



ADMINISTRATIVE
COMMUNICATIONS SYSTEM
U.S. DEPARTMENT OF EDUCATION

Handbook

Handbook OM-05

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All Department of Education Employees

Approved by: _____ /s/ _____
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Assistant Secretary for Management

Property Management Manual

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PROPERTY MANAGEMENT MANUAL



DEPARTMENT OF
EDUCATION

DECEMBER 2002

OFFICE OF MANAGEMENT
FACILITIES SERVICES

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PROCEDURE 1

PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

1.0 Purpose and Policy

1. The purpose of this manual is to provide policies and procedures for the management and administration of Department of Education's (ED) plant, property and equipment (PP&E) throughout its life cycle, and to establish and maintain a compliant and effective property control system. ED has assigned overall management of PP&E to the Director, Facilities Services (FS), Office of Management (OM) under the title Property Program Director (PPD). The Property Management Officer (PMO), who heads the Property Management and Inventory Team, is responsible for the accounting for and management of PP&E for ED, and reports directly to the PPD.
2. Property Management at ED is conducted with the primary objectives of ensuring that equipment is available in sufficient quantities to accomplish the mission. ED complies with all applicable Federal Government regulations, and equipment is managed in a cost effective manner in accordance with current "best practices."

2.0 Authority and Applicability

1. These policies and procedures are developed in accordance with applicable Federal regulations governing the acquisition, control, utilization and disposition of Government property.
2. The following regulations apply:
 - a. Federal Property and Administrative Services Act of 1949 (as amended), Section 202, 40 USC 483(b)
 - b. Federal Management Regulation (FMR) Chapter 102, Subchapter B
 - c. Joint Financial Management Improvement Program (JFMIP), Property Management System Requirements
 - d. Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 3, 6, 8, 11 and 16
 - e. Office of Management and Budget (OMB) circulars
3. This property control system has been established for the control, use, maintenance, repair, protection and preservation of ED property for all offices. In addition, it provides critical information to the financial system regarding capitalized assets. If any provision in this manual is in conflict with any of these regulations, the regulation takes precedence.

PROCEDURE 1
PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

3.0 Responsibilities

1. This section identifies the accountability and responsibility of the following positions:
 - a. Property Program Director (PPD), (OM)
 - b. Property Management Officer (PMO), (OM)
 - c. Accountable Officers (AO) (Executive Officers & Contracting Officers)
 - d. Asset Managers (AM)
 - e. Regional Property Management Coordinators (RPMC)
 - f. Regional Asset Managers (AM), and
 - g. Users
2. The PMO heads a Property Management and Inventory Team (PMIT), located in the FS, that is responsible for conducting the daily activities of management of capital and accountable assets for ED. This organization provides a property management staff and asset management system (AMS) that supports the offices of ED.
3. This Procedure also defines the procedures for appointment of AM's and Regional AM's for the management of property for ED at Headquarters and the regional offices.

3.1 Department Property Management Responsibilities

The Secretary of the Department of Education, as agency head, is responsible for the establishment of the policies and procedures for the effective accountability and management of PP&E within ED. Staff members directly responsible for property administration are listed below with their specific responsibilities.

3.2 Property Program Director (PPD)

The Property Program Director (PPD), who is the Director, Facilities Services (FS), Office of Management (OM), is the top executive official responsible for managing and administering the overall property management program for the Department. The PPD provides guidance to the Property Management Officer (PMO), who provides direct management responsibility for the PMIT. The PPD is responsible for providing leadership to the property management effort including influencing the culture of ED and working with senior management to ensure that property management activities achieve the required management attention, support and resources.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

3.3 Property Management Officer (PMO)

The Property Management Officer (PMO) has the knowledge, stature, and authority provided by the Department to effectively administer the property management program for ED. The PMO oversees the PMIT located in OM, which is responsible for overseeing the life cycle of property management. The PMO reports directly to the PPD and ensures that all activities described in paragraph 3.4 are accomplished.

3.4 Property Management and Inventory Team (PMIT)

The PMO is responsible for heading the PMIT that is responsible for assigning and training qualified personnel; developing, providing and maintaining a system of policies and procedures; and overseeing an asset management system (AMS) to facilitate the life-cycle management of PP&E owned and leased by ED. The system will provide ED with the capability to record the acquisition, receipt, stewardship, location, movement, storage and disposition of Government-owned Property. The PMO establishes procedures in accordance with regulations governing property management and policies of ED for the following activities:

1. Maintain the official property records of all property residing at ED facilities at Headquarters, and the regions and offsite locations. This function includes posting of property records, control of supporting documentation and periodic validation through physical inventory.
2. Provide an asset management system (AMS) that fully complies with the directives listed in paragraph 1.0, above, and ED policies and procedures. This AMS will also be capable of interfacing with procurement and financial systems and the budget process.
3. Coordinate a program utilizing the AMS that identifies excess PP&E within ED that is available for utilization as part of the requirements and acquisition process.
4. Assign or transfer property accounts upon written authorization of the Accountable Officers (AO) and maintain a current database of AM's at ED Headquarters and regional offices.
5. Provide technical information, training and customer support to AO's and AM's and other ED staff to enable them to manage their property in an economic and efficient manner in accordance with applicable Government regulations and ED policies and procedures.
6. Provide receiving, identification and tagging support for ED property in compliance with applicable Government regulations and this manual.
7. Provide customer support for the pickup, screening and subsequent disposition of ED excess property in compliance with applicable Government regulations, ED policies and procedures and sound business practices.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

8. Identify and report promptly, lost, damaged or destroyed (LDD) Government property to the PPD, who determines if a Board of Survey needs to be activated to review and investigate the incident and determine personal liability, if any.
9. Provide procedures, a system and process support to facilitate movement of property in and out of ED facilities as required for official business.
10. Develop the plans and oversee the conduct of physical inventories and reconciliation in accordance with this manual, ensuring appropriate record adjustments.
11. Develop and provide procedures for Contracting Officers, who oversee property furnished to or acquired by Government contractors. Such property may be acquired within or outside the ED procurement system.
12. Conduct self-assessment activities to ensure compliance with applicable Government regulations and ED policies and procedures, and serve as the coordinating activity for all other internal or external audits and self-assessment activities involving the management of property by ED.

3.5 Accountable Officer (AO)

1. The senior official of each ED office is responsible for the appointment of an Accountable Officer (AO), who is normally an Executive Officer. Contracting Officers are Accountable Officers for all Government property held by contractors that is either contractor-acquired or Government-furnished.
2. AO's are the primary officials responsible for the PP&E assigned to their offices. Responsibilities include determining requirements, acquisition, utilization, condition, and replacement of that equipment. They are responsible for the following:
 - a. Advise their organization's senior officials on property management policy and procedures.
 - b. Oversee the identification of requirements and acquisition of PP&E in support of their offices.
 - c. Ensure property identified as capitalized under ED guidelines is reported in accordance with OMB Circular A11, Part 3, Planning, Budgeting, and Acquisition of Capital Assets.
 - d. Ensure their AM's have received sufficient training to perform their duties and are knowledgeable concerning ED property management policies and procedures.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

- e. In support of the ED PMO, coordinate property management activities for their organizations such as training of AM's, property budget planning and procurement, physical inventories, and support for property audit preparation.
- f. Ensure assets are utilized in accordance with their procurement or reutilization purpose and only for official Government work.
- g. Ensure assets receive the proper maintenance while in the custody of their organization.
- h. Ensure that capitalized assets acquired or disposed of are properly identified by object class for entry into ED's financial accounting system.
- i. Submit Lost, Damaged and Destroyed (LDD) reports to the PMIT in accordance with the procedures stated in this Manual.
- j. Assign an AM to account for and manage the property of their organization and ensure that a replacement AM is assigned a minimum of ten working days prior to the departure of the incumbent.
- k. Ensure an AM is assigned at each regional office where their organization has staff and Government property. Policies regarding the appointment and oversight of the regional AM's are the same as those at Headquarters. The RPMC will provide assistance and guidance to regional AM's.
- l. Ensure that AM's have access to a personal computer that is networked to the asset management system (AMS) in order to maintain property accountable records.
- m. Ensure that the AM assigned has sufficient time in their daily schedule to perform the duties specified in paragraph 3.6, below.

3.6 Asset Manager (AM) Responsibilities

AM's have physical responsibility for the stewardship, utilization and control of all accountable property for their offices. Property management responsibilities are normally only a portion of the responsibilities of staff members assigned asset management responsibilities. In the performance of their normal duties, AM's have a line relationship with their supervisor; however, they also have a staff relationship to the Property Management Officer for performance of their property management duties. Accountable Officers appoint AM's in writing and the PMIT maintains the original of the appointment letters. AM's are responsible for the following:

- 1. Support the AO of their organization.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

2. Maintain current management data on accountable items in the property management information system.
3. Maintain custody of property and ensure it is properly assigned to users to ensure accountability.
4. Ensure assets are properly located within their organization and that location data is correct in the property management information system.
5. Transfer property from and accept property into their property accounts for their organization based on changing requirements and monitor movements of property within their organization.
6. Assist the PMIT in the conduct of physical inventories of their organizations.
7. Assist in the education of their property users on the management of property to include property passes, excess and transfer of property, and reutilization of existing assets.
8. Serve as point of contact for self-assessment and audit reviews of the property in their organization.
9. Report property excess that is no longer required by their organization and coordinate pickup of that property.

3.7 Regional Office Property Management Responsibilities

3.7.1 Regional Office Property Management Coordinator (RPMC)

Each regional office will appoint a RPMC who will be the point of contact regarding property management issues at the regional office. This individual should be in the Secretary's Regional Representative staff at the regional office, if possible, and report to a supervisor in that organization. This is not a full-time position. The RPMC will spend as much time as required to assist regional office AM's and staff in the management of their assets. The RPMC will receive additional property management training and guidance from the PMO and provide a property management presence at each regional office. For property management matters, an administrative or "dotted line" relationship will be established with the PMO at ED Headquarters. The RPMC will be responsible for the following:

1. Serving as the PMO's representative at the regional office for property management matters.
2. Distributing all property management information disseminated by the Property Management Officer (PMO) to the regional office AM's.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

3. Coordinating the training of Regional AM's and conducting awareness sessions with regional office management staff regarding ED property management policies and procedures.
4. Ensuring that Regional AM's adhere to the provisions of the ED property management policies and procedures.
5. Coordinating the receiving, property control and disposition activities for the regional office.

3.7.2 Regional Office Asset Manager (AM) Responsibilities

Regional office AM's have physical responsibility for the stewardship, utilization and control of all accountable property for the office at their Region office. Property management responsibilities are normally only a portion of the responsibilities of staff members assigned asset management responsibilities. In the performance of their normal duties, AM's have a line relationship with their supervisor; however, they also have a staff relationship to the regional office Property Management Coordinator, who is the Property Management Officer's technical representative at the Region for performance of their property management duties. Regional office AM's are responsible for the following:

1. Support the Accountable Officer of their organization as his/her responsible person for office property at the Regional office.
2. Assist the regional office Property Management Coordinator in the management of office property at the Regional office.
3. Maintain current management data on accountable items in the AMS.
4. Maintain custody of property and ensure it is properly assigned to users to ensure accountability.
5. Ensure assets are properly located within their organization and that location data is correct in the property management information system.
6. Transfer property from and accept property into their property accounts for their organization based on changing requirements and monitor movements of property within their organization.
7. Assist the regional office Property Management Coordinator in the conduct of physical inventories of their organizations.
8. Assist the Regional Coordinator in the education of their property users on the management of property to include property passes, excess and transfer of property, and reutilization of existing assets.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

9. Serve as point of contact for self-assessment and audit reviews of the property in their organization.
10. Report property excess that is no longer required by their organization and assist the RPMC in disposition of that property.

3.7.3 Users

Every staff member and contractor at ED is a property manager, responsible for the control, protection, and user-level maintenance of the property under their control. The PMO is responsible for ensuring that property management awareness is spread throughout the Department. Users are responsible for the following:

1. Ensure that all property under their control is serviceable and being utilized as intended.
2. Ensure that all property under their control is secured while physically located at ED facilities and also when checked out on property passes.
3. Ensure that if property is no longer required that they notify their AM so the property can either be reutilized within ED, transferred to another Government agency or donated.

4.0 Appointment of Accountable Officers and Asset Managers

4.1 Appointment of Accountable Officers

The senior official in the organization is responsible for ensuring that an Accountable Officer is appointed to oversee the management of and accountability for the property assigned to the organization.

4.2 Appointment of Asset Managers (AM)

1. AO's appoint AM's who are responsible for the day-to-day management of property for their organization. In most cases, one AM per organization is capable of performing the duties and responsibilities identified in paragraph 3.6. AO's that have property with unique requirements or have property dispersed in different buildings or areas may want to assign more than one AM.
2. AM's will also be appointed for organizations at regional offices, as required to ensure accountability of Government property at those offices.
3. AO's appoint their AM's in writing by either submission of a memorandum to the PMIT or e-mail to the PMO, with a copy to the old and new AM. If e-mail is utilized, the new AM must accept the account via e-mail, using his/her e-mail address. The format is provided below.

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PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

4. Replacement of an AM for any reason (e.g., transfer, change of assignment, termination, etc.) requires the incumbent and new AM to jointly evaluate the status of the account. A joint inventory will be accomplished, if possible. The PMIT will provide assistance in conducting the inventory. If a complete, joint inventory is not possible, a review of procedures and a sample inventory should be conducted so that the new AM is made aware of the status of the account. If a new asset manager is not appointed, the AO assumes responsibility for the property until a replacement asset manager is named and has accepted the account.

4.3 Appointment Letter

MEMORANDUM

TO: Property Management Officer

FROM: Accountable Officer (name of organization)

SUBJ: Assignment of New Asset Manager

I appoint the following person as Asset Manager, effective (date) for (name of organization), effective (date). The Asset Manager will be responsible for property management for the following organizations/locations.

