Section 4 – Capital Assets

I. General Information

A. Definition of Capital Assets for Accountability Thresholds

1. Capital Assets: These items have a normal useful life expectancy exceeding two years, and maintains its identity while in use.
   - Land – all land purchased or otherwise acquired by the state.
   - Buildings – all buildings regardless of acquisition cost.
   - Equipment/Tangible property – defined as property that does not lose its identity when removed from its location and has a useful life of two or more years with an acquisition cost of $5,000 or more.
   - Infrastructure - Long lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital consistent with the Statewide Financial and MAPS policies.
   - Art and Historical Treasures – Any painting, sculpture, monuments, or antiquity, etc. with an acquisition cost of $5,000 or more.
   - Purchased Software – as defined by Statewide Financial and MAPS policies with an acquisition cost of $30,000 or more.

II. Guidelines for Management and Control of Capital Assets

A. Acquisition of Capital Assets

Capital assets can be acquired by any of the following methods:

1. Purchased directly from a vendor within parameters of one's local purchase authority or through the Department of Administration's Materials Management Division.
2. Purchased under an installment plan or leased with the option to buy.
3. Identified as a component of another asset that maintains a separate identity, e.g., a snowplow blade. These are components that can be re-installed when the original asset is disposed of.
4. Donated. These assets are recorded at their estimated fair market value at the time of receipt.
5. Confiscated. These assets (items seized as a penalty) are recorded at their estimated fair market value at the time of receipt that are kept for agency use, as allowed by statute.
6. Transferred-in from another agency or acquired from the federal government. These assets are treated as any other purchase if they meet the above criteria at the time the assets were initially acquired by the agency.
7. Manufactured or constructed by the agency for internal use.
8. Located during a physical inventory and meet the criteria of a capital asset, but are not reported on the capital asset record management system. These assets should be added to the system at their actual cost, as recorded on the original acquisition documents. If the original acquisition documents cannot be located, the assets should be added to the system at their estimated fair market value at the time of the physical inventory.
9. Identified as appreciable assets with a value of $5,000, such as antiques or art objects.
10. Acquired for resale and then later kept for agency use, if they met the above criteria for a capital asset at the time of acquisition.

B. General Procedures For Capital Asset Number Assignment

1. Asset numbers are required in SWIFT for all capital assets.
2. Numbered property labels can be purchased from MINNCOR Industries. A supply should be kept on hand by the person responsible for capital assets.
3. The numbered property label can be entered into the SWIFT Asset Management module.
4. Engraving can also be done identifying the capital asset number and that the property belongs to the State of Minnesota.

C. Procedures For Receiving Capital Assets

1. Receiving Capital Assets

a. From Vendors

1) Upon receipt of the capital asset, the person responsible for receiving should examine the shipping container for external damage. If the shipping container is damaged, refer to "Damaged Shipping Container/Damaged Capital Asset" in the "Handling Unusual Situations" section that follows.
2) Open the shipping container and inspect the capital asset received. If the capital asset is damaged, refer to the "Damaged Shipping Container/Damaged Capital Asset" in the "Handling Unusual Situations" section that follows.
3) Search for the packing slip. Compare the capital asset received to the item shipped as reported on the packing slip and note the items received. Sign and date the packing slip. If the vendor did not provide a packing slip, prepare a substitute receipt indicating the items received, and sign and date this document.
4) Keep the capital asset in a secure area, not in an open receiving dock area, to safeguard the capital asset until it can be delivered to the appropriate location.
5) Deliver the capital asset to its intended location or to the person who requested that the capital asset be ordered.
6) If acceptance testing is necessary, have the person performing the testing and putting the capital asset into operation sign the packing slip (or substitute receipt) if the capital asset is in acceptable condition for use. If the capital asset is unacceptable, refer to the "Handling Unusual Situations" section that follows.
7) Provide a copy of the packing slip (or substitute receipt) to the agency inventory coordinator/sub-coordinator as soon as new capital assets are inspected and found to be acceptable.
8) Follow procedures for receiving assets in SWIFT or other approved recordkeeping systems. Additional information can be found in the SWIFT Asset Management Quick Reference Guides.
9) Submit the original packing slip (or substitute receipt) to the person responsible for making invoice payments.

b. From Donors

1) Follow the gift and acceptance policy for the agency, and/or Statewide Financial and MAPS Policy - MAPS Operating Policy and Procedure 0602-12, Gift Acceptance.

