG

(2) The DAG will review the report and any attached documentation, and determine any financial liability and/or disciplinary action.

## **1-14. Acquisition of Capital/Low-Value Assets**

a. All State property is acquired through the Shopping Cart Process in the Supplier Relationship Management (SRM) program.

b. For items with a value greater than \$2,500, during the Shopping Cart process the requestor must select "Unknown Asset" to route the request through the State PBO.

c. The State PBO will create an asset shell based on the funding stream of the requestor in SCEIS that will assign an asset number for the property using the funding information from the requestors Shopping Cart.

d. The State PBO will change the item identification from "Unknown Asset" to "Asset" and enter the assigned asset number to the requestors shopping cart, approve the request and forward the request to the Purchasing and Contract Office for them to create a Purchase Order (PO).

e. The State PBO will issue the Agency Property Tag(s) to the appropriate PO(s) only after the Goods Receipts is posted in SCEIS.

#### **1-15. Acquisition of Property from the State Surplus Property Office**

a. The State PBO is the only Agency Employee authorized to obtain property from the SC Department of Administration's Surplus Property Office (State SPO).

b. Property acquired through this program will be controlled and accounted for in the same manner as all other purchased property.

#### **1-16. Donated Assets**

a. Donated Items are property/equipment given to the Agency or a sub-entity of the Agency.

b. Donated assets will be recorded at their fair market value as of the date of the donation. The fair market value is the estimated amount at which the asset would be exchanged between willing buyer and seller when neither is forced into the exchange.

c. Donated items determined to be Capital Assets or Low Value Assets will be will be listed on the State Property Book, tagged with an Agency Property Tag, and inventoried at least annually.

#### **1-17. Transfer of State Property to the Agency**

a. When State property is transferred to the Agency from another institution or agency, the Department Head, Program Manager or AO to whom the property is assigned is responsible for ensuring the State PBO receives a detailed list of information on the property to include:

- Model
- Serial number
- Value
- Location
- Accounting Information
- Copy of the documents which transferred the property to the Agency

b. The State PBO will record the transfer in SCEIS.

## **1-18. Cooperative Agreement Purchased Assets**

a. All assets obtained with Cooperative Agreement sourced funds will be accounted for and maintained in accordance with the guidelines posted in the NGR 5-1, Chapter 8 (Equipment and Supplies).

b. Ownership rights for Cooperative Agreement funded purchases rest with the entity (Agency or USPFO) which procured the asset.

## **1-19. Inventory Control Processes**

a. The State PBO will annually forward a copy of the respective Property Inventory with a Letter of Instruction to the Department Heads, Program Managers, AOs and/or the Armory Managers.

b. Department Heads, Program Managers, AOs and Armory Managers are responsible for completing physical inventories of property assigned to their activities and will certify the following:

- All items have been physically located
- Initiate all paperwork to correct any discrepancies
- Sign the original copy of inventory
- Return copy by suspense date
- File organizational copy until the following year or change of responsibility

c. Changes to Department Heads, Program Managers, AOs or Armory/Facility Managers

(1) The out-going Department Head, Program Manager, AO or Armory/Facility Manager will coordinate with the State PBO to obtain an updated inventory list and to assist in performing a joint physical inventory of assets with the incoming Department Head, Program Manager, AO or Armory/Facility Manager. The inventory will take place within sixty (60) days of the transfer, change or removal.

(2) The out-going Department Head, Program Manager, AO or Armory/Facility Manager will do a joint inventory of all State property assets with the in-coming Department Head, Program Manager, AO or Armory/Facility Manager.

(3) The out-going and in-coming Department Head, Program Manager, AO or Armory/Facility Manager should sign the joint physical inventory worksheets. This can be done in conjunction with the outgoing and incoming Armory Managers meeting with State Operations Budget & Finance (Armory Accounts Manager) personnel.

d. Random Validation

(1) The State PBO will do a 10% random validation of selected State Property Items or Hand Receipts during the year.

(2) The State PBO will furnish the list of discrepancies if any, to the Department Head, Program Manager or AO.