New Asset Manager's Name: Joe E. Smith

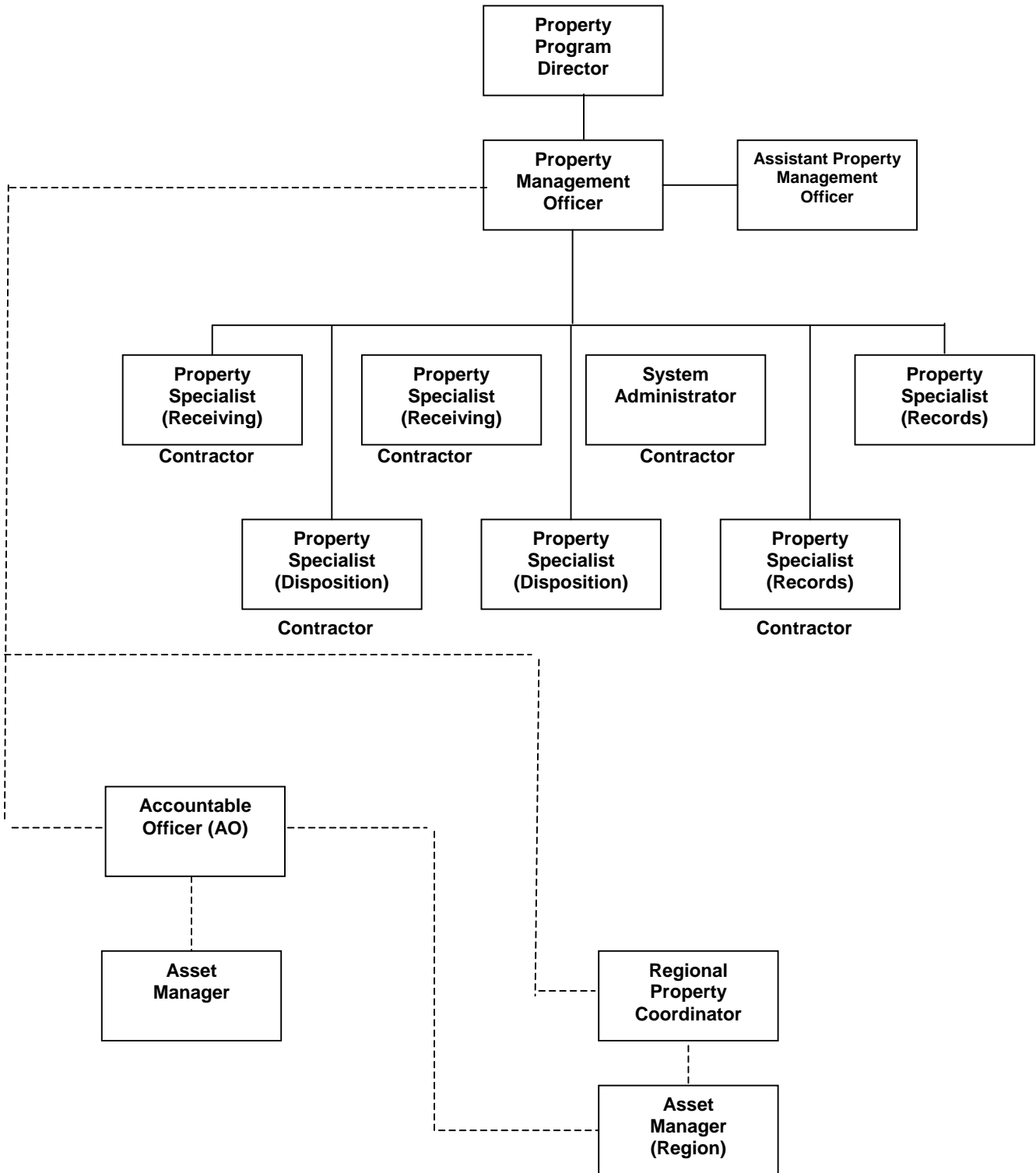
Bldg/Room Number: FB06/2E133

Phone Extension: 555-1234

Old Asset Manager's Name (if applicable) Bob R. Johnson

PROCEDURE 1
PROPERTY MANAGEMENT DUTIES AND RESPONSIBILITIES

Organizational Chart of Property Management Office/Activity



PROCEDURE 2

REQUIREMENTS DETERMINATION AND ACQUISITION

1.0 Purpose and Policy

1. Property is acquired to meet the requirements of the organizations within ED. The requirements determination and acquisition phases of property management encompass the activities that determine what property is required to meet ED business objectives, as well as the processes required to acquire that property.
2. The Office of the Chief Information Officer (OCIO); primarily the Enterprise Lifecycle Management Support Team (ELMst); Office of the Chief Financial Officer (OCFO); Contracting and Purchasing Operations (CPO); and the Office of Management (OM), primarily the Property Management and Inventory Team (PMIT), Facilities Services (FS) must cooperate to ensure the effective and efficient management of the first life-cycle phase of property.
3. The acquisition of property at ED is governed by applicable Federal regulations. The primary regulations used to govern the acquisition of property by Federal executive agencies are OMB Circular A-11, the Federal Management Regulations (FMR) and the Federal Property Management Regulations (FPMR) and the Federal Acquisition Regulation (FAR).
4. Involvement of the PMIT in the Requirements Determination phase of acquiring assets is essential for a successful property management program. Since excess property within the Department and the Federal Government is the first source of supply, PMIT information on available assets can preclude unnecessary or excessive procurements. Even though assets were procured to meet specific organizational objectives and support specific programs, principal offices are authorized and encouraged to declare assets excess when no immediate requirement exists for them. Additionally, assets are often held to meet contingencies or known future requirements. These assets are available to "loan" to other organizations having short-term requirements. Status codes in the asset management system (AMS) will be used to identify these alternative sources of supply. In addition, a pool of serviceable excess IT assets are maintained in the PC's R Us program, centrally held by the Clearing House.

2.0 Requirements Determination

2.1 Authority and Applicability

As a Federal executive agency, ED has the authority to expend funds of the U. S. Government for the purpose of obtaining plant, property and equipment (PP&E) to perform its mission. The Secretary delegates this authority to specific ED personnel in principal offices that have requirements for capital, accountable and other assets. Planning for the acquisition of assets takes place in the requirements determination phase of property management and is tied to the budget process.

PROCEDURE 2

REQUIREMENTS DETERMINATION AND ACQUISITION

2.2 Classification

When acquiring assets, the office accountable officer (AO) determines the classification of the assets; capital, accountable and other ED property that receives “Department of Education” tags without barcodes. Capital, accountable and non-accountable assets are listed in Attachment (A) of this Procedure.

2.2.1 Capital Assets

1. ED capital assets are defined as property/equipment and software with an expected useful life of two (2) years or greater and an acquisition cost of \$50,000 for an individual item or \$500,000 for bulk purchases of like items. When acquiring capital assets that meet the capitalization criteria, the AO must verify the object class and identify the acquisition as a capital asset on the purchase request.
2. Due to the investment involved and the impact of capital assets on the missions of the Department, the acquisition of capital assets must be the result of careful long-term planning, analysis of life-cycle cost, and assurance of maximum return-on-investment. OMB Circular A-11 states that a performance-based acquisition management system must be used to obtain timely information regarding the progress of capital investments. The U. S. Department of Education Financial Statements Guidance provides information regarding the Department’s capitalization and asset depreciation policy.

2.2.2 Accountable and Sensitive Assets

1. Assets not meeting the capitalization threshold but representing a significant investment, mission essential requirement, or highly pilferable nature, will be acquired and controlled under the provisions of ED procurement regulations and this manual as “accountable” assets. Accountable assets are defined as those assets indicated as accountable in the Attachment to this procedure as well as any assets with an acquisition cost \$2500 or greater. These assets qualify for a barcode identification tag and are tracked throughout their life cycle in the AMS.
2. Other assets of less value or components of barcoded assets, but requiring some measure of control will receive a “Property of the U. S. Government” with ED logo tag, identifying them as Government property.
3. Once a requirement has been identified for an asset, the AO of the applicable principal office must determine whether it is a capital, accountable or expensed asset based on current ED policy. That determination is made using the capitalization policy published in Budget Guidance each fiscal year by the OCFO and the list of the categories of assets qualify for tagging found in this manual. When preparing purchase requests for acquisition of assets, the AO must provide proper account coding information to CPO including the Object Class (OC) code. This identifies the category and type of asset and whether it is capitalized or accountable.

PROCEDURE 2

REQUIREMENTS DETERMINATION AND ACQUISITION

2.3 Requirements Determination (Information Technology Assets)

1. If the requirement is for an Information Technology (IT) asset, the AO must adhere to the acquisition policies and procedures of the OCIO, which sets the standards and coordinates the acquisition of IT assets for the Department. OCIO publishes the EdNet Product Support Plan, EdNet Desktop Support Timeline and the Hardware Buyer's Guide for general-purpose IT purchases. These documents provide ED offices with guidance regarding standard acquisition of IT assets that are available through existing Blanket Purchase Agreements (BPA), supportable and compatible with existing assets and the ED local area network (LAN).
2. Principal offices will use the Hardware Buyer's Guide whenever possible to meet user needs. To support acquisition of IT equipment in the Hardware Buyer's Guide, Contracts and Purchasing Operations (CPO) has entered into several IT BPA's with authorized vendors that guarantee the acquisition of standard equipment at pre-determined prices and barcode tagging of assets acquired by the ED. The Department will use these agreements as the principal source to acquire general-purpose IT equipment. Purchases of IT assets that are not under a BPA will be procured using a purchase order (PO) from Federal Supply Schedules (FSS) or other authorized procurement vehicles. Under no circumstances will credit cards be used for purchases of capital, accountable or sensitive equipment.

2.4 Requirements Determination (Non-IT Assets)

1. Non-IT capital and accountable assets are procured based on procurement authority and justification of need for the assets. The AO is directly responsible to the applicable assistant secretary or director of the principal office that has identified the need for capital or accountable assets through the budget process. These assets will be procured as needs are identified and budgeted funding becomes available.
2. Although there is flexibility in the procurement process to support evolving requirements, principal offices will adhere as closely as possible to the budget during the budget execution process.

2.5 Requirements Determination at Regional Offices

Requirements for capital and accountable assets at Regional Offices will be identified in the Region budget and submitted to the corresponding AO at Headquarters. The AO at Headquarters is also the AO for each of the Regions where personnel and assets are located. The same principles for requirements determination will be exercised at the Regional Offices as are exercised at Headquarters.

PROCEDURE 2
REQUIREMENTS DETERMINATION AND ACQUISITION

3.0 Acquisition

3.1 Policy

1. Acquisition begins when the organization that has identified the requirement for an asset creates a purchase request (PR). Excess property both within and external to ED is the first source of filling property requirements. The office AO provides purchase requests that meet the established ED criteria for reutilization to the PMIT for review and potential reutilization of existing ED assets. ED organizations will attempt to fill requisitions internally within ED for property acquisitions that exceed \$2500. The PMIT will also screen GSA excess to attempt to satisfy individual property acquisitions that exceed \$25,000.
2. In many cases, Regional Offices will not be able to take advantage of reutilization from other locations due to the added cost of transportation and logistics coordination required. However, the PMIT will evaluate Regional requirements to determine if reutilization of assets is cost effective. Reutilization of assets within the Region is authorized and encouraged.

3.2 Reutilization of ED Assets and Screening of GSA Excess

1. The Property Management Officer (PMO), PMIT maintains data on all ED excess assets through coding of assets within the AMS (see Property Control, Procedure 5) and has access to the General Services Administration (GSA) Federal Disposal System (FEDS) for Government-wide excess property.
2. The PMIT screens internally first to determine if there are any assets available that meet the requirements of the purchase request. The AMS will be reviewed first for available assets, to include all PRINCIPAL OFFICES's and PC's R Us available assets. If the requirement cannot be filled internally, the PMIT will screen the Federal Disposal System (FEDS) on-line database to attempt to fill the requirement. (See the individual acquisition types below.)
3. Purchase requests for IT assets are sent to OCIO for approval using the Contracts and Purchasing Subsystem (CPSS).
4. All requests for capital and accountable assets must be ordered through Contracting and Purchasing Operations (CPO). Individual PCO's with purchasing authority cannot procure capital or accountable assets and these assets will not be purchased using an authorized Government credit card.

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3.3 Purchasing

3.3.1 Acquisition of Information Technology (IT) Assets

OCIO/ELMst provides technical assistance on the acquisition of IT assets and consolidates buys of general purpose IT equipment through buying cycles (January 15th, March 15th, May 15th, and September 15th) or as-required basis dependent upon urgency of need and the level of demand.

3.3.2 IT assets acquired through Blanket Purchase Agreements (BPA)

OCIO identifies general-purpose IT assets and plans for their purchase through use of a Hardware Buyer's Guide that lists computer equipment authorized for purchase using Blanket Purchase Agreements (BPA) with pre-selected authorized vendors. Offices will utilize these agreements to ensure standard configuration and quantity discounts. The CPO has reached agreement with the vendors that they will barcode tag the IT assets acquired prior to shipment to ED.

1. Based on determination of a valid requirement and budget planning, an AO creates a purchase request for an IT asset using the Hardware Buyer's Guide to select the assets.
2. If the purchase exceeds the criteria for internal (\$2500) or external (\$25,000) reutilization review, the AO submits the request to the PMIT to provide an attempt to fill the requirement through internal redistribution or a transfer order from another Government agency. See "Transfer Orders" below. PMIT reviews the request and either fills the requirement or authorizes procurement within 3 working days. If the purchase request cannot be provided through existing assets, the following process will be used to acquire them using an existing BPA.
 - a. The AO submits a purchase request (PR) for an IT asset to OCIO/ELMst for approval using the Contracts and Purchasing Subsystem (CPSS).
 - b. OCIO/ELMST reviews the request, approves it and forwards it to Contracts and Purchasing Operations (CPO), indicating approval. OCIO/ELMST notifies the submitting AO by e-mail that the request has been approved. (If OCIO/ELMST does not approve the request, it is returned to the AO and the purchasing action is cancelled or changes made and resubmitted.)
 - c. The CPO selects the procurement method to meet the specific requirement, in this case the applicable BPA. If possible, CPO groups like purchases to reduce the number of equipment purchase orders and to exercise the economies of scale.
 - d. Contracts and Purchasing Operations (CPO) creates a delivery order (DO) against an established BPA.

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REQUIREMENTS DETERMINATION AND ACQUISITION

- e. Using the tagging instructions from PMIT in this manual, OCIO/ELMst identifies assets on the DO that are to receive barcodes. CPO then provides a copy of the DO to the PMIT requesting that barcodes be pre-assigned to each category of asset being procured. In most cases, a quantity of the same asset will necessitate that the PMIT issue multiple barcodes against a single DO.
- f. PMIT assigns the barcode numbers by category and quantity.
- g. PMIT enters the Requester (AO), Barcode #, purchase order (PO) # and DO #, purchase date and vendor name in the AMS creating an expected receipt.
- h. PMIT creates a Receipt for Cash or Other Items form to transmit barcodes to CPO.
- i. PMIT delivers the barcode tag(s) to CPO and receives a CPO authorized signature confirming that barcodes have been provided for audit trail purposes.
- j. CPO enters the barcode #'s into the DO in the text field description in CPSS.
- k. CPO creates the DO, attaches the applicable barcodes with instructions to the vendor to apply them, sends the DO to the vendor with the barcodes.
- l. CPO sends copies of the DO to PMIT, OCIO/ELMst, AO and AM.
- m. PMIT files the DO in a pending receipts file in the PMIT. Central Receiving maintains the pending receipt in the Receiving area. In addition, an expected receipt is created in the AMS.
- n. The Receiving process is documented in Procedure 3, Receiving, Tagging, and Identification of this Manual.

3.4 IT or Non-IT assets acquired through PO's (without BPA's)

The AO identifies a requirement for an IT asset not available through the Hardware Buyer's Guide/Product Support Plan or a non-IT asset.

1. The AO places the requirement on a PR and determines classification and object class.
2. If the purchase exceeds the criteria for internal (\$2500) or external (\$25,000) screening, the AO submits the request to the PMIT to attempt to fill the requirement through internal or external transfer. See "Transfer Orders" below. PMIT reviews

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the request and either fills the requirement or authorizes procurement within 3 working days.

3. If the asset is an IT asset, the AO submits it to OCIO/ELMST for review and approval. OCIO/ELMST approves the procurement as submitted or mandates standardized use of an existing BPA for a similar item meeting the requirement. (If the OCIO/ELMST requires use of the BPA, continue with the BPA procurement process above).
4. If the asset is a non-IT asset, the AO submits the PR directly to CPO for procurement.
5. The AO submits a PR to CPO for creation of a PO or other procurement document.
6. CPO conducts a lease/purchase analysis to determine if a lease or purchase is warranted.
7. CPO selects procurement vehicle, using authorized sources GSA, Federal Supply Schedule (FSS), etc.
8. CPO creates a procurement document, normally a PO, and provides a copy to AO and PMIT.
9. CPO creates PO and CPO sends PO to selected vendor, providing tagging instructions to the vendor.
10. CPO sends copies of the PO to PMIT, AO and OCIO/ELMst.
11. Vendor ships assets and they are delivered to Central Receiving for verification and release to PRINCIPAL OFFICE..
12. Vendor notifies PMIT that assets have been shipped.
13. Upon receipt, PMIT Central Receiving signs for delivery and enters a receipt using CPSS. If the equipment is IT, PMIT follows the same procedure if procured through the BPA vendor.
14. PMIT barcodes the asset and places it in temporary storage awaiting delivery. If the asset is delivered directly to the office, the AM notifies Central Receiving and the receiving specialist goes to the office and tags it.
15. PMIT opens a HEAT ticket and arranges delivery to the user by OCIO/ELMst if IT equipment and the OM movers, if not IT equipment.
16. Upon receipt by user, Asset Manager updates AMS with user name and location.