2) Follow procedures 1 through 8 in the section above.
3) Submit the original packing slip (or substitute receipt) to the person responsible for acknowledging acceptance of the donated capital asset.

c. Through an Intra-Agency Transfer – Refer to procedures on page 4-5 of this section.

d. Through an Inter-Agency Transfer – Refer to procedures on pages 4-5 to 4-6 of this section.

2. Handling Unusual Situations

a. Damaged Shipping Container/Damaged Capital Assets

1) If there is evidence of external damage, an actual inspection of the capital asset should be made in the presence of the carrier.
2) If the actual inspection of the capital asset cannot be done, the driver should be required to note that the container was damaged on the agency copy of the packing slip (or substitute receipt), along with the current date and the driver's signature.
3) If, upon actual inspection, the capital asset is damaged, a claim for damage should be submitted to the carrier or the vendor as soon as possible.
4) Note on the packing slip (or substitute receipt) that the capital asset was damaged, and sign and date the packing slip. Send a copy of the original packing slip (or substitute receipt) to the person who requested the capital asset or the agency buyer.
5) The person who requested the capital asset or the buyer should follow-up on the claim by working with the vendor until the claim is resolved.
6) Send the original packing slip (or substitute receipt) to the person who processes invoice payments so that the person knows the vendor should not be paid.
7) A vendor performance report should be sent to MMD-Vendor Management as appropriate.

b. Partial Shipments

1) Follow the procedures for receiving capital assets in 1.a.1) through 1.a.9) above.
2) The person who requested that the capital asset be ordered should follow-up on partial shipments. Discrepancies between provisions of the purchase order and the capital asset received should be resolved by contacting the vendor as soon as possible.
3) Follow-up on unshipped capital asset ordered until it is received or the order needs to be canceled.
4) Cancel the remainder of order if the vendor cannot provide the ordered capital asset when needed.

c. Fiscal-Year-End Acquisitions

1) Be sure that the date the capital asset is received is clearly indicated on the packing slip (or substitute receipt).
2) When making the payment, the transaction must be reported in the correct fiscal year which is the fiscal year when the capital asset was received.
3) If the capital asset acquired on or before June 30 cannot be paid prior to the statewide accounting system's fiscal year end close, follow MMB's annual close instructions for coding the payment to the correct accounting period.

d. Capital Asset Delivered to Wrong Address

1) Contact the carrier or postmaster to deliver the capital asset to the correct address or to return the capital asset to the sender.

e. Wrong Capital Asset Delivered

1) Notify the vendor immediately that wrong capital asset was delivered.
2) Make necessary arrangements with the vendor for the return of the wrong capital asset and delivery of the capital asset ordered. Authorization may be required to return the capital asset to the vendor.
3) Return the capital asset following the vendor's instructions.
4) Provide "return" documentation to the person making invoice payments so that individual does not pay the invoice.

f. Unacceptable Acceptance Testing

1) Notify the vendor immediately that the capital asset did not pass acceptance testing.
2) Make necessary arrangements with the vendor to resolve the problems or to return the unacceptable capital asset. Authorization may be required to return the capital asset to the vendor.
3) Return the capital asset following the vendor's instructions, if applicable.
4) Provide "return" documentation to the person making invoice payments so that individual does not pay the invoice.

3. Marking Capital Assets Upon Delivery

a. To protect the agency's investment, capital assets should be marked with a numbered asset label as soon as they are received and found acceptable.
b. Whenever possible, capital assets should be marked in a place clearly visible from a position in front of the capital asset. This will facilitate identification of a capital asset during a physical inventory or an inventory spot check. Establishing an agency standard for capital asset label location for like capital assets will assist the inventory coordinator/sub-coordinator when the capital asset label is not clearly visible.
c. Alternate methods of marking capital assets, such as permanent engraving, stenciling, or painting, should be considered when the numbered asset label is inappropriate. For example, a numbered asset label may not adhere to equipment such as commercial kitchen equipment that is subject to high heat and cleaning by a high-pressure hose. Industrial shop equipment may also fall into this category.
d. There are also situations in which it is not feasible to affix a numbered asset label or use an alternate method to mark the capital asset. A separate file should be maintained for these capital assets. The file should contain the numbered asset label, a complete description of the capital asset, and the location of the capital asset.
e. All ownership identification must be removed when a capital asset is no longer owned by the state.

4. Reporting Requirements

a. SWIFT is the state's system of record, unless an alternative system is approved by MMB.

