The Capital Metro Investment Recovery (IR) Program was established in 2007 to coordinate the disposal of surplus and obsolete property. Overall, the IR Program is operating as intended. We made recommendations aimed at enhancing operations and controls. As a result:

**Objectives:**
- Is surplus property identified, safeguarded and disposed of in compliance with Federal Transit Authority (FTA) requirements and internal policies?
- Are disposition methods cost effective? Does the Authority realize the maximum return from the sale of surplus property?

**Identify Surplus**
- 55% of surplus items sampled were supported by a signed property disposal form. Required data (e.g., justification, property condition) was not consistently provided increasing the risk of a reduced selling price or premature disposal. Some technology assets were retired prior to the end of their planned service life.
- A vehicle inspection is performed and condition information is provided for all potential bidders to review.

**Safeguard Surplus**
- Surplus property pending disposal is kept in secured locations.
- Adequate surplus storage space is in short supply. As a result, some surplus IT equipment is stored in a non-climate controlled storage container. Non-technology assets are mixed with trash and other items in a dirty warehouse.
- A surplus asset inventory does not exist to properly account for taxpayer-funded assets and to identify items that need to be aggressively sold or otherwise disposed.

**Dispose Surplus**
- Surplus asset sales are conducted in an open, competitive environment, currently though an online auction site. All sales costs are passed through to the buyer. If the final bid is too, Capital Metro can reject it and re-auction the item. Buses auctioned a second time sold for more than double the original bids.
- Surplus assets disposals complied with requirement to proportionately reimburse the FTA for federally-funded assets as well as with the internal policy to offer surplus assets for sale to member cities first.
- Technology assets are sold in lots which can include dissimilar items. Condition information on IT equipment is not supplied to buyers. Both factors can lead to a reduced selling price.
- Policy guidance on surplus property disposals does not address potential conflicts of interest, data sanitization of technology assets, environmental sustainability and e-waste.

**Management has agreed to:**
- Expand and consolidate surplus asset disposition policy guidance to address potential conflicts of interest, disposal of hazardous substances, and clearing all data from IT assets.
- Update the “Property Disposal Form” to make it more user-friendly.
- Pursue contracting with a technology reseller and consider alternatives such as leasing and buy-back provisions to reduce future surpluses.
- Develop a surplus asset inventory and make it accessible so internal staff can see items available for redistribution.
- Host a bulk “clean up” sale of all surplus items by year end. A long-term surplus asset storage strategy will be considered as part of the approved Facility Programming Study and Master Plan.