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17. PMIT reviews biweekly report to ensure that AM has updated the newly created records with the user name, building and room number. If not updated, PMIT notifies Asset Manager via e-mail to update record within 48 hours.

3.5 Transfer Orders

1. The administrator of the General Services Administration (GSA) provides for the transfer of excess property among Federal agencies under the Federal Management Regulation (FMR), 102.36.125.
2. The PMIT will screen available Federal agency excess property to fill purchase requests equal to or greater than \$25,000.
3. In most cases, excess property is available at no cost to ED. Exceptions are when property was acquired with funds not appropriated from the U. S. Treasury, property is designated exchange/sale property, and property is abandoned or other unclaimed property. The Regional GSA Office can provide information if property requires reimbursement.
4. Transfers from other Government agencies will be processed through the PMIT and issued directly to the requesting office. The PMO will submit a SF 122, "Transfer Order (for) Excess Personal Property" to the Federal agency where the property is located. The PMO will establish a due-in record using the same procedure as used for a purchase to document the incoming property. When delivered, Receiving will compare the asset(s) against the SF 122 and establish the property record. When the asset(s) are delivered to the office, the AM will complete the remaining data fields (room location and user).

3.6 Donations

ED may be the recipient of donations from corporations or other partners at the end of projects. Donations will be brought in using the same process as transfers through central Receiving.

3.7 Requirements and Acquisition of Assets by Regional Offices

1. Regional Offices will identify their requirements through the budget process and their needs will be supported by the Headquarters AO's.
2. The acquisition process is the same for the Regions as for PRINCIPAL OFFICESs at ED Headquarters. The only difference is the shipping address. For IT assets, AM's at the Regional Office will be notified by Headquarters OCIO when assets are to be received at the Regional Office. See Procedure 3, Receiving, Tagging and Identification for receiving instructions.

PROCEDURE 2
REQUIREMENTS DETERMINATION AND ACQUISITION

Attachment – Accountable vs. Non-Accountable Property (Non-IT)

Non IT Category	Accountable*	Non-Accountable
Art Work – Student		Y
Binding Machine		Y
Braille Machine		Y
Calculator/Printer		Y
Camera-35mm	Y	
Camera-Digital	Y	
Camera, Video	Y	
Labeler		Y
Laser disk Player	Y	
Mail Sorter		Y
Microfiche		Y
Microphone, Studio		Y
Monitor - X-Ray	Y	
Podium, Electronic		Y
Postal Scale		Y
Postage Meter		Y
Reading System	Y	
Safe		Y
Shredder		Y
Speakers - Auditorium		Y
Speech Synthesizer		Y
Tape Reader		Y
Tape Recorder		Y
Television	Y	
Television/VCR	Y	
Terminal, Braille	Y	
Typewriter		Y
VCR	Y	
Weapon	Y	
White Board, Electronic		Y

*All assets with an acquisition cost of \$2500 or greater will be classified as accountable, as well as specific items listed in the accountable assets column, regardless of cost.

PROCEDURE 2
REQUIREMENTS DETERMINATION AND ACQUISITION

Attachment – Accountable vs. Non-Accountable Property (IT)

IT Category	Accountable	Non-Accountable
Catalyst Chassis	Y	
Copier	Y	
Desktop Computer	Y	
Device Controller	Y	
Disk Array	Y	
Docking Station, PC	Y	
External CD Rom		Y
External CD ROM Burner		Y
External Device Controllers	Y	
External Floppy Drive		Y
External Hard Drive	Y	
External Jazz Drive		Y
External Jet Direct Box	Y	
External Modem		Y
External Modem - 1.2		Y
External Modem - 14.4		Y
External Modem - 2.4		Y
External Modem - 28.8		Y
External Modem - 4.8		Y
External Modem - 56.6		Y
External Modem - 9.6		Y
External TTY	Y	
External Zip Drive		Y
Facsimile Machine	Y	
Hard Drive - Bernoulli		Y
Laptop	Y	
LCD Projection Panel	Y	
LCD Projector	Y	
Monitor, Computer	Y	
Monitor - Video	Y	
Monitor, LCD	Y	
Network Controller Bay	Y	
Network CSU/DSU	Y	
Network Server	Y	
Network Hub	Y	
Network Probe	Y	
Network Router	Y	
Network Switch	Y	
Network Switch Power supply	Y	

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REQUIREMENTS DETERMINATION AND ACQUISITION

Optical Character Reader	Y	
PCMCIA, CD Rom		Y
PCMCIA, Modem-28K		Y
PCMCIA, Modem-56K		Y
PCMCIA, Network Card-10/100MB		Y
PCMCIA, Network Card-10Mb		Y
Personal Information Manager (e.g. PALM, Blackberry)		Y
Plotter	Y	
Print Manager		Y
Printer, Braille	Y	
Printer, Daisy Wheel	Y	
Printer, Dot Matrix	Y	
Printer, Ink Jet	Y	
Printer, Ink Jet - Color	Y	
Printer, Ink Jet - Portable	Y	
Printer, Label	Y	
Printer, Laser	Y	
Printer, Laser - Color	Y	
Printer, Multifunction	Y	
Projector, Multi-media	Y	
Projector, Overhead		Y
Scanner	Y	
Scanner – Document Feeder	Y	
Server	Y	
Tape Drive, DLT Library	Y	
Tape Drive, External 3480	Y	
Tape Drive, External 8mm	Y	
Tape Drive, External DAT	Y	
Tape Drive, External DLT	Y	
Telephone, Cellular		Y
Telephone, Conference Speaker		Y

*All assets with an acquisition cost of \$2500 or greater will be classified as accountable, as well as specific items listed in the accountable assets column, regardless of cost.

PROCEDURE 3

RECEIVING, TAGGING AND IDENTIFICATION

1.0 Purpose and Policy

1. The Receiving, Identification and Tagging processes are the activities conducted by ED in the property management life cycle that are the point where ED's obligation, liability and accountability begin. If point of receipt and the receiving process are closely monitored, an accurate record is more likely to be created and perpetuated through the entire life-cycle process of assets.
2. Depending on the location, Receiving and Identification may occur at a central receiving activity such as in the Washington, DC area for Headquarters offices; by a centralized group such as a supporting OCIO organization that provides computer delivery and setup/configuration services; or at the point designated by the Accountable Officer (AO)/Asset Manager (AM) of the office that procured the asset; or by an AM at a Regional Office.
3. Once an authorized representative of ED has signed for the property, it is accountable to and the responsibility of the Department. An ED staff member who actually has physically sighted the asset and assumed control must officially receive the asset to ensure accountability.
4. Procurement staff, or others who have not physically verified the receipt of an asset, will not under any circumstances complete a receipt to expedite payment of a vendor.

2.0 Tagging

2.1 Definition

Tagging is the process whereby assets belonging to the ED are identified through an asset tag, with or without a barcode. It is the physical placement of a barcode or other type of tag on an asset that identifies it as an asset owned or being leased by ED. The placement of a barcode tag provides a unique marking that distinguishes the tagged asset from all others in the Asset Management System (AMS).

2.2 Types of Tags

Capital and accountable assets that are accounted for as individual items in the AMS are tagged with a barcode tag, for property control, inventory and theft-avoidance purposes. Assets of lesser value or sensitivity, such as VOIP telephones or cell phones, organizers (Blackberry) will be tagged with a "Property of the Department of Education" tag without a barcode. Components of barcode tagged items that would benefit from being individually identified as ED property are also tagged with these tags.

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RECEIVING, TAGGING AND IDENTIFICATION

2.3 Tagging Process

1. For ease of identification, barcode tags are placed on the right front of the asset near the top, if that location is feasible. If not, the tag will be located as close as possible to the manufacturer's plate. Assets currently tagged in other locations will not be re-tagged since those assets will depart the inventory through attrition.
2. At present, ED procurement provides vendors with barcode tags for tagging assets prior to shipment to ED offices, if the assets are part of an IT bulk buy. This allows for establishing a record in the Barcode Request Table prior to receipt of the asset.
3. Office AMs submit Barcode Requests for assets that are procured individually when the assets are actually received so they can be tagged after receipt.
4. When the Central Receiving process is used at the centralized warehouse, all assets will be received through central receiving and tagged by the Property Management and Inventory Team (PMIT) staff prior to issue to office AM's and users.
5. It is ED policy that all capital and accountable assets will be procured by Headquarters and then shipped to regional offices with the barcode tag applied. Therefore all assets should be tagged at Headquarters. On occasion, a regional office will receive an asset without a barcode tag. In that case, the receiving AM will request that the Regional Property Management Coordinator (RPMC) submit a barcode request to the PMIT so the asset can be tagged.

3.0 Receiving

3.1 Definition

Receiving is the process of accepting and initiating the accounting process by which equipment is accepted by the Department of Education (ED) and enters the AMS. Most importantly, receiving is the process whereby the asset that is received from a vendor or other source is verified to be the correct asset, in the correct quantity and fully meets ED's requirements for quality and usability.

3.2 Applicability

The information provided in 3.3 and 3.4 below is applicable regardless of whether the asset was received at Headquarters or a Regional office, or whether the asset was delivered to Central Receiving or directly to a procuring office.

3.3 Acceptance of the Shipment at Receiving

The "ship-to addressee" accomplishes acceptance of the shipment whether it is Central Receiving, OCIO, or an office AO. If the item(s) can be matched to the receiving

PROCEDURE 3

RECEIVING, TAGGING AND IDENTIFICATION

documents, procurement document and/or expected receipt accurately, then they can be accepted and delivered to, or picked up, by the requesting office.

3.4 Discrepancies in Shipment

1. If discrepancies exist, the PMIT Receipt specialist, OCIO staff member or office staff member will take immediate action to rectify the problem. Discrepancies include overages, shortages, losses, damages and other discrepancies between the quantity and/or condition ordered and that received from a commercial carrier or documented on a bill of lading or other shipping documentation. The process for dealing with these discrepancies is documented in the Federal Property Management Regulations (41 CFR 101-40.7).
2. Upon receipt, Central Receiving or other ED receivers at Regional Offices must ensure that they thoroughly check received items and initiate claims or reports dealing with such discrepancies, if required. The following information should be noted in order to prepare a report of discrepancy:
 - a. Description of property received
 - b. Condition of property
 - c. Date of receipt
 - d. Shipper's name and address
 - e. Number of cartons
 - f. Carrier's name and address
 - g. Freight bill numbers
 - h. Purchase order number
 - i. A photograph, if possible (Central Receiving)
3. The PMIT will use a digital camera at Central Receiving for recording discrepant shipments. If possible, the receiving specialist inspects the shipment in the presence of the driver and notifies the carrier of the discrepancy by noting the exception on the carrier's delivery receipt. As soon as any obvious discrepancies are noted, the receipt specialist holds the driver until the discrepancy can be researched, documented and noted in writing on a copy of the Receiving documentation and provided to the driver.

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RECEIVING, TAGGING AND IDENTIFICATION

3.5 Central Receiving

1. When an item is delivered to Central Receiving, the receiving specialist receives it and conducts a thorough review to ensure it fully meets the requirement specified in the procurement document. The receiving specialist verifies that the property matches the receiving documents (e.g. Government bill of lading, freight bill, packing sheets or other shipping documentation), specifications for description, manufacturer, model and quantity, and the procurement document under which it was procured, if available. If a procurement document is not available, the receiving specialist checks with Contracting and Purchasing Operations (CPO) to find out if one is available. Note: During the acquisition process, all procurement documents for assets requiring tags are provided to track the Receiving process. In the case of IT assets, OCIO Enterprise Lifecycle Management Support Team (ELMst) staff co-located with Receiving will conduct quality assurance on the assets in conjunction with their configuration and setup process.
2. If the asset has been pre-tagged by the vendor, the receiving specialist will also verify the barcode number on the equipment against the barcode number on the expected receipt record in the AMS.

3.5.1 Central Receiving Processing of Information Technology (IT) Assets Tagged by a Vendor

1. Currently, the vendor tags information technology (IT) assets acquired under a Blanket Purchase Agreement (BPA) prior to shipment. Under current procedures, the vendor ships the asset directly to the requestor, notifying the OCIO ELMst of the shipment and receipt date. Once the process is established, Central Receiving will tag assets received at ED Headquarters.
2. The ELMst coordinates the receipt between the shipper and receiving office and has staff present to verify and conduct quality assurance (QA) on the receipt. The AM signs the receipt after the ELMst has performed its QA and the AM is satisfied that the receipt matches the assets expected.
3. The vendor provides a receipt data spreadsheet separately from the shipping documentation in Excel format. After the accuracy of the spreadsheet has been verified, the OCIO/ELMst uploads the information into the AMS, completing the record creation except for the location and user.
4. The office AM completes the location and user information when the asset is assigned and set up by the ELMst.
5. The receiving specialist compares the barcode number and other descriptive information from the equipment to the data reflected on the “expected receipt” record in AMS. The expected receipt, shipping document information and physical asset information must agree. The OCIO (ELMst) will provide QA support at the Central Receiving warehouse and perform QA on the receipt.

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6. If the information does agree, the receipt specialist accepts the item. The receipt specialist enters the following additional information: serial number, manufacturer's name (using the table), model number and accessories, if applicable. The vendor provides a Shipment Verification Form prior to delivery via e-mail to OCIO.Workstation.Delivery@Ed.gov and to the PMIT Receiving. The vendor must provide the shipping date, contact name, and telephone number.
7. Once the asset is accepted, the receiving specialist provides a copy of the receiving document(s) to Accounts Payable for payment.
8. OCIO/ELMST coordinates delivery of IT assets ordered with the AM and PMIT Receiving and schedules delivery. OCIO/ELMST is responsible for the technical review of IT asset and configuration testing. PMIT is responsible for accepting the IT asset at Receiving and entering the remaining information into the AMS.

3.5.2 Central Receiving Processing of Assets not Tagged by a Vendor

1. The PMIT receiving specialist is responsible for tagging all assets received at Headquarters not tagged by the vendor as part of the receiving process. This encompasses all assets that are not procured using the OCIO Buyer's Guide through a BPA, non-IT assets, and IT assets shipped directly to a Headquarters office. When assets are received, Receiving will accomplish the actions described under acceptance of the shipment and discrepancies in shipment.
2. If an IT asset, OCIO ELMst validates the purchase data report received from the vendor. If there are discrepancies resolve them in accordance with Discrepancies in Shipment above.) If the asset is not IT, the receiving specialist validates the shipping information against the actual assets received.
3. Once the shipment has had quality assurance performed and is accepted, the receiving specialist provides a copy of the receiving document(s) to Accounts Payable for payment.
4. Delivery
 - a. If the asset is an IT asset and requires ELMst support, the ELMst staff delivers the asset(s) to the AM. The AM receives the IT asset, and updates the AMS with the user name and location where the asset is assigned.
 - b. If the asset is a non-IT asset, Central Receiving opens a HEAT ticket and coordinates delivery using OM movers. The movers schedule delivery with the AM and the asset(s) is delivered.

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RECEIVING, TAGGING AND IDENTIFICATION

5. The AM updates the AMS with user name, building and room number, identifying the responsible user, and physical location of the asset.
6. *The AMS will automatically provide a report of newly established property records bi-weekly to the PMIT for reconciliation.*
7. PMIT reviews the bi-weekly report of newly established records and ensures that each AM has updated the newly created records with the user name, building and room number. If not updated, PMIT notifies the AM via e-mail to update the record within 48 hours. In the AMS, the AM must change the status from to "ASSIGNED."