5. Agency Location Information

a. Agency location should be reported for each capital asset in the recordkeeping system.
b. A location code schematic might be designed for any agency that occupies more than a few rooms. A floor plan of the agency is a useful tool in planning this design. This schematic can be as simple or elaborate as required by the agency. To be effective, a location code schematic should permit easy location of any capital asset.

6. Disposal of State Surplus Property

a. When it has been determined that state property is surplus to one location or division within the agency, the inventory coordinator/sub-coordinator should try to find potential users at other locations or divisions within the agency. See Intra-Agency Transfer of Capital Assets below.
b. If there are no potential users within the agency, the inventory coordinator/sub-coordinator should try to find potential users in other state agencies or contact Surplus Services. See Inter-Agency Transfer of Capital Assets on page 4-6.
c. If the agency can no longer use the capital asset and no other potential users within the state have been identified, the inventory coordinator/sub-coordinator should complete a *Property Disposition Request* form and submit it to the Department of Administration's Surplus Services Division.
d. Surplus Services will assign a control number and sign the form and return a copy to the agency. Surplus Services may either approve the agency's recommended disposition of the property or authorize an alternate method of disposal. Methods of disposal include transfer to another state agency, transfer or sale to another unit of government or eligible non-profit organization, sale by sealed bid, sale by auction, negotiated sale, or scrap.
e. The inventory coordinator/sub-coordinator is responsible for removing all State of Minnesota ownership identification from the capital asset that is no longer owned by the state and ensuring that the capital asset disposition is reported in the recordkeeping system.
f. All computers declared surplus must have data removed from their hard drives in accordance with MN.IT's Office of Enterprise Technology, Enterprise Security Information Sanitization and Destruction Standard - http://mn.gov/oet/images/SEC_S_Information_Sanitization_and_Destruction.pdf.

7. Intra-Agency Transfer of Capital Assets

a. Agencies must complete the Intra-Agency Transfer form (See section 10) or a similar internal inter-agency transfer document for reporting movement of capital assets within the agency. This documentation must be maintained by the agency.
b. The procedures in MN.IT's Office of Enterprise Technology, Enterprise Security Information Sanitization and Destruction Standard - http://mn.gov/oet/images/SEC_S_Information_Sanitization_and_Destruction.pdf must be followed when items contain private or non-public data.
c. Location information in the recordkeeping system should be updated as the movement or transfer of capital assets is reported.
d. It is not necessary to submit a *Property Disposition Request* form when transferring capital assets between divisions within the agency.

8. Inter-Agency Transfer of Capital Assets (Movement of Capital Assets Between State Agencies)

a. The procedures in MN.IT's Office of Enterprise Technology, Enterprise Security Information Sanitization and Destruction Standard http://mn.gov/oet/images/SEC_S_Information_Sanitization_and_Destruction.pdf must be followed when items contain private or non-public data.
b. To transfer surplus capital assets to another state agency, prepare a *Property Disposition Request* form, and submit it to Surplus Services for review and approval. This form is available at http://mn.gov/admin/government/surplus-property/forms/ . A copy of the form with an approval number and signature will be returned to the agency if the transfer is approved. If the transfer is not approved, the form will be returned to the agency with authorization and instructions for disposal of the surplus property.
c. The inventory coordinator/sub-coordinator is responsible for ensuring that the capital asset disposition is reported in the recordkeeping system.

9. Utilization of Federally-Funded Capital Assets

a. Additional requirements may be required for federally-funded capital assets. State agencies must be in compliance with all state and federal requirements.
b. Disposal of federally-owned capital assets or capital assets purchased with federal funds must follow any applicable federal procedures. If there are no defined federal procedures, the state procedures must be followed.

III. Capital Asset Inventory

A. Definition of a Physical Inventory

A "physical inventory" is physically counting capital assets. The State of Minnesota goes beyond this basic definition. In the State of Minnesota, physical inventory is the act of accounting for, and the accurate verification of, information on file for each piece of state-owned capital asset property. In this accounting and verification process, emphasis is placed on the following aspects pertaining to each item:

1. Physically locating the capital assets maintained on the recordkeeping system, for the specific agency or activity.
2. Verifying that the location information on file for the capital asset is accurate.
3. Verifying the accurate numbering of capital assets and that the asset numbers are legible.
4. Verifying that each capital asset in existence is reported in the recordkeeping system.
5. Verifying that the capital asset description is accurate.
6. Verifying that the capital asset is in good condition for use. If the capital asset is not in good condition, identify if it needs repairs or additional maintenance (e.g., cleaning) and report this to the appropriate personnel for action.
7. Verifying that the capital asset is being used. If the capital asset is not being used, determine whether it is surplus to the agency's needs or obsolete and dispose of appropriately.