(3) The Department Head, Program Manager or AO will take the required actions to correct the discrepancies and report the results to the State PBO within thirty (30) days after the validation.

e. Records. The State PBO will maintain the inventory records in accordance with the State Retention Records Retention Schedule and Federal/Cooperative Agreement record retention requirements.

### **1-20. Turn-In of State Property**

a. When property becomes obsolete, uneconomical or inefficient, no longer serves a useful function, is excess to the needs, or is no longer capable of being used by an activity, the Department Head, Program Manager or AO will coordinate with the State PBO to either turn-in the property or dispose of the property as directed by the State PBO.

(1) Department Head, Program Manager, AO or Armory Manager will submit request to transfer or turn-in the item(s) to the State PBO.

(2) Individual Departments/Appendices are not authorized to dispose of State property in any manner.

(3) The State PBO is will dispose of all surplus State property.

b. Whenever any property is determined to be unusable or excess to the needs of the Agency, the State PBO will contact the State SPO for disposition of the property within ninety (90) days from the date the property becomes surplus.

(1) The State PBO will report unusable or excess property to the State SPO on a Turn-In Document (TID) designate by the State SPO

(2) Upon receipt of the TID, the State SPO will screen the property to determine whether it is surplus or junk as defined in Section 11-35-4020 of the SC Procurement Code.

(3) All surplus items will be picked up and transferred to the State SPO; or upon consultation and agreement with the State PBO, will remain at the Agency site for pick-up if deemed to be a more cost-effective method for disposal by the State SPO.

#### **c. Disposal of Property**

(1) If any property is determined by the State SPO to have no further value, the property will be recycled or legally disposed of as directed by the State PBO.

(2) The property may not be donated to any local groups or organizations.

### **1-21. Turn-In of Computers**

a. Prior to turn-in of computers, the State PBO will coordinate with the State IT Manager to ensure all computer hard-drives are cleaned of official/personnel data files or removed.

b. The State IT Manager will reconfigure or erase all functions, including electronic functions of the property or equipment as necessary, to prevent the property or equipment from

producing indicators that the property or equipment, or any product generated by the property or equipment, was the property of Agency.

c. Removal of Information. The State IT Manager will sign a Letter of Certification stating that all information has been removed from computer(s) being turned-in.

#### **1-22. Cannibalization of State Property**

a. Cannibalization refers to the removal of serviceable parts, components, or assemblies from equipment to be used as replacement parts on other equipment or to fabricate another item.

b. The State PBO is the approval authority for cannibalization of State property.

c. Cannibalization and modification are permissible only when they serve the best interest of the Agency, and are properly authorized and recorded.

d. When excess, outdated or unserviceable property is turned-in; the State PBO will check to see if the equipment can be repaired and put back into service. If not, after authorization by the State PBO, the irreparable equipment will be mined for useful parts to maintain other similar pieces of equipment in the Agency's best interest.

#### **1-23. Temporary Loan of State Property to Outside Agencies**

a. If State Property is needed to fill a support mission with an outside agency, the Department Head or Program Manager will prepare a hand receipt to the gaining agency, county or city.

b. The property will remain on the Department Head or Program Manager's inventory list, but will list the agency name and location of where the property is located.

c. When the property is no longer needed by the outside Agency or becomes obsolete, the using Agency will return the property to the Department Head or Program Manager.

d. During the yearly inventory process, the Department Head or Program Manager will conduct an inventory of the property hand receipted to outside agencies, counties or municipalities.

#### **1-24. State Property Located At National Guard Facilities**

a. Each AO will appoint an Armory/Facility Manager for each National Guard Facility that receives State property within their respective command.

b. The Armory/Facility Manager will be responsible for the inventory, accountability, control, proper care, maintenance and security to prevent misuses or loss of any State property.

c. The State property located at a National Guard facility is State property and not the property of the unit. When a unit deploys or is relocated to a different Readiness Center/ Armory, all State property will remain at the Readiness Center/Armory.