3.5.3 Security of the Central Receiving Area

1. The ED is accountable for all purchased and leased property once an authorized representative signs for it. The PMIT personnel must exercise physical security of property within the receiving area to protect all property received, to ensure that it is assigned to the correct organization and to prevent theft and misappropriation. The PMO is responsible for establishing security in the Receiving area and determining who is authorized to enter the area. Only personnel authorized by the PMO are permitted in the receiving area.
2. High dollar-value equipment, sensitive items and those items particularly susceptible to theft will be stored in a locked security cage with limited access. The PMO will limit access to the high security area to strictly authorized PMIT staff. Authorized persons entering and departing the secure area will sign a logbook entering the arrival and departure time.
3. The Receiving area will not be used for storing received assets for more than 7 days. If circumstances prevent the requestor from receiving an asset within that period, it will be stored in accordance with Procedure 5, Property Control of this Manual.

3.6 Direct Shipments to a Principal/Regional Offices

1. Occasionally there are exceptions where property items are shipped directly to a Headquarters office or regional office, bypassing Central Receiving. It is the responsibility of the staff member to report the receipt to their AM immediately. The AM then contacts the PMIT so that the item may be properly tagged and a record established in the AMS.
2. In the Washington DC metropolitan area, the PMIT tags all assets not tagged by the vendor and creates all asset records in the AMS.
3. At the Regional Offices, the RPMC tags all assets that have not been tagged by either the vendor or Headquarters. The RPMC will request barcode tags from the PMIT and coordinate with the AM of the Regional office that received the asset.

PROCEDURE 3
RECEIVING, TAGGING AND IDENTIFICATION

4.0 Identification

1. Identification is the process that includes tagging and the physical identification of the asset so that the following information is available: classification, description, ownership and accountability, serial number, and additional characteristics. The primary purpose of identification is to readily identify ownership.
2. If an ED asset is missing, misappropriated or stolen, the identification marking and relationship to an accurate record in the AMS provides ED with a legal means of resolving any dispute.
3. The identification of an asset during the receiving process ensures that the created property record is accurate and complete, which will aid its management throughout the life cycle.

PROCEDURE 4
PROPERTY RECORDS, ACCOUNTING, AND REPORTING

1.0 Purpose and Policy

1. The creation of a property record is the key event in establishing property control of capital and accountable assets. These controls are required for integrity, accuracy and timeliness of the records. Therefore this Procedure establishes ED policy for recording property, plant and equipment.
2. Property records are created for all accountable property and capital property, including a record for bulk depreciable purchases. See Procedure 2, Requirements Determination and Acquisition for definitions of accountable and capital assets.
3. The maintenance of the property record and administration of the system is the responsibility of the Property Management Officer (PMO) and staff of the Property Management and Inventory Team (PMIT). The PMO may delegate responsibility to edit/update and maintain selected elements of data to the Accountable Officer (AO) and/or Asset Manager (AM) or designated representative in order to facilitate the effective, efficient management of ED assets.
4. A property record in the asset management system (AMS) contains a unique identifier (barcode number); descriptive information (category, manufacturer, model, serial number, etc.); stewardship information (organization, property custodian, and user); location information (site, building, and room number/cube); financial information (cost, depreciation information, document type, standard accounting event, object class, etc.) and other useful information that assists the ED in effectively and efficiently managing its assets. Data elements are also available to assist in utilization/reutilization, maintenance, movement/transfers, storage and disposition as necessary. For a listing of required data elements, see the Attachment.
5. Accuracy and consistency of all data fields are extremely important. However, the following fields must be accurate for accurate screening, reporting and accounting:
 - a. Category or Type (FSG/FSC, standard description)
 - b. Acquisition Costs
 - c. Object Class
 - d. Condition code (new, serviceable, repairable, unserviceable)
 - e. Hazardous (does the asset contain any hazardous material)

PROCEDURE 4
PROPERTY RECORDS, ACCOUNTING, AND REPORTING

2.0 Procedure

2.1 Recording Property

1. The PMIT follows the life cycle of property management in the creation, updating and closeout of a property record. Therefore, this procedure draws from activities in other procedures and is not intended to duplicate those directions, but to ensure that recording, asset accounting, and reporting is directed as a continuous activity that is key to property management.
2. The PMIT maintains the official AMS in accordance with Procedure 9, Systems Administration. The system is utilized to identify, account for and control ED property.
3. The PMIT monitors interfaces to other systems that supply data or that the AMS feeds data to. Systems include but are not restricted to the following:
 - a. Contractor and Purchasing Subsystem (CPSS)
 - b. Grant Administration and Payment System (GAPS)
 - c. Oracle financials
 - d. Real property
 - e. Weapons
 - f. EDNet
 - g. HEAT
4. The PMIT ensures all data elements required are captured into the database for the following types of property: capital, capital leases, accountable, contractor, loaned (to or from), grantee, artifacts, employee-owned on sight, and leased (accountable).
5. The PMIT coordinates with the OCFO in the identification of property to include proper account coding including document type, standard accounting event, and object class codes.
6. During the requisition process, Contracts and Purchasing Operations (CPO) classifies the asset and initiates the property record by identifying the description, classification, and such (see PM Procedure 2, Requirements and Acquisition) which identifies data elements that must be captured.
7. The PMIT inputs property transactions using contract or purchase order as authorizing source document.

PROCEDURE 4
PROPERTY RECORDS, ACCOUNTING, AND REPORTING

8. The PMIT / Receiving (see PM Procedure 3 Receiving, Tagging and Identification) receives notification of any purchase, donation, loan, transfer or repairs, fabrications, from applicable source, and for new assets.
9. The PMIT verifies description, classification, and account code. Annotates source documentation.
10. Upon receipt, the PMIT / Receiving enters the serial number, model number, tag number, and location.
11. Upon payment of the property invoice, Accounts Payable enters the total cost of the property in accordance with accounting guidelines and provides the PMIT with the final, complete property cost.

2.2 Recording Inventory Reconciliation and Adjustments

1. Coordinates with all departments that have input requirements. Monitors and controls record data changes, including adjustments resulting from inventories.
2. If property is found, the PMIT immediately establishes record. The PMIT further investigates property for property recording and dispositioning as required.
3. Reports of Survey may be completed and after investigation and the second inventory, adjustments are made to retire the record. Applicable reporting to the PPD is required.

2.3 Capital and Depreciation Recording

1. OCFO establishes the capital threshold in accordance with FASAB 6, considering financial and operational conditions, ensures the threshold is consistently followed and disclosed in financial reports.
2. In accordance with the ED Financial Statement Guidance, OCFO establishes guidelines for capital leases and leasehold improvements, and establishes guidelines that distinguish immaterial items for exclusion from property requirements.
3. OCFO ensures that reporting includes asset condition; (FASAB 6, note 12), changes in amount and service potential of property, plant and equipment; cost of PPE, and spending for acquisition for PPE vs. non-capital spending.
4. OCFO provides tools to record assets at cost, to include all costs incurred to bring the property to a form and location suitable for its intended purpose. Costs could

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include: transportation costs, handling and storage costs, labor, engineering costs, preparation costs, and such.

5. OCFO captures costs of internally generated software if its costs are intended to be primarily recovered through charges to users.
6. OCFO captures donation costs at an estimated fair value at the time acquired.
7. OCFO recognizes property when the title passes or when it is delivered. If the property is constructed, records as construction work in process until it is placed in service.
8. In accordance with the Departmental Directive OCFO 3-104 and the Financial Statements Guidelines, the PMIT assists the OCFO with identification of depreciable assets and accurate values.
9. To facilitate reconciliation of the asset system and the financial system, the PMIT forwards to the OCFO an electronic file containing capital purchases. With OCFO, the PMIT reconciles the General Ledger and Property System, including verification of depreciation.
10. OCFO calculates depreciation using the standard assets classifications and established life assignments in accordance with ED Financial Statements Guidelines.
11. The PMIT coordinates to classify assets from construction in process. Monitors the project close to settle the assets into the permanent asset classifications.
12. OCFO captures costs that extend the useful life or enlarge/improve its capacity for capitalization.
13. At disposal and retirement time, OCFO calculates net gain or loss and posts to appropriate accounts.

2.4 Record Control and Updating

1. During the usage life of the asset, AM will update records with location, user, status and condition (see PM Procedure 5, Property Control).
2. In accordance with PM Procedure 5, Property Control, the PMIT establishes control processes that will require record updating. Updates must be executed when
 - a. Inventory is complete, to update the inventory date, any corrected data, and any appropriate adjustments

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- b. Utilization of the property changes
 - c. Property is loaned (in or out of the ED property system)
 - d. Property moves into storage
3. Asset managers (AM) will update the record for changes to utilization, excess status, movements (both initiation and acceptance), transfers (both initiation and acceptance if within ED).

2.5 Reporting

1. The PMIT, in the reporting of data from the property record, follows the life cycle of property management. Therefore, this procedure draws from activities in other procedures and is not intended to duplicate those directions, but to ensure that reporting is directed as a continuous activity that is key to property management.
2. The PMIT will provide the following reports from the AMS and will monitor the following forms that input to the system.
 - a. Utilization Reports
 - b. Movement and Transfer Exception Reports (movement or transfer not complete, executed by organizations that do not own the property, and such).
 - c. Property Transfer Forms (OM-1<4-023>)
 - d. Property in storage over 120 days
 - e. Maintenance reports as required
 - f. Lists of contractors with government property, with
 - g. Disposition reports (SF-120, SF-122 and SF-126)
3. The following recurring, scheduled reports will be prepared by the PMIT.
 - a. Quarterly -- Financial Disclosure Statement in accordance with Financial Statements Guide
 - b. Annually -- Consolidated reconciliation of all personal property
 - c. Annually – Report of Disposals,

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- d. Utilization of Personal Property, Property Furnished to Non-Federal Agencies
- e. Report of Motor Vehicle Data
- f. Inventory of Accountable and Capital Property
- g. Government-owned Property Held by Contractors
- h. Government property loaned to Grantees
- i. Loan of Personal Property

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Attachment
Representative List of Data Elements for Property Management

Record Elements	Input Organization
Description	Purchasing
Model number	
Estimated useful life	
Classification	
Estimated cost	
Budget codes / account	
Requisition number	
Ownership	
Purchase data	
PO /DO	
Requester	
Manufacturer	
Acquisition type	
Vendor information	
Additional description	Receiving
Year Manufactured	
Tag number	
Shipping costs	
Receipt date	
Location	
Serial number	Accounts payable
Acquisition cost	
Voucher number	
Date of payment	
Final budget codes	
Location changes	
Maintenance information	Calculated by system
Depreciation	
User	Update by Asset Managers
Disposal method	
Disposal date	
Proceeds from sales	
Condition	
Disposal date	
Disposal method	
Inventory date	
Proceeds	
Status	
Federal Supply Class	

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1.0 Purpose and Policy

1.1 Definition

Property Control is defined as the organization, policies, procedures and processes required to ensure adequate control, protection, preservation and maintenance of Government property entrusted to the Department of Education (ED). This procedure addresses Utilization, Movement, Transfers, Loans, Maintenance and Storage. The property record addressed in the Property Records, Accounting and Reporting procedure of this manual is the cornerstone of property control. The activities that occur between receipt and disposition of the asset are incorporated into Property Control. The one activity occurring during this period that is documented in a separate procedure is Physical Inventory due to its significance and relationship to self-assessment.

1.2 Authority

The Federal Management Regulation, Chapter 102, Subchapter B; and the Joint Federal Management Improvement Program (JFMIP) provide authority and guidance for the establishment of property controls within ED.

1.3 Physical Control and Use

Effective property control procedures protect Government property while in the hands of users and ensure that ownership of property is established and maintained. The ED is the owner, or lessee in the case of leased property, of all Government property that it acquires and establishes these policies and procedures to ensure that property is protected and maintained during its useful life.

2.0 Utilization/Reutilization

2.1 Definitions

1. Utilization is the identification, reporting and transfer of excess property, plant and equipment (PP&E) among Federal agencies to fill current or future authorized requirements. Utilization is one of the most important activities in the Federal Property Management Program. ED offices acquire assets for a specific purpose tied to the management goals and objectives of that office. ED will develop a program to utilize equipment to the maximum throughout its life cycle to meet ED needs and then identify it as excess using General Services Administration (GSA) policies and procedures, using a SF 120, "Report of Excess Personal Property." The policy and procedures for processing these reports are contained in the "Transfer Order" section of Procedure 7, Disposition, of this manual.

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2. Reutilization is a program that identifies excess, idle or items no longer needed by one office or requirement within an organization and manages the transfer of the assets to another location that has a documented requirement.

2.2 Responsibilities

1. The Property Management Officer (PMO) is responsible for establishing a property control system, which consists of policies and procedures supported by a management information system (MIS) referred to in this manual as the asset management system (AMS).
2. Whether the asset is purchased or leased, it represents an investment made by the ED. Accountable officers (AO), asset managers (AM) and users of the owning office must ensure that the assets under their control continue to be needed, are used for the purpose intended, remain in service, perform their functions effectively in conjunction with related items and are operating properly. Their status must be reviewed on a consistent basis.
3. The office AO must initiate a proactive property management program supported by the ED PMO, management and users of the equipment. The AO is responsible for ensuring that assets are utilized to the maximum extent possible, maintaining assets requiring repair and excessing of assets no longer required for the office mission.
4. The supporting AM is responsible for the daily upkeep of the property records, assigning assets to individual users, ensuring that property records reflect accurate location and status, and documenting the offsite use of equipment through property passes and offsite-use authorization.
5. The Office of the Chief Information Officer (OCIO) must also be involved in the management of information technology (IT) assets to ensure that acquired equipment is compatible with current software and the ED network, EDNet. OCIO has established the Enterprise Lifecycle Management Support Team (ELMst) to accomplish those functions.

2.3 Procedure

1. Since most ED equipment is general-purpose IT, it can normally be used to support other requirements if the original purpose for which it was acquired is no longer valid. Offices will immediately identify assets no longer needed to meet current requirements. Timely disposition of assets no longer required provides other Government agencies and qualifying non-profit organizations the opportunity to use excess ED assets. (See the Procedure 7, Disposition, of this manual). Additionally, retention of assets excess to ED requirements may incur additional cost to lease storage space. (Refer to the Paragraph 6.0, Storage section of this procedure.) To

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implement proactive property management, AO's will perform the following activities in support of the Utilization program.

- a. Review their Principal Office Component assets periodically to ensure they are in service.
 - b. Conduct walkthroughs of the workspaces to determine if there is idle or unserviceable equipment. (Property Management and Inventory Team (PMIT) will participate in many of these walkthroughs.)
 - c. Once an asset is determined to be excess to its current requirement, review all requirements for assets to determine if reassignment within the office is possible.
 - d. Once an asset is determined to be unserviceable or in need of maintenance, the AO or representative must conduct a review to determine if maintenance of the equipment is cost effective or if disposition is the best course of action. (See Maintenance section of this Procedure for guidelines on determining cost-effective maintenance.)
 - e. Conduct review of future asset requirements to determine if retention of the asset warrants storage cost.
 - f. If after reviews of immediate and future requirements, the asset is determined to be excess to the office, take action to declare it excess in the AMS.
 - g. The AM will change the status to "EXCESS" in the AMS. Since IT assets become obsolete very quickly and have no more than a three year estimated useful life, the prompt identification and disposition of these assets is especially significant. Procedures for expediting the disposition process are discussed in the Procedure 7, Disposition.
 - h. If no other organizations identify a requirement for the asset within 30 days, the AM will fill out a Property Transfer Form {OM-1 (4/02)} and contact the AMS System Administrator to arrange to have it moved to the OCIO Clearing House and ultimate disposition. **This will require a HEAT Ticket for scheduling via OCIO/ELMst staff.**
2. Procedures for movements and transfers of assets are contained in the following section in this procedure of the manual: Procedures for disposition of assets no longer required by the Principal Office are contained in Procedure 7, Disposition (Report of Survey, Disposal and Donation).