B. Physical Inventory Mandated Biennially For Capital Assets

A complete physical inventory (e.g., a wall-to-wall inventory count) for capital assets must be conducted, at a minimum, biennially. This is essential to ensure that accurate and complete financial information is included in the state's comprehensive annual financial report.

C. Other Conditions that may require a Physical Inventory

If one of the following conditions occurs, a physical inventory should be completed.

1. Failure of a capital asset inventory audit conducted within the agency or by an outside agency. If an audit is performed and a minimum inventory accuracy level of 95 percent is not achieved.
2. If a physical inventory was conducted within the last two years and a specific area's accuracy level was below 95 percent, a physical inventory of that area should occur every six months until the acceptable 95 percent accuracy level is achieved and maintained for at least one year.
3. A physical inventory should be taken whenever the person acting as inventory coordinator/sub-coordinator is changed. The new individual in that position should conduct a physical inventory to verify the accuracy of the inventory information. The new inventory coordinator/sub-coordinator should correct discrepancies immediately and start from a base that is accurate.

D. Planning and Scheduling the Physical Inventory

1. Plan how the physical inventory will be performed. The inventory can be performed by building, areas within the building, and activities within an agency.
2. Decide who will perform the physical inventory. The physical inventory should be performed by properly trained teams made up of agency personnel. To ensure an adequate separation of duties for internal control purposes, it is essential that the persons taking the physical inventory counts are not the same individuals responsible for reporting activity (e.g., acquisitions and dispositions) in the capital assets recordkeeping system, unless others are involved.
3. Determine when the physical inventory should be conducted. Consideration should be given to whether personnel will be on site to open locked desks and cabinets.
4. Prepare a realistic schedule for the physical inventory, including a start date, date the initial search is expected to be completed, start date of the verification process, completion date of the verification process, and physical inventory completion date.
5. Prepare a memo explaining the physical inventory process and soliciting cooperation. Send this memo to all impacted agency personnel.
6. Obtain all supplies necessary for the physical inventory and begin the process. Necessary supplies include paper, pens, asset property labels (numbered and unnumbered), a current agency location scheme, and a current master listing of capital assets by location. A small hand mirror is a helpful tool to see asset numbers attached to the back of equipment.

E. Conducting and Reconciling the Physical Inventory

1. Conduct the inventory in two ways. Count (1) record to capital asset and (2) capital asset to record.
2. When conducting a complete physical inventory, it is most effective to enter an area with a blank form (or agency designed report form) and write down the information for each capital asset. This procedure, as opposed to entering the area with a list of capital assets to be located, will help ensure that all capital assets in the area are accounted for. The information recorded should include, but is not limited to, the asset number, description, location, profile id, and condition. When appropriate, the serial number and model number should be included.
3. Next, the information collected is compared to the capital asset master listing. When an agency has multiple locations, it is preferable to sort this list in location order/asset number order.
4. When discrepancies are found, they should be resolved immediately. It may be necessary to return to the location and conduct a complete search for the missing capital assets. It may be necessary to interview employees in the area to determine the disposition of missing capital assets. The original purchase orders for the missing capital assets may provide helpful information in order to locate the capital asset. If the capital asset cannot be found, see Section IV, Stolen, Lost, Damaged, or Recovered Capital Asset.
5. All discrepancies must be corrected in the recordkeeping system. All capital assets found with illegible numbers must be re-numbered. If capital assets are found without asset numbers, the

inventory coordinator/sub-coordinator must search the recordkeeping system and/or purchase order to determine the appropriate asset number that was assigned to the capital asset. The appropriate asset number must be marked on the asset as appropriate.

6. If during the complete physical inventory, you see that the capital asset is not being used, bring this to the attention of the inventory coordinator/sub-coordinator who will determine whether the capital asset is surplus to the agency's needs or obsolete and dispose of appropriately.
7. If during the complete physical inventory, a capital asset is found in need of repair, bring this to the attention of the inventory coordinator/sub-coordinator who can take the appropriate action to repair the capital asset or follow procedures for disposal.
8. An alternative to the complete physical inventory is to conduct cycle counts of the capital asset inventory. For example, to conduct a complete physical inventory in one year, the agency can be divided into 12 roughly equal areas. A complete physical inventory can be conducted and reconciled in a different area each month. After 12 months, the entire agency will have been inventoried. If the agency experiences many movements of capital assets, this method may require reconciliations each month.

F. Capital Asset Spot Checks

1. Spot checks are an effective tool for maintaining inventory accuracy. If a specific area of the agency has consistently demonstrated a high level of inventory accuracy, one spot check between physical inventories will help keep the accuracy level high. If an area of the agency had a poor inventory accuracy level resulting from a physical inventory, spot checks should be conducted frequently in the interim until a complete physical inventory of the area has established a satisfactory accuracy level. Large agencies may wish to check a specific number of buildings or floors each month. The areas checked should be scheduled randomly.
2. When selecting capital assets to be sampled for specific locations within the agency, the following sample size chart may be utilized.

SPOT CHECK CHART

Assets in the Area	Minimum Sample Size
1-20	All
21-50	10
51-100	15
101-200	20
201-500	25
501 or more	50

3. When spot checking the entire agency, the following sample size chart may be utilized:

CAPITAL ASSET SPOT CHECK SAMPLE SIZE

Number of Assets	Minimum Sample Size
1-79	15
80-200	20
201-300	25
301-400	30
401-600	35
601-800	40
801-1000	45
1001-2000	50
2001-4000	75
4001 or more	100

4. To determine which capital assets will be in the sample for the spot check, divide the total number of

capital assets by the sample size. For example, 800 total capital assets divided by sample size of 40 equals 20, every twentieth capital asset will be selected. To choose where to start selecting capital assets for the spot check from the recordkeeping system, randomly select one capital asset out of the first 20 listed in the system. This is the first capital asset for the spot check. The remaining capital assets for the spot checks are every 20th capital asset thereafter. An alternative to this approach is to select the capital assets for the spot check using a random number table or use the internet to generate a random number sequence (e.g., http://www.random.org).

5. Preparations for a spot check should be similar to the planning and scheduling for the complete physical inventory.
6. The spot check procedure should be similar to conducting and reconciling the physical inventory.
7. If a capital asset cannot be located in a reasonable length of time, it is considered "not found" for reporting purposes.
8. After the spot check procedure has been completed, a report should be prepared giving the accuracy level and discrepancies discovered in the area. Discrepancies include capital assets that were "not found", unmarked capital assets, illegible asset numbers, incorrect locations, and incorrect profile ids. An accuracy level of 95 percent and above is considered acceptable. Areas that fall below 95 percent accuracy should have a complete physical inventory scheduled.
9. All capital assets found with illegible numbers must be re-numbered. If capital assets are found without asset numbers, the inventory coordinator/sub-coordinator must search the recordkeeping system and/or purchase order to determine the appropriate asset number that was assigned to the capital asset. The asset number must be marked on the capital asset as appropriate.
10. All discrepancies must be corrected immediately in the recordkeeping system. Refer to the Stolen, Lost, Damaged, or Recovered Capital Assets section below for procedures to follow when capital assets are "not found".

IV. Stolen, Lost, Damaged or Recovered Capital Assets

A. A *Stolen, Lost, Damaged or Recovered Property Report* must be completed under the following circumstances regardless of whether the capital asset was located at the work site or off-site (e.g., employee has authorization to use the capital asset at the employee's residence):
   1. Capital asset is stolen.
   2. Capital asset is lost.
   3. Capital asset is damaged. (Required for capital assets over $30,000.)
   4. Stolen capital asset is recovered.
   5. Lost capital asset is found.

B. If the lost or stolen sensitive item contains private or non-public data, notify the agency's data practices compliance official immediately
C. Appropriate action should be taken immediately to locate the capital asset if lost or stolen.
D. If these actions fail to locate the capital asset within a reasonable time frame, but no longer than five business days, the loss, theft or suspected theft within the Capitol Complex area must be reported to the Department of Public Safety's Capitol Complex Security Division. A theft or suspected theft outside the Capitol Complex area should be report to local law enforcement authorities. Inventory coordinators/sub-coordinators should follow up with these authorities to ensure action has been taken to recover the capital asset.
E. A copy of the *Stolen, Lost, Damaged or Recovered Property Report* must be submitted to the agency's inventory coordinator/sub-coordinator.
F. Notify the agency's claim officer and/or the Department of Administration's Risk Management Division claims manager of any lost, stolen, damaged, or recovered capital assets. The claims manager will check agency capital asset coverage for lost, stolen or damaged capital assets. If the agency has no insurance coverage or the deductible is higher than the value of the capital asset, then

the agency must absorb the loss from its operating budget if it chooses to replace the capital asset.