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3.0 Movement and Transfers

3.1 General

1. Movement of assets may be accomplished in several different ways. Since property control includes both the assignment of an asset to an AO/AM and a user and the physical location of the asset, movement must take both into account. For control to be effective, the AMS must have accurate information on both stewardship and location. The test of the ED AMS is that an audit trail exists that provides evidence of who had possession during the entire movement or transfer process and from where and to where the asset was moved or transferred. This information is critical if the asset is lost or damaged along the way.
2. The one exception to location information is when the asset leaves its primary location and is used either at a staff member's home or on travel. Property Pass procedures and long term home-use procedures within this procedure document the process of controlling assets for both short-term travel and long-term assignment.

3.2 Movement/Same AO/AM

One type of movement is the physical move of an asset from one physical location to another while under the control of the same AO/AM. The equipment user may or may not be changed. **OCIO/ELMst is responsible for making all IT asset moves for all ED staff at ED Headquarters. Non-IT assets are moved using OM movers.** Requests for moves require a HEAT ticket and scheduling through OCIO/ELMst or the OM movers, as applicable. Once the move is accomplished, the AM to prepare a Property Transfer Form {OM-1 (4/02)} and update the database with the new location.

3.3 Transfer/Different AO/AM

1. Another type of movement is accomplished when accountability and responsibility is transferred from one office to another. It is a property transfer since accountability and responsibility has been transferred from one AO account to another, whether the asset physically moves or not. This section only addresses internal transfers between AO's within the ED. Transfers to other Government agencies are addressed in the Procedure 7, Disposition of this manual under "Transfer Orders."
2. Offices will accomplish movement/transfers in the near-term using the Property Transfer Form {OM-1 (4/02)}. The form contains the barcode, serial number, category (description), building, and room number of the asset. **All workstations that are moved must be sanitized and re-imaged with the Department's EDNet standard configuration.**
3. The transferring AM will first notify the receiving AM via e-mail with an attached completed OM-1 (4/02) transfer with an information copy (e-mail cc:) to the PMIT

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system administrator. The receiving AM will reply to all addressees (including the system administrator) complete the form and submit it to the PMIT to update the AMS record. This action confirms that the receiving AM accepts the property. The PMIT AMS System Administrator opens a HEAT ticket and schedules the pickup and delivery of the equipment. **Moves of IT equipment are scheduled with OCIO/ELMst and non-IT with the OM movers.**

4. Utilizing e-mail, the System Administrator notifies both the shipping and receiving AM of the date and time of the upcoming transfer.
5. When the asset has been received and accepted, the receiving AM will sign the Transfer Form and fax the signed copy to the AMS System Administrator at (202) 401-0920. The AM will also notify both the System Administrator and sending AM via e-mail that the asset has been accepted.
6. The AMS System Administrator will update the AMS, reflecting the new account and location.
7. The process for electronic transfer will include the following:
 - a. The PMIT advertises the reutilization program by publishing instructions to all AO's regarding how to excess and screen for other AO's excess assets.
 - b. An AO identifies that an asset is excess to his/her requirements and there is no future requirement for the asset by the OFFICE.
 - c. The AM updates the AMS by changing the status to "EXCESS" if there is no future requirement ever expected for the asset. There is an alternative. If the asset is not needed in the near term, but a future requirement may exist, the AO can change the status to "STANDBY" and enter dates indicating the date the asset is available and the date it is required again. This status indicates that the asset is available to be loaned for a period of time to meet another office's needs but that the ownership will not change. (See "Loans" below for guidance on processing an internal loan).
 - d. Another AO screens the AMS for excess assets by category and identifies a requirement for the same category of asset that has been identified as excess by the AO referenced above.
 - e. The AO submits e-mail to the owning AO indicating a requirement for the asset.

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- f. The owning AO transfers the asset in the AMS to the requesting AO.
- g. The receiving AO arranges for pickup and delivery of the asset, and then accepts the transfer. The original owning AO is accountable for the asset until it is accepted by the receiving AO in the AMS. PCs R Us coordinates the transfer, if the asset is a desktop computer. In order for a desktop to be moved to another AO, it must first be transferred to the OCIO Clearing House, evaluated, sanitized and then re-imaged with the EDNet standard. All relocations of equipment, regardless of type, must be scheduled using HEAT.
- h. The AMS will produce a transfer report on demand from the PMIT. The PMIT will be able to request the report within a date range. The PMIT can perform QA on the process and ensure that all of the transfers have been received in the database.

4.0 Loans

4.1 Purpose

1. Offices within the ED often maintain backup assets to meet short-term requirements when assets in service fail. The implementation of proactive loan and reutilization programs can reduce the number of new acquisitions if PRINCIPAL OFFICE'S's are diligent in identifying assets available for loan and AM'S's requiring assets on a short-term basis utilize the internal Loan Program.
2. Loans are defined as the temporary use of ED property accountable to one office by another office where transfer of accountability does not occur. For property control purposes, loans will be limited to cases where there is a property need in an organization of a short duration (less than a year) that can be satisfied by another organization's asset(s). The key elements of a loan are as follows:
 - a. Accountability for the asset does not change; the owning organization remains the same during the duration of the loan.
 - b. The asset may or may not change physical location in the AMS.
 - c. The asset will be "checked-out," using the status "LOAN" in the database to indicate that it is owned by one office but loaned to another.
3. All desktops connected to the EDNet must be sanitized and re-imaged prior to the loan and scheduling must be accomplished using a HEAT ticket.

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4.2 Process

AO's and their AM's consistently conduct reviews of the assets in their organization. Users will report assets identified to them as available for loan on a short-term basis to AM's or they are identified during walkthroughs. The process is as follows:

1. A user identifies an asset that is currently not needed to perform an office mission.
2. The AM changes the status of the record to "STANDBY" indicating that it is available for loan. The dates that the asset is available will also be entered.
3. Another AM reviews all assets in "STANDBY" status and requests the asset from the owning AM via e-mail, with an information (cc:) copy to the AMS System Administrator.
4. The owning AM changes the status to "LOAN" in the AMS and indicates the organization that is in possession of the asset and the period the asset will be on loan.

5.0 Passes

5.1 Purpose

Property Passes are used to provide accountability for ED property while physically located at other than at ED facilities. Property is more susceptible to theft, misappropriation or use for unauthorized purposes while checked out on a Property Pass. The ED is responsible for both ensuring that property accountability and control is exercised as well as ensuring that it is being used for only official purposes during the period of the Property Pass.

5.2 Process

1. Only the AO's or official's designated in writing by AO (not a AM) may issue Property Passes. Property Passes will be issued for only short-term removal of Government property from ED facilities. They will be used to allow authorized staff members or contractors to remove property from an ED facility for a specified period of time to perform travel or accomplish short-term tasks at an alternate location. These Property Passes will not exceed thirty days. The process for issue and use of the Property Pass is as follows:
2. Individuals requesting property passes must submit a form to their AO or his/her designee indicating the specific justification for the removal of Government property. The form must contain the official use of the property, a statement that it will only be used for authorized purposes, alternate location where it will be moved, the required duration of the pass and the name of the requesting individual's supervisor. If the

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pass is to be more than 30 days, the staff member's/contractor's supervisor must also endorse the form.

3. The AO or his/her designee completes the Property Pass in triplicate, signs it and provides the pass to the staff member/contractor. The pass is completed as follows. (See form below.)

OPTIONAL FORM 7 NOVEMBER 1950 PRESCRIBED BY GSA FPMR(41) 101-19.108	PROPERTY PASS	1. DATE ISSUED
This pass is to be used whenever property is removed from the building. It is to be properly filled in and signed and handed to the guard when leaving the building.		
2. NAME	3. BUILDING	
4. DESCRIPTION OF PROPERTY BEING REMOVED INCLUDING BARCODE AND SERIAL NUMBER		
5. PROPERTY BELONGS TO	6. DEPARTMENT OR AGENCY	
7. SIGNATURE OF PERSON AUTHORIZING REMOVAL OF PROPERTY	8. TITLE	
	9. PASS GOOD UNTIL	

- a. Date Issued: Date property physically is removed from an ED building.
- b. Name: Requesting Individual
- c. Building: Current location in the AMS to include Regional Office.
- d. Description: Barcode, category, manufacturer, model, serial number from AMS.
- e. Property belongs to: PRINCIPAL OFFICE
- f. Department or Agency: ED
- g. Signature of Person Authorizing Removal of Property: Signature of AO/representative.
- h. Title: AO

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- i. Pass Good Until: Date of required return.
4. The approving official assigns a sequential number and retains the pink copy of the pass and maintains a logbook, by number, of all passes issued. The logbook contains the following: date issued, name, signature of staff member/contractor, building, barcode #, description of the property, return date and date returned.
5. The AM updates the AMS by changing the status to "Property Pass." The "Name" field must contain the individual who has requested the pass and the "Pass Good Until" date entered in the Comment field for that transaction.
6. When departing a Government building, the staff member/contractor must present the pass to Security. Security retains and files the yellow copy of the pass.
7. The staff member/contractor who has the equipment out on a Property Pass must have the pass with the property at all times, and present it when entering or departing a Government facility.
8. Once the Property Pass is issued, the staff member/contractor is responsible for safeguarding and maintaining the property on the pass as if it were their own property. By signing the AO's logbook, the individual is accepting such responsibility.
9. If the property is required past the "Pass Good Until" date on the Property Pass, the staff member/contractor returns the pass and obtains another one if they are in the proximity of the issuing AO. If they are not, they are responsible for contacting the issuing AO by phone or e-mail and requesting an extension not to exceed seven days.
10. Security Officers will contact the issuing AO by phone if the pass is expired when the pass holder shows it.
11. Staff members/contractors must initiate a Report of Survey for all Government property out on a Property Pass that is missing or stolen. The report must first be filed with the AO by phone or e-mail immediately when the loss is discovered. (See Report of Survey procedures in the Procedure 7, Disposition of this manual.)

5.3 Return of Property

1. By the "Pass Good Until" date, the pass holder returns the property to the AO. The holder presents the property for verification, or if not possible, notifies the AO the location where the property has been returned.

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2. The AO/AM confirms the information on the property, checks its physical condition and questions the pass holder about its condition.
3. Once the identification and condition is verified, the AO will perform the following:
 - a. Write "Return" on the original pass, sign it and return it to the holder
 - b. Enter the date in the Returned Date block in the logbook
 - c. Change the status in AMS to "Assigned" back to its location and change the "Name" field if the user is different than the pass holder

5.4 Pass Review

1. AM's who have Government Property out on Property Passes must review their status of outstanding passes and their logbook the first of each month. If property is out on expired passes that have not been extended, the AM will attempt to contact the staff member/contractor by phone to either request an extension or return the property immediately.
2. If the staff member/contractor cannot be reached, the individual's supervisor is contacted for an explanation.
3. If after 5 working days the AM is unable to contact the individual or the supervisor, the AO submits a report to the PMO identifying the expired pass, individual's name, supervisor's name, full description of the property, and the expiration date of the pass. The PMO initiates an investigation that if unresolved will lead to a Report of Survey. (See Procedure 7, Disposition.)

5.5 Laminated Property Pass for OCIO/ELMst

1. Since the OCIO/ELMst is tasked with moving all IT equipment, OCIO Security has approved the use of laminated property passes for the movers. GSA Optional Form 7 forms are also used for these passes. The passes are issued for a three-month period and are renewable upon approval.
2. The OCIO/ELMst movers carry a laminated property pass accompanied by a property list for each move. As property is moved out of a building to another building, Security verifies the laminated pass and the property list to ensure that the movement of property has been authorized.

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6.0 Storage

6.1 Purpose

1. Storage is the accumulation of supplies, materials and/or equipment broadly classified as property, in a designated area. ED property not currently being used will be identified and placed in storage. ED storage locations will be secure and climatically controlled based on the requirements of the property being stored.
2. The ED maintains three primary types of capital, accountable and non-accountable property; IT equipment, office machines and furniture. All of these assets have wide utilization potential throughout the Department so short-term storage provides benefits through having assets available for immediate issue to other Principal Offices . The Storage function, under the PMO, is responsible for the following:
 - a. Protecting property from loss, damage or destruction
 - b. Providing a holding area for property received and not yet assigned
 - c. Providing a holding area for property during the disposition process still being held
 - d. Ensuring availability of common items, when required
 - e. Ensuring that storage is only utilized when the cost of maintaining the asset justifies retention
 - f. Ensuring that all storage of property is fully justified by the office requesting it
 - g. Maintaining a locator record to support the record in the AMS. Depending on the future size of the storage warehouse and number of assets stored, the PMO may investigate the benefits of implementing an automated warehouse inventory system.
 - h. Conducts an annual justification review through the AO's who have property stored at Central Storage

6.2 Central Storage

The PMIT maintains a Central Storage warehouse to support all Principal Offices in the Washington, DC area.

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6.3 Receiving

A portion of the Central Storage warehouse will be used to hold recently received capital and accountable property and furniture awaiting pickup from or delivery to requesters. The warehouse will be under the control of the PMO and serve to support the Receiving process. Property is not expected to spend more than five working days in the Receiving warehouse before being issued to the requesting Principal Office. See Procedure 2, Receiving, Tagging and Identification of this manual for specific procedures related to the receiving, identification and tagging process.

6.4 Storage Policy

1. All capital and accountable property items maintained in storage for 30 days or greater will be stored in the Central Storage warehouse. Individual offices are authorized to store assets in their work areas for potential use up to 60 days without submitting justification. When assets are not utilized for 60 days and no specific requirement has been identified, the AO/AM will report the asset(s) as excess to the PMIT and pickup requested.
2. If the AO identifies a requirement that justifies storing the asset(s) such as additional personnel, new facilities or a new project, he can submit a Request for Storage Form with full justification to the PMO. The justification must clearly identify a future requirement for the asset. The OCIO Asset Management Team (AMT) will coordinate the pickup of IT assets. Storage in the Central Storage warehouse is authorized for up to one year, renewable with annual justification.

6.5 Storage Process

The process for placing assets in storage is as follows:

1. The AO/AM prepares a Storage Request Form and submits it to the PMO.
2. The PMO receives the form, reviews the justification for retention and determines if there is adequate space to store the asset(s).
3. If the justification warrants retention and sufficient storage is available, the AO/AM arranges for pickup and transport of the asset(s) to Central Storage.
4. The AO/AM completes a Property Transfer Form.
5. If the asset is an IT asset, pickup is coordinated through OCIO/ELMst using a HEAT Ticket. If the asset is not IT, arrangements are made through the OM Movers to deliver the asset(s) to Central Storage.

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6.6 PMO Responsibilities

The PMO is responsible for the management of the Storage program as follows:

1. Responsible for the coordinating the configuration and layout of the Storage warehouse and required storage aids and equipment.
2. Responsible for the management of the Storage warehouse and all of the services associated with storage of ED assets.
3. Accountable for all ED property stored in the Central Storage warehouse.
4. Responsible to ensure that all property in storage warrants retention since storage, especially in the Washington, DC area and other major metropolitan areas is expensive.
5. Responsible for updating the AMS with the status "Storage," which indicates that the asset is in Central Storage with a location in the warehouse inventory system.
6. Arranges for a secure location where Government property is protected from corrosion, damage, and theft.
7. Authorizes the placement of Government property in storage.
8. Authorizes the removal of Government property from storage.
9. Ensures safety and security in the warehouse.
10. Limits access to storage areas where ED property is stored to only the PMIT staff and those authorized by the PMO to perform official functions.