G. If an employee fails to return a capital asset to the state within a reasonable time frame, generally 5 business days, following the request of management for the capital asset or upon the employee's separation from state service, the capital asset is considered stolen. The employee's manager/supervisor must take appropriate action for stolen capital assets as noted above. The employee's manager/supervisor must also report the incident immediately to the agency Human Resources Division Director for possible disciplinary action, for recording in the employee's personnel file, and for possible reduction of employee's final pay.

H. After an extensive search has failed to result in the recovery of the stolen or lost capital asset, within 30 days submit a copy of the *Stolen, Lost, Damaged or Recovered Property Report* to the agency's Human Resources Division Director, Surplus Services and the Legislative Auditor's Office (Minnesota Statutes 609.456, subd. 2 requires reporting in writing thefts or unlawful use of property to the Legislative Auditor).

I. Damaged capital assets and lost or stolen capital assets that are not recovered must be recorded in the recordkeeping system.

J. If a capital asset is recovered, complete and submit the *Stolen, Lost, Damaged or Recovered Property Report* to the agency's Human Resources Division Director, Surplus Services and the Legislative Auditor's Office. Agencies should notify Capitol Complex Security or local law enforcement authorities that the property has been recovered. In addition, determine whether the capital asset was covered by insurance. If so, contact Admin Risk Management to determine proper disposition of the property. If the capital asset was not covered by insurance and is still usable, record the information in the agency capital asset in the recordkeeping system. If the recovered property is not usable, follow the procedures for disposal of state surplus property.

V. Misuse of Capital Assets

A. Any employee misuse of a capital asset may be subject to disciplinary action, up to and including termination.

B. Examples of misuse of a capital asset include, but are not limited to, the following actions:
   1. theft,
   2. damage with willful intent,
   3. destruction with willful intent,
   4. use of the capital asset for personal gain,
   5. permitting other individuals to use the capital asset for non-state purposes,
   6. non-return of a capital asset when requested,
   7. permitting an outside consultant to use the capital asset without a contract term allowing them to use the capital asset, or
   8. inappropriate use.

C. When misuse of a capital asset is suspected, it should be reported immediately to the agency inventory coordinator/sub-coordinator, the Human Resources Division Director, and the appropriate manager/supervisor.

VI. Capital Assets Used Outside the Workplace

A. A signed agreement or inventory tracking system must be in place for state-owned capital assets used outside of the agency-defined workplace. Employees that have a need to take a state-owned capital asset out of the workplace should have a signed agreement. This agreement must address the conditions for their possession of the capital asset, acceptable uses, and a requirement to return it when no longer needed for work-related use, when they depart from the division, or when requested. The employee's manager/supervisor must review and approve this agreement. Signed agreements must be kept on file. If there is no signed agreement, the agency must ensure that the employee is informed of the appropriate use of the capital asset and the requirement to return it when no longer needed for work-related use. A sample agreement is provided in the Forms Section (Section 10).

B. Agencies allowing individuals to take state-owned property outside the workplace which contains private or non-public data must ensure that appropriate procedures are in place to prevent unauthorized access to the private or non-public data.

C. An employee's use of state property outside the workplace should be consistent, if applicable, with the statewide telecommuting policy and the employee's agency telecommuting policy.

D. The recordkeeping system must include data indicating what capital assets are used outside the workplace and by whom (employee name, or consultant name and contract number).

E. Certain statutes address state employee use of state property. Minnesota Statute 16B.55 specifies permitted and prohibited uses of state vehicles. Also, Minnesota Statute 43A.38 states that inappropriate use of state property is a violation of the Code of Ethics for Employees in the Executive Branch. Examples of inappropriate use of capital assets outside the workplace include, but are not limited to the following:
   1. using the capital asset for personal use without express statutory authority (e.g., using a state vehicle to transport family members or conduct personal business),
   2. giving the capital asset to the employee as a gift or transferring ownership of the capital asset to the employee outside of public sale, or
   3. permitting non-state employee use, including consultants without contractual provisions which allow off-site use of capital assets.

F. Contractors may be permitted to use capital assets off-site provided that their agreement with the state identifies the capital asset, requires that the capital asset be returned to the state upon termination of the contract, and states that inappropriate use of such capital asset is prohibited.