6.7 Accountable Office (AO)/Asset Manager (AM) Responsibilities

AO and AM responsibilities are as follows:

1. Ensure that the owner of the asset has conducted a thorough review of future requirements for the asset and that the justification for retention is warranted.
2. Ensure the current data in the AMS is correct. Prior to storing the asset, the barcode #, descriptive information, serial number and condition should be verified.
3. Complete and forward a Property Storage Form justifying the storage.
4. Ensure that assets sent to the storage warehouse have had operator maintenance, at minimum, performed on them so they will be functional at the end of the storage

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period. Unserviceable assets will not be stored without specific authorization from the PMO.

5. Complete and forward a Property Transaction Form for property entering and leaving storage to the PMO.

7.0 Maintenance

7.1 Purpose

1. The ED uses equipment to support its goals and objectives. Maintaining those assets is critical to their effectiveness. Since the majority of the assets in the AMS are IT assets, the maintenance of computer assets and supporting peripherals is the most critical maintenance effort.
2. Standard office equipment is often leased and maintenance is included as part of the lease agreement. The lease number and terms of the lease are included in the AMS to assist owning organizations in obtaining required maintenance on their leased equipment.

7.2 Responsibilities

7.2.1 Property Management and Inventory Team (PMIT)

The AMS will have data fields for vendor data; warranty start and stop; maintenance contract information, if applicable; and lease information; which will assist in the maintenance program for ED. The PMIT is responsible to ensure that these fields are completed and accurate.

7.2.2 Office of the Chief Information Officer (OCIO)

1. OCIO maintains the HELP desk that is the first point of access for computer equipment maintenance support.
2. Procedures for using the services of the Help Desk are contained in Help Desk Standard Operating Procedures, which is available on EDNet. Refer to the Procedures to obtain maintenance support. When a call is received at the Help Desk, a ticket will be created in the HEAT system, identifying a maintenance action. The Help Desk will refer the ticket to the Hardware Break – Fix Team for resolution. The asset will be evaluated and determination made whether to fix or replace the asset.

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8.0 Property Control of Contractor-held Government Property

1. Federal Student Aid (FSA) and possibly other ED offices manage Government contracts that include the providing of Government-furnished property and the acquisition of contractor-acquired property by the contractor. The Federal Acquisition Regulation (FAR), Part 45.102 states that contractors are ordinarily required to furnish all property necessary to perform Government contracts. FSA has determined that providing Government property and allowing contractors to acquire Government property may be cost-effective and provide benefit to the Government.
2. When such property is either provided or required, Contracting Officers (CO) and Contracting Officer Representatives (COR) have specific responsibilities in managing the contracts and controlling the property that is under the control of their contractors. They are responsible for applying the provisions of the FAR, especially Parts 45 and 52, dealing with contractors' responsibilities for the management of Government property and the clauses that govern the management of Government property.
3. ED CO's and COR's have responsibility for the management and oversight of property furnished to or acquired by its contractors. These procedures provide the basic framework for that oversight. For additional information or clarification, refer to the applicable FAR Part 45 or 52 reference in these procedures and/or the Federal Student Aid Government Property Monitoring Plan.

8.1 Responsibilities

These procedures describe the responsibilities of the CO, COR and contractors/subcontractors in managing the Government property in the hands of contractors. The Federal Student Aid (FSA) Contracts Performance Office has published a Government Property Monitoring Plan, which addresses the oversight of Government contractors by FSA. These procedures amplify that guidance and address specific FAR guidance for the management of Government property by contractors.

8.1.1 Contracting Officer (CO)

The CO is responsible for functions described in the FAR and the Government Property Monitoring Plan, most notably the following:

1. Review of the contractor's property control system to ensure that the system has been approved and that ED property is being managed under that system.
2. The insertion of applicable FAR Part 52 clauses in the contract that dictate how the contractor acquires, manages and disposes of Government property. FAR Part 45.106 prescribes each of the applicable clauses based on the type of contract

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type. The clauses provide the contractor instructions on how property is acquired, managed and disposed of based on the type of contract and also address right to title issues when dealing with not-for-profit contractors.

3. Ensuring that contractors conduct periodic inventories, report their results and reconcile inventory discrepancies.
4. Ensuring that contractors provide required reports to the Government.
5. Ensuring that property is acquired, managed and disposed of in accordance with the FAR and the applicable contract.

8.1.2 Contracting Officer's Representative (COR)

The COR, as the representative of the CO, is responsible for the following:

1. Ensuring that records are maintained of the property provided by the Government and also authorized for acquisition by the contractor. These retained records may be clauses and parts of the contract, approved property lists, etc.
2. When the contractor provides inventories, resolves inventory discrepancies.
3. Communicating with contractors during the lives of the contracts on the acquisition and management of Government property and how the property provided or acquired with Government funds is meeting the contractors needs.

8.1.3 Contractors/Subcontractors

Contractors and subcontractors, as holders of Government property, have specific responsibilities described in FAR Part 45.502. All responsibilities listed below apply to both contractors and subcontractors. The primary responsibilities are as follows:

1. Contractors are responsible and accountable for all Government property in accordance with the terms of the contract and any modifications. This includes property in the hands of subcontractors, who do not have a fiduciary relationship with the Government.
2. Contractors are responsible for maintaining records of Government property in accordance with the requirements of FAR Part 45.505 and the data element requirements of FAR Part 45.505-1.
3. Contractors are responsible for identifying and marking Government property in accordance with FAR Part 45.506.

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4. Contractors and subcontractors are responsible for conducting periodic physical inventories based on guidance from the property administrator due to the condition of the contractor's property management system.
5. Contractors are responsible for submitting reports of inventory and value of inventory in accordance with the FAR and the contract.
6. Contractors are responsible for control of Government property upon delivery of Government-furnished property, delivery of property for which the contract is reimbursed by the Government, approval of the contractor's claim against the Government for reimbursement for the property, and acceptance of title by the Government.
7. Contractors are responsible for ensuring that requirements for subcontractor control of property are included in the contractor property system.
8. If the property administrator finds the contractor's property system inadequate in any way, corrective action must be taken before the system can be approved.
9. When property is identified as excess to contract requirements or unrecorded Government property is found, the contractor must report it to the property administrator for appropriate action.

8.1.4 Government Property Administrator (PA)

FAR Part 45.104(a) states in part, "The review and approval of a contractor's property control system by one agency shall be binding on all other departments and agencies based on interagency agreements." Through interagency agreements with agency providing oversight to contractors utilized by ED, ED will ensure that the Government PA that has oversight over the contractor verifies that ED property is being managed in accordance with the oversight provided by the Government PA.

8.2 Contractor Records

Government contractors maintain the official records of Government property in accordance with FAR Part 45.505. These records are the minimum required by the Government. When a subcontractor has an approved Government-property system, the property is maintained under that system when held by the subcontractor. The CO and or COR is responsible for maintaining that the contractor's system meets the following requirements.

8.2.1 Contractor Property Records

The property system will have the following characteristics in accordance with the FAR Part 45.505:

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1. The system provides financial accounts for Government-owned property in the contractor's possession or control.
2. The system must provide an auditable record that the complete and current and be maintained in the same manner as the contractor's property system so long as it meets the requirements of FAR Part 45.505.
3. The system may have consolidated records if they provide the necessary information.
4. The system must provide information so that all Government property can be located in a reasonable length of time.
5. The system must contain the following data elements:
 - a. The name, description and National Stock Number (if Government-furnished or available)
 - b. Quantity received (or fabricated), issued and on hand
 - c. Unit price and unit of measure
 - d. Contract number
 - e. Location
 - f. Disposition
 - g. Posting reference and date of transaction

8.2.2 Corrective Action

The Property Administrator (PA) will notify the ED CO when the contractor's property control system does not meet the requirements of FAR Part 45.5 or requirements of the contract and require prompt correction of deficiencies. If corrective action is not taken within a reasonable time, the CO will:

1. Notify the contractor of requirements and establish a schedule for completion of actions.
2. Caution the contractor that failure to take required corrective action will result in withdrawing system approval.
3. Advise the contractor that its liability for loss or damage to Government property may increase if approval is withheld or withdrawn.

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8.3 Care, Maintenance and Utilization of Government Property

In accordance with FAR Part 45.509, the contractor is responsible for the proper care, maintenance and utilization of Government property. This responsibility is in effect from time of receipt until the property is properly relieved of responsibility. The removal to storage or contemplated transfer does not relieve the contractor of these responsibilities.

8.3.1 Maintenance

The contractor must provide a maintenance program to include the following:

1. Disclosure of need for and performance of preventative maintenance. (See FAR Part 45.509-1(b) for details.
2. Disclosure and reporting of need for capital rehabilitation
3. Recording of all maintenance work accomplished under the program.

8.4 Physical Inventories

8.4.1 Periodic Inventories

1. Contractors will perform periodic physical inventories in accordance with FAR Part 45.508 under the direction of the Government Property Administrator (PA). The ED COR will verify that inventories are completed, documented and reconciled. The contractor with the approval of the PA will establish the type and frequency of the inventory. The condition of the property management system determines the frequency requirement for physical inventory.
2. The contractor will conduct inventories so that they verify the existence, basic descriptive information, location, condition, utilization, comparison with ED records for furnished and acquired property, and unit price.

8.4.2 Contract Termination or Completion

All contractors and subcontractors are required by FAR Part 45.508-1 to perform a physical inventory at contract termination or completion unless specifically waived by the PA.

8.4.3 Physical Inventory Reporting

1. Based on the PA or CO policy, contractors will conduct periodic inventories and report their results either based on a regular schedule, such as a 100% inventory annually or as a cyclic inventory, meaning that all assets are inventoried at least once during a given period.
2. Reports of the results of the inventory will be submitted to the COR indicating the results and any discrepancies between on-hand balances and official contractor records. The COR must not only review discrepancies in the inventory against the

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contractor's system but also against ED records of furnished and acquired Government property by the contractor.

3. At contract completion or termination, a complete 100% inventory will be conducted and reported to the CO in the same format as the periodic physical inventory. The final inventory report will be reviewed and reconciled by the CO/COR and disposition instructions provided.

8.4.4 Physical Inventory Reconciliation

If there is an interagency agreement, PA's will be responsible for identifying discrepancies in the inventory so that the ED COR can reconcile the results of the inventory against ED records. The ED COR will review the inventory results and ensure that discrepancies are researched and resolved. The CO has overall responsibility for ensuring that all inventories are conducted and reconciled and that reports are submitted accurately and in a timely manner.

8.5 Annual Report of Acquisition Cost of Government Property held by Contractors

In accordance with FAR Part 45.505-14, all ED Government contractors are responsible for reporting the total acquisition cost of all Government property for which the contractor is responsible to the ED CO. The annual report will be submitted as of the end of the fiscal year, or such other time as the CO dictates.

The report will be submitted by specific classifications of property as outlined in FAR Part 45.505-14.

8.6 Disposition of Property

Government contractors will properly dispose of Government property when the property is no longer required to meet the requirements of the contract. The CO may direct disposition at any point during the contract, not just at contract completion or termination.

8.6.1 Responsibilities

1. Contracting Officer (CO)
 - a. The CO has responsibility for the disposition of Government property held under the contract.
 - b. The CO ensures that all disposal actions are reconciled and reflected in the property records held by ED.
2. Contracting Officer's Representative (COR)

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- a. The COR will review contractor-submitted inventory schedules and determine if they are acceptable within 15 days.
 - b. If there are discrepancies, the COR will return the schedules to the contractor for correction.
 - c. When the schedules have been reviewed and accepted, the COR will recommend disposition instructions to the CO.
3. Contractor
- a. The contractor will prepare and submit inventory schedules to the COR.
 - b. The contractor will correct discrepancies noted by the COR and resubmit promptly.

8.6.2 Disposition Methods

Based on FAR Part 45.6, the contractor will be directed to dispose of property in one of the following methods, generally provided in order of desirability.

1. ED may require delivery of property to an ED activity.
2. ED may direct transfer to another contract.
3. The contractor may purchase the property or retain it at cost in accordance with FAR Part 45.605-1.
4. The contractor may return the property to suppliers for reimbursement in accordance with FAR Part 45.605-2.
5. ED may require the contractor to transfer the property to another Government agency after screening in accordance with FAR Part 45.608.
6. The contractor may donate property to eligible donees in accordance with FAR Part 45.609.
7. The property may be sold or retained by the contractor or subcontractor at less than cost in accordance with FAR Part 45.610.
8. The property may be donated to public bodies in lieu of abandonment in accordance with FAR Part 45.611.

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9. The property may be abandoned or destroyed if no other means of disposition is feasible in accordance with FAR Part 45.611.

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1.0 Physical Inventory

1.1 Purpose and Policy

Physical inventories serve three primary purposes as follows:

1. The first purpose is to verify the accuracy of the information in the asset management system (AMS). The physical inventory and accompanying reconciliation verifies that the assets actually exist, the descriptive data are accurate, they are assigned to an “owner” and they are located where the AMS says they are. The information collected and reconciled is then used to update the database.
2. The second purpose is to validate the count and categories of property on hand for reporting purposes. Completion of a physical inventory and reconciliation using metrics and quality assurance gives credibility to reports submitted.
3. The third purpose is to determine the suitability and condition of the assets on hand. The inventory reveals assets in need of repair and also those that are candidates for disposition.

1.2 Physical Inventory Frequency

1. The Federal Property and Administrative Services Act of 1949 (amended) requires regularly scheduled physical inventory and reconciliation with property and financial accounts. ED shall conduct physical inventories of capital and accountable assets annually until such time that the AMS database demonstrates sufficient accuracy to warrant using alternative inventory processes.
2. The ultimate goal of the ED physical inventory program is to conduct cyclic inventories of ED sites on a rotating basis, and using inventory by exception techniques.

2.0 Types of Assets

2.1 Capital Assets

Physical inventories of capitalized equipment have implications for ED financial reporting and must be inventoried annually. See Procedure 2, Requirements Determination and Acquisition for a definition of a capitalized asset.

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2.2 Accountable Assets

Accountable property will be inventoried annually for a minimum of two inventory cycles after publication of this manual for baseline purposes. Depending upon the results, physical inventories may be scheduled less often, but each accountable asset will be inventoried at least once every three years.

2.3 Furniture

The ED PMO will account for furniture by type and quantity. Furniture records are maintained in the Asset Inventory Management System (AIMS). All assets in the same system to support managing items like furniture by quantity by location (building and floor) without using barcode numbers to distinguish specific assets. Furniture is inventoried at least once every three years unless audits or compliance issues require inventories more frequently.

3.0 Physical Inventory Plan

3.1 Purpose

The ED Property Management Officer (PMO) develops the plan for inventory and is responsible for its conduct. The inventory is conducted either using ED staff under the supervision of Accountable Officers/Asset Managers or professional contractors that specialize in the inventory of personal property. To achieve accuracy and efficiency, barcode scanners with accompanying inventory-tracking software will be used to conduct the inventory, if possible. The PMO will evaluate scanner hardware to ensure that it meets the functional requirements identified in this procedure and the Physical Inventory Plan. The scanners must have the capacity to accept download of a sufficient number of records and data elements to identify expected items. In addition, the software must be tested to ensure that it can be uploaded into a file that will be accepted by the AMS.

3.2 Goals and Objectives

1. The Inventory Plan must be very specific, clearly describe the goals and objectives of the specific inventory, responsibilities of all of the participants, and be communicated to every staff member at ED. Managers, AO's, AM's and Users have specific responsibilities to ensure that the physical inventory is a success. The PMO is responsible to ensure that the participants read, understand and follow the provisions of the Inventory Plan.
2. The Inventory Plan will include the following specific inventory objectives. ED inventories will be taken to verify ownership and location of ED owned and leased property, confirm that the descriptive data is correct and ensure that property is

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being maintained properly and is in service. Typically, the following data will be captured during the physical inventory.

- a. Barcode number
- b. Category (table)
- c. Manufacture (table)
- d. Model number
- e. Serial number
- f. Status (assigned, excess, unserviceable)
- g. Condition

3.3 Scope

The plan will identify the specific property types that are part of the inventory. The majority of ED assets fall into three general types; information technology (IT) equipment (computers, printers, monitors, servers, etc.); office machines (copiers, fax machines, etc.) and furniture (system, modular and individual). Each could be inventoried at different intervals due to mobility, value, sensitivity and potential for theft or misappropriation.

3.4 Inventory Methodology

The PMO shall conduct inventories using barcode scanners and data collection/upload software, manually using listings and location verification or use of network inventory software. After the initial “baseline” inventory, inventory-by-exception could be used that takes into account all transactions that positively identify “touching” the asset, such as moves, transfers, changes of users, or movement in or out of repair or storage.

3.4.1 Personnel Conducting the Inventory

If ED staffs are conducting the inventory, specific staff members will be identified. In order to ensure objective reporting of inventory items, personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count should conduct the inventory to avoid conflict of interest potential. If it is not feasible to use such personnel for any part of the inventory, then a person with neither direct responsibility for that portion of the inventory or assets, nor supervised by the person directly responsible, should test the results.

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3.4.2 Inventory Strategy

1. If outside contractors conduct the inventory, ED will specify that they use a “sweep” methodology by building and room, inventorying all locations regardless of organization or ownership. ED asset managers or their authorized representatives must accompany the counters to ensure all areas are inventoried and that ownership (PRINCIPAL OFFICE PROPERTY IS ASSIGNED TO) is entered correctly.
2. If accountable/responsible ED personnel conduct the inventory, it will be conducted by locations assigned to each organization. All equipment in the organization’s locations must be inventoried regardless of who is assigned the assets in the database to ensure that assets are not missed.
3. Strategy for inventory of assets at alternate locations, such as home use and signed out on Property Passes for travel: These assets may be either inventoried based on signed validation or only validated if brought in so they can be sighted.
4. Information Collected: Location verification, determination of assignment, identification of excess, verification of description (category, manufacturer, model, serial number, etc.), determination of condition.
5. Conduct of Inventory. Some considerations are as follows:
 - a. Decision whether to pre-load data into scanners for immediate validation
 - b. Decision whether to freeze or control moves during the inventory
 - c. Daily schedules (inventory hours, whether or not to work overtime, or inventory only after hours)
6. Reconciliation: Reconciliation is the most critical segment of the inventory since it involves comparing the physical count against existing asset records in the database. Reconciliation methods are discussed in a separate section later in this procedure.
7. Contingency Planning: The Plan must provide instructions to deal with such issues as emergency movement of equipment, receipt or disposition of assets during the inventory that cannot be delayed, or replacement of key inventory personnel.
8. Reports: The Plan identifies types of reports and the information provided and for what purpose. An internal or external audit may specify specific reporting requirements. The inventory may target a specific problem that could be resolved through a uniquely formatted report. In general, management will want to know the accuracy of the count against the database, missing assets and assets found but not expected, specific discrepant trends such as location or organizational, numbers

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and dollar value of equipment missing and those discrepancies as a percentage of the entire ED database.

9. Statistical Goals: The National Property Management Association (NPMA) in conjunction with The American Society for Testing and Materials (ASTM) has developed standards for Physical Inventory. The ED will use that standard that specifies a 98% inventory accuracy rate.

4.0 Quality Assurance (QA) Plan

Quality assurance (QA) is critical to the success of the physical inventory. QA is the process that confirms the accuracy and thoroughness of the inventory count. Each inventory location, ED Headquarters and Regional Offices must assign at least one QA manager. The QA manager can be selected from internal audit or another organization, but must be independent of the PMIT or any Accountable Officer or Asset Manager to avoid potential conflict of interest. The QA manager and team have two primary responsibilities as follows:

1. Develop a QA Plan with a checklist based on the Inventory Plan to ensure that the Inventory Plan is adhered to exactly as written. During the Physical Inventory, the QA manager and team will observe the inventory and verify that the plan is conducted as written.
2. The QA manager includes in the QA Plan, procedures for validating the accuracy and thoroughness of the count. At minimum, at least 10% of the assets counted in the initial inventories must be inventoried independently. QA counts are conducted immediately after the inventory teams conduct their counts. If discrepancies are discovered, the QA must immediately bring them to the attention of the PMO or inventory coordinator. The QA manager has the authority to stop the inventory until the issues are resolved if he/she is not satisfied that the discrepancy has been resolved.

5.0 Preparation

5.1 Asset Manager (AM) Review

1. At least 30 days in advance of the count the Property Management and Inventory Team (PMIT) will provide each asset manager with an Excel file of his/her account in the Asset Management Database (AMD). The report will contain the following:
 - a. Last status update (Date and Time)
 - b. Barcode number

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- c. Principal Office
 - d. Building
 - e. Org Code
 - f. Room Number
 - g. Status
 - h. Category
 - i. Last name (user)
 - j. First name (user)
 - k. Manufacturer
 - l. Model
 - m. Serial Number
 - n. CPU Speed
2. Instructions accompanying the inventory listing will request that the asset manager review his or her property on hand compared to the file. The asset manager can sort the file in a variety of ways to conduct reviews and identify potential problem areas.
3. In addition, the asset managers should use the reports to accomplish the following:
- a. Check the listing to see if any assets still charged to the account have been disposed of. If so, notify the PMO immediately and provide documentation, if available.
 - b. Sample assets on the file at random by verifying all of the data on the report by physically sighting the asset. If the account is small enough to allow it, a more thorough review up to 100% validation is recommended. The following actions will help prepare the office for the FY inventory.
 - c. Conduct reviews to validate location and user information.
 - d. Conduct reviews to determine if assets not charged to their account are physically in their area.

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- e. If untagged capital or accountable assets are located, request barcode tags from the PMO/A.
- f. If after review, the asset manager determines that assets are missing from the provided file, notify the PMO. The file should reflect all assets assigned to the PRINCIPAL OFFICE , based on the current AMD.
- g. If errors are found, correct them in the database with the correct user/location.
- h. Check to see if any assets are on hand that are not on the listing. Check the Barcode Request Table in AMD and assign them to a user if they are not assigned. If they are not on the Barcode Request Table, notify the PMO immediately.
- i. Check the area and determine if any excess property is on hand that needs to be transferred to the excess warehouse. If so, request pick-up prior to the inventory. Excess assets are more likely to be inventoried in a central location than hidden away in closets, storage cabinets and vacant rooms.

5.2 Communication

1. Communication is the key to the success of the inventory. The PMO is responsible to ensure that every staff member and contractor in the Department must be aware that the inventory is being conducted. The inventory coordinator will post signs on bulletin boards, send general distribution e-mails, post inventory notices of the ED website and use management meetings to brief senior management on the inventory objectives, schedule and expected participation.
2. The notices should provide the following information to all staff members and contractors:
 - a. The expected dates that the counters will inventory each building and floor.
 - b. Instructions on expected participation from managers and staff.
 - c. Instructions on how to handle items checked out on property passes. The inventory can be conducted counting items on passes as “on hand” or preferably, instructions provided on when items will be brought in and counted. The recommended approach is to set several times when items checked out can be brought to a specific location to be scanned.
 - d. Instructions that all tagged items are placed out in clear view for the inventory counters. Managers should take the opportunity to clean up

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their areas in preparation for the count. Counters will be instructed to ask questions about the contents of cabinets, closets, and storerooms, under raised floors and other places where accountable assets may be stored. The goal is to count as close to 100% of assets as possible.

- e. Managers are expected to assist counters as they move through areas under their responsibility.

6.0 Conduct of the Inventory

Preparation is the key to the accomplishment of a successful inventory. The PMO develops and submits the Inventory Plan at least 30 days before the commencement of the physical inventory. Once the Plan has been written and approved by the Property Program Director (PPD), it is distributed to all participants and management of principal offices at ED Headquarters and management at the Regional Offices. The steps for conducting the inventory are as follows:

1. The PMO or inventory supervisor develops the schedule based on available resources and the estimated number of assets that can be counted by each counter per day. Depending on the data collected or verified, each counter can count between 250 and 750 items. If the objective of the inventory is to validate each item's full description, serial number, and organizational assignment the count is closer to 250 items. If the objective is to merely conduct a location verification by scanning the barcode in a specific location, 750 or more assets can be counted each day.
2. The PMO or inventory supervisor meets with the counters, Accountable Officers and Asset Managers and briefs them on the schedule for the physical inventory. Inventory teams are selected and assigned specific areas to count. The inventory plan and maps or building diagrams for all areas to be inventoried are provided.
3. Once the inventory begins, the schedule is updated based on the progress of the count. Accuracy and speed are both critical. Accuracy for obvious reasons, but speed because the longer the inventory takes to be completed the more chance that assets will be received, moved or disposed of. Freezing of asset movement tends to get more difficult the longer the inventory takes.
4. The inventory will be conducted as follows:
 - a. Using the Inventory Plan and site maps, each team leader will designate specific areas for each team to inventory, ensuring there are no duplications or gaps. As the team completes a room, cubical or area, it is marked off on the site map.

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- b. The team uses a small color-coded sticker to indicate that the item has been counted. The PMO designates the color for the specific inventory and acquires sufficient tags to tag all capital and accountable assets. Counters place the sticker next to the barcode on the asset when the asset is scanned.
- c. During the inventory, the inventory coordinator should contact managers and staff and solicit comments. If problems are discovered, they must be resolved immediately.
- d. If possible, AO's/AM's make a staff member available as an escort to support the inventory in their areas. All doors, cabinets or drawers that may contain assets will be unlocked. Staff members in those areas are expected to assist the counters in identifying all such areas so no assets are missed.
- e. Team members upload their scanners into a PC database that tracks the inventory at the conclusion of the daily count. The designated inventory database manager ensures that the uploaded records are formatted correctly in conjunction with the Inventory Plan.
- f. The PMO holds daily status meetings with inventory counters and monitors progress carefully to ensure the inventory is on schedule.
- g. The PMO and inventory team works with the QA team to ensure that the process and required accuracy are adhered to.

7.0 Reconciliation, Reports and Update

7.1 Reconciliation

1. The Physical Inventory Reconciliation is the most important phase of the inventory. Inventory counts will produce assets expected but not found, found but not expected and assets located in different locations than the database has indicated or under the control of a different organization than that indicated in the database.
2. The QA effort provides limited reconciliation during the course of the count so the status of the inventory is monitored as it is conducted. Normally, if scanners and asset tracking software are used, the inventory file collected is reconciled against the asset management system. Standard reports are run to determine discrepancies and second counts are conducted in areas where errors are found exceeding the acceptable standard.
3. Once the reconciliation is complete, the PMO will make basic decisions on how to deal with assets not located. If after further investigation the asset is not located, the inventory record in the AMS is updated with the status "UNLOCATED." That

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status coupled with the date the posting was made signifies that the asset was not found during the count. An informal investigation will be conducted to determine if there are trends; for example, the same building, same organization or a particular regional office has excessive losses. Corrective action plans are developed to deal with the findings. If an asset is not located for two successive inventories, a Report of Survey is completed and a determination made if a systemic problem exists or a particular organization, staff member or contractor is responsible for the problem. Each case must be handled individually based on the evidence. If after the second inventory, the asset remains unlocated, the inventory record is adjusted and the AMS posted.

4. The inventory is posted by updating the Last Inventory Date in the property record, obtaining required approval for record adjustments and ensuring record adjustments are completed.

7.2 Reports and PP&E Records Update

1. Once the Reconciliation is completed, the PMO will report the results of the inventory to the Property Program Director (PPD) and the offices at ED. The inventory report will contain a listing of items located and not located, items located in different areas than expected and those assigned incorrectly. If the objectives of the inventory included capturing the condition of the assets or identifying assets that were excess to the holding organization or idle, the PMO will provide separate reports of those assets. Actions will be taken to either repair or dispose of unserviceable assets and reutilize or excess idle assets.
2. The reports will be used to evaluate the system and evaluate the ED procedures and/or execution of these procedures so that corrective action is taken.
3. The results and reports will be measured against the National Property Management Association (NPMA) ASTM Standard for Physical Inventory for accuracy.

PROCEDURE 7
**DISPOSITION (REPORTS OF EXCESS PERSONAL PROPERTY,
RETIREMENTS, TRANSFER ORDERS, AND DONATIONS)**

1.0 Purpose

1. The Department of Education (ED) disposition process begins when the asset has been determined by the owning office to be no longer needed to meet a mission requirement and has been declared excess and internally screened for 30 days. (See the internal screening process in Chapter 5, Property Control) The disposition of an asset by ED is the final phase in the property management life cycle by the Department. In addition to physical disposition of assets (transfers to other Federal agencies, deliveries to the General Services Administration (GSA), and donations), this procedure also addresses retirements, which are the financial adjustments to capital property records and reports of survey, which are adjustments to records as a result of investigations of loss, theft, or destruction of assets.
2. The process of disposition of assets from the Department is governed by Federal laws passed by Congress, by regulatory agencies and by the policies of this procedure. The purpose of the disposition program is to maximize the further utilization of assets whether by the Department, other Government agencies or authorized educational or non-profit recipients. The Federal Management Regulation (FMR) 102-36.45 states that agency procurement policies should require consideration of excess personal before authorizing any new procurement.
3. FMR 102-36.45(b) encourages Federal agencies to name national and regional utilization officials to promote the use of excess property with the Department and perform related duties. The Property Management Officer (PMO) has been appointed as the Department of Education (ED) National Utilization Officer (NUO), responsible for effectively managing the excess property of the Department.

2.0 Reports of Excess Personal Property Procedures

2.1 Screening Activities

The following activities must be accomplished prior to taking disposition action.

1. Headquarters Accountable Officers (AO) are responsible for ensuring that the asset has no further value to their offices, based on current and future requirements. Unless the PMO determines that redistribution to another regional office is cost effective, regional offices will report, donate and dispose of excess assets locally. See paragraph 4.0 of this procedure for instructions.
2. If no requirements exist for cost-effective reutilization within the office, the Accountable Officer directs the appropriate asset manager (AM) to change the status in the AMS to "EXCESS" so all potential users within ED can screen the asset. The condition code of the asset will also be verified and entered in the

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condition code field in the AMS. The only acceptable disposition condition codes are New ("1"), Used Good ("4"), Repairs Required, Good ("7"), Salvage ("X") and Scrap ("S"). Depending upon the AMS access policy of the PMO, personnel with access to the intranet-supported asset management system (AMS) will have the capability to screen for excess property. The internal ED screening period lasts 30 days. Note: If the asset is in condition codes "X" or "S", the internal screening process will not be conducted and the information technology (IT) asset transferred to the Clearing House immediately for disposition.

3. If another office requests redistribution of the asset, follow the procedures contained in Procedure 5, Property Control, for conducting property transfers.

2.2 Reports of Excess Personal Property

1. If no other ED offices submit a request for the excess asset during the 30-day screening period, the asset is cleared for excess transfer to the OCIO/Enterprise Lifecycle Management Support Team (ELMst) Clearing House, if an IT asset at Headquarters; to the PMIT (DQWG account), if a non-IT asset at Headquarters; to the PMIT through the Regional Coordinator and/or applicable AO for further disposition, if at a Regional Office. Headquarters procedures are described in paragraph 3.0 and Regional Office procedures are described in paragraph 4.0, below.
2. Please see the disposition process in the OCIO/ELMst Clearing House Procedural Handbook for additional information regarding excess of property to the Clearing House.

3.0 Headquarters Screening and Disposition Process

3.1 Headquarters Information Technology (IT) Process

3.1.1 Declaration of Excess and Pickup (IT and IT related accessories)

1. Once Headquarters internal screening has occurred, the AM declares the asset available for pickup. The asset disposition is conducted as follows:
2. The AM updates the AMS by changing the status of the excess asset to "TRANSFER," the Principal Office Code to "CH," and verifies the Condition Code. If the asset is a computer or other equipment handled by the PCs R Us program, the CH staff will further check the condition, but this initial review will provide the Clearing House manager with an idea of the probable disposition of the asset. This action identifies to the PMIT that the asset has gone through the internal ED screening process and is ready for pickup.
3. The PMIT system administrator, or AMS (if functionality exists), originates a HEAT ticket and the system administrator provides a copy of the HEAT ticket to the

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OCIO/ELMst to coordinate the pickup of the assets and transfer the assets to the Clearing House (PCO "CH"). *The AM will complete a Property Transfer Form, OM-1 (4/02) and provide it to the PMIT for transferring the asset. The PMIT System Administrator performs a "Transfer Out" and "Transfer In" transaction to transfer it to the CH.*

4. The ELMst Manager approves and schedules the pickup of the assets using the ELMst Installs, Moves, Adds, and Changes (IMAC) Team.
5. The ELMst IMAC Team picks up and delivers the asset to the CH.

3.1.2 Clearing House (CH) Review of IT Assets

1. When the CH physically receives the asset, the CH manager receives the asset in the AMS, updates the location within the AMS and verifies the condition code if the asset is a CPU or monitor 17" or larger. If the asset is a monitor smaller than 17", the CH manager immediately transfers the asset to the DQWG account under the PMIT, which is co-located with the Clearing House.
2. The OCIO CH manager checks the CPU as follows:
 - a. Does it meet the EDNet requirements to be reutilized within ED?
 - b. Is it condition code "4" or better, or is it condition code "7" and cost effective to repair?
3. If the CPU meets both conditions, it will be retained as a PC's R Us asset for reutilization by other ED Principal Offices at Headquarters and placed in the PC's R Us.
4. The OCIO CH manager checks 17"+ monitors to ensure they are serviceable. If so, they will be retained as a PC's R Us asset. Those monitors that do not meet the PC's R Us program standard are checked; the remainder are donated "as is."
5. The CH manager checks CPU's and determines they do not meet EDNet requirements and/or do not meet condition code requirements. The OCIO CH manager sanitizes the hard drive and transfers it to DQWG for possible donation or surplus disposition using GSA. In addition, the CH manager checks IT assets that are not CPU's or monitors, and if condition code "7" or less transfers them to the DQWG asset for disposition.

3.2 Headquarters Non-Information Technology (IT) Process

All accountable assets at Headquarters that are listed as "non-IT" in the Appendix of Procedure 2, Requirements Determination and Acquisition and non-accountable assets will be internally made available for screening by the PMIT, as follows.

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3.2.1 Accountable Non-IT Assets

1. Once an AM determines that an asset is excess to the requirements of the office, the AM will change the status in the database to "EXCESS" so that all personnel who have access to the AMS will be able to screen for excess property. The internal screening period for non-IT assets is 30 days.
2. If another office has a requirement for an asset declared excess in the database, it will prepare a Property Transfer Form, OM-1 (4/02), requesting the asset. The requesting AM will provide the form to the PMIT System Administrator who will conduct a "transfer-out/transfer-in" in the current database. The new AMS should support a one-step transfer process. The System Administrator will coordinate with both offices and open a HEAT ticket to set up the move by OM staff.
3. If there are no other requirements for the asset, the owning AM will prepare a SF-120, Report of Excess Personal Property (on-line if supported by the AMS) and submit it to the PMIT, requesting disposition for more than ten items.
4. The PMIT disposition specialist will consolidate SF-120's by category of asset for review by the NUO disposition screening. The NUO will utilize procedures documented below under Transfer Orders, Donations and Disposal.

3.2.2 Non-Accountable/Non-IT Assets

1. Non-accountable asset excesses will be provided in a listing via e-mail to the PMIT. The PMO will post these assets on the EDNet, making them available to all offices within ED. The internal screening period for non-accountable/non-IT assets is 30 days.
2. If another Headquarters office has a requirement for an asset declared excess in the database, it will prepare a Property Transfer Form, OM-1 (4/02), requesting the asset. The System Administrator will coordinate with both offices and open a HEAT ticket to set up the move by OM staff. These assets are not tracked in the AMS so the Property Transfer Form is the only record of the transfer. The System Administrator, sending and receiving AM's will maintain copies of the transfer form.
3. If there are no requirements for the assets, the owning AM will prepare a SF-120 and submit it to the PMIT, requesting disposition.
4. The disposition specialist will consolidate SF-120's by category of asset for transfer orders, donations or disposal to GSA.

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4.0 Regional Office Screening and Disposition Process

4.1 Regional Office Information Technology (IT), Non-IT and Non-Accountable Process

1. Each Regional Office will conduct reutilization of IT assets coordinated by the Regional Officer Coordinator.
2. Regional AM's represent their offices for property management at the Regional offices. They are responsible for ensuring that the asset has no further value to their Regional offices, based on current and future requirements, and they are also encouraged to make such assets available to other offices within the Region. Unless the NUO (PMO) determines that redistribution to another regional office is cost effective, regional offices will report, and dispose of excess assets locally.
3. If no requirements exist for cost-effective reutilization within the office, the Accountable Officer directs the appropriate asset manager (AM) to change the status in the AMS to "EXCESS" so all potential users within the Regional office can screen the asset. (The AMS will produce a report that provides excess property by Regional office.) The condition code of the asset will also be verified and entered in the condition code field in the AMS. The only acceptable disposition condition codes are New ("1"), Used Good ("4"), Repairs Required, Good ("7"), Salvage ("X") and Scrap ("S"). Depending upon the PMO's access policy for the AMS, personnel with access will be able to screen the assets at the Regional office. The screening period at the Regional office is 30 days.
4. At the end of the screening period the AM prepares a SF-120, Report of Excess Personal Property (on-line if supported by the AMS) or faxes it to their applicable AO at Headquarters. The AM indicates if the asset qualifies for donation on the SF-120. If the asset qualifies for donation, see paragraph 6.3, below. The AO electronically or physically signs the SF-120, and forwards it to the NUO for disposition.
5. If the asset is a CPU, the OCIO technical support staff sanitizes the CPU and reloads the standard EDNet image.

4.2 National Utilization Officer (NUO) Action

1. Upon receipt of the Region SF-120, the NUO, or designated representative, reviews the category, location and condition of the Regional office reported assets.
2. The NUO first determines if the asset is a category, location and condition that could fill other ED requirements.
3. If the determination is made that the asset(s) have no value to other ED offices, the NUO will coordinate with other Federal agencies to find a potential use for the asset within the Federal Government.

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4. If the asset is a CPU, the OCIO technical support staff sanitizes the CPU.

5.0 Transfer Orders

An efficient, effective way to dispose of excess ED property is through the use of transfer orders. As the Department's NUO, the PMO has the authority to identify potential sources of excess ED property and transfer the assets to them without going through GSA.

5.1 Applicability

ED may transfer assets with an acquisition cost of less than \$10,000 per line item directly to other Federal agencies without any screening by GSA, so long as they have not been reported to GSA. The NUO will coordinate with other Federal agencies in the Washington, DC area to determine if they have requirements for specific types of excess ED assets. In most cases these assets can be transferred directly with no cost to the receiving agency and no reimbursement to ED. The only stipulation is that the receiving agency pays all transportation and handling costs.

5.2 Procedures

1. Serviceable ED property (condition code "4" or better) is made available to other Federal agencies through notification that such property is available. Authorized officials of other agencies must approve and sign a SF-122, Transfer Order Excess Personal Property for a direct transfer and submit it to ED. The receiving agency must provide a copy of the SF-122 to the appropriate GSA office within 10 days of the date of the transaction to report acquisition of the asset.
2. Assets with an acquisition cost greater than \$10,000 can be directly transferred if verbal approval is obtained from the appropriate regional GSA Personal Property Management office. The name of the approving official must be annotated on the SF-122 and a copy provided to the GSA regional office within 10 days of the date of the transaction.

6.0 Donations

Once ED assets have undergone internal screening and GSA screening, they are eligible for donation to authorized recipients. The donation program includes all serviceable equipment at Headquarters and the Regional offices of use to eligible donees. The PMIT has assumed responsibility for the donation program for all categories of equipment at Headquarters and at the Regional offices.

PROCEDURE 7
**DISPOSITION (REPORTS OF EXCESS PERSONAL PROPERTY,
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6.1 Headquarters Donation Programs

6.1.1 Headquarters IT-asset Donation Program

1. Once the OCIO Clearing House has completed its review and the asset qualifies for donation, the OCIO Enterprise Lifecycle Management Support Team (ELMst) prepares equipment for donation by sanitizing the hard drive.
2. The OCIO ELMst staff submits a bi-weekly report to the PMIT, listing assets available for donation. Once the list is provided, and approved by PMIT, OCIO ELMst prepares a SF-120 and submits to PMIT for processing. Once the assets are physically transferred from OCIO ELMst to PMIT, the following procedures are used:
 - a. The PMIT screens the Federal website for school donations under the Computers for Learning program, www.computers.fed.gov to find school requirements that match available assets in the geographical area of Headquarters. Priority is given to authorized schools with the greatest need and equitable distribution among worthy recipients is accomplished.
 - b. If no matches are found, the next sources are the local State Agencies for Surplus Property (SASP) for DC, MD and VA.
 - c. The NUO has the final authority for determining recipients and approving the donation of ED computers to authorized donees.
 - d. When the school picks up the assets, the PMIT staff member and Clearing House staff check each asset and the PMIT staff removes the barcode tags prior to release to the school.
 - e. The school representative signs the SF-120.
 - f. Using the SF-120 as justification, the PMIT donation coordinator updates the database with the status Donated, closes the active record and files the SF-120 as backup documentation.

6.1.2 Headquarters Non-IT Asset Donation Program

1. After internal screening at Headquarters described in this procedure, offices report non-IT accountable and non-accountable assets at Headquarters through creating a Property Transfer Form, OM-1 (4/02) and opening a HEAT ticket and requesting pickup by the OM movers. The System Administrator coordinates the transfer using the same procedure as in Procedure 5, Property Control.

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2. The OM movers pick up the assets and deliver them to the PMIT Central Warehouse for temporary storage and disposition.
3. The PMIT donation coordinator screens requirements identified by State Agencies for Surplus Property (SASP) in the Washington, DC area, the DC, MD and VA surplus property offices.
4. If a requirement is identified, the coordinator contacts the SASP and arranges pickup.
5. The coordinator then creates a SF-120 to effect the declaration of surplus property.
6. When the pickup is made, the coordinator verifies the assets being donated, and has the SASP representative sign for the assets.
7. Using the SF-120 as justification, the PMIT donation coordinator updates the database with the status Donated, closes the active record and files the SF-120 as backup documentation.

6.1.3 Headquarters Non-Accountable Non-IT Assets

1. After internal screening, the office AM prepares a Property Transfer Form, OM-1 (4/02), transferring the asset to the DQWG account. The System Administrator requesting the asset. The System Administrator will coordinate with both offices and open a HEAT ticket to set up the move by OM staff.
2. The procedure is the same as for accountable non-IT assets, except for posting in the AMS. If the asset is furniture tracked by quantity, the System Administrator adjusts the quantity and location record. If the asset is not tracked, the Property Transfer Form will be filed as a movement document.

6.2 Regional Office Donation Program

6.2.1 Regional Office IT-asset Donation Program

1. IT support staff at the Regional office reviews all IT assets identified as excess to determine if they qualify for donation. If so, they perform the same function as the OCIO Clearing House at Headquarters, and reformatting the hard drive.
2. The Regional Property Management Coordinator (RPMC) submits a report (SF-120) to the PMIT, as necessary, listing assets available for donation. Once the list is provided, PMIT conducts the donation program using the following procedures:
 - a. The PMIT screens the Federal website for school donations under the Computers for Learning program, www.computers.fed.gov to find school

PROCEDURE 7
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requirements that match available assets in the geographical area of the reporting Regional office. Priority is given to authorized schools with the greatest need and equitable distribution among worthy recipients is accomplished.

- b. If no matches are found, the next sources are the local SASP for the state where the Regional office is located.
- c. The NUO has the final authority for determining recipients and approving the donation of ED computers to authorized donees.
- d. The PMIT staff member coordinating donations notifies the RPMC of donations by receiving school and schedules pickup dates for the assets at the regional office.
- e. The PMIT notifies the RPMC of the disposition by asset type, quantity and school and the RPMC and regional OCIO staff prepare the assets for pickup, by segregating and palletizing them.
- f. When the school picks up the assets, the RPMC checks each asset and remove the barcode tags prior to release to the school.
- g. The school representative signs the SF-120 and Transfer of Title Form.
- h. The RPMC sends the SF-120 and related documents to the PMIT to adjust the AMS record.
- i. Using the SF-120 as justification, the PMIT donation coordinator updates the database with the status "DONATED," closes the active record and files the SF-120 as backup documentation.

6.2.2 Regional Office Non-IT Asset and Non-Accountable Donation Program

Regional Offices report their non-IT assets to the PMIT using a SF-120. The NUO has the authority to determine proper disposition of the assets. Unless the asset(s) have a potential need to another Government agency or donee, they will be disposed of in the most cost effective means possible. The NUO decides the disposition of such assets on a case-by-case basis.

7.0 Disposal

ED has a Memorandum of Understanding (MOU) with the GSA Personal Property Center (PPC), Franconia, VA. The PPC accepts ED surplus property and takes responsibility for completing the disposal process. Once internal and external screening

PROCEDURE 7

DISPOSITION (REPORTS OF EXCESS PERSONAL PROPERTY, RETIREMENTS, TRANSFER ORDERS, AND DONATIONS)

has been completed, the PMIT Headquarters ED property arranges a delivery date with the PPC and delivers the property to the PPC utilizing the completed SF-120, .

The process for disposal is as follows:

1. The PMIT disposition specialist prepares a SF-120 listing the property ready for delivery to the PPC.
2. After review, the NUO signs Block 8 of the SF-120 approving the transfer, and the PPD approves for ED by signing Block 10.
3. Upon delivery, GSA assigns a Control No. and an authorized representative accepts the property at disposal and signs upon receipt.
4. Note: OCIO technical support staff, either at Headquarters or the regional offices, must sanitize all CPU's that are sent to disposal.

8.0 Exchange/Sale Property

8.1 General

To reduce the cost of new acquisitions, ED may exchange or sell similar property to reduce the cost of the acquisition of new property. At present, only exchanges are anticipated, since disposition of assets excess to ED requirements are processed through the MOU with GSA. Exchange/sale authority granted to ED provides for the value of the old items to be used to reduce the cost of the replacement by either trade-in or sale and use of the proceeds in the acquisition of the replacement item.

8.2 Determination

The ED CPO must notify the PMO that an exchange is anticipated so that requirements may be screened ED-wide. An exchange is only worthwhile if it reduces the cost of a new acquisition without removing an asset that has value to the Department. In determining return on an exchange, Contracting and Purchasing Operations (CPO) must consider all expenses and costs, such as administrative and overhead expenses, and the value of the asset being exchanged to ED. In general, an exchange occurs when the vendor removes the exchanged asset for consideration of a discount or reduction of cost for a new asset.

8.3 Accounting

Exchange/sale proceeds are accounted for as prescribed by ED general finance and accounting rules. All proceeds are available from the sale or exchange of personal property during the FY during which the exchange or sale was made and one FY thereafter.

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8.4 Reporting

ED must submit a summary report of exchange/sale transactions within 90 calendar days after the close of each fiscal year. The report must include information on sales (if conducted in the future) and exchanges:

1. A list by Federal Supply Classification Group of property sold under this part showing the:
 - Number of items sold
 - Number of items sold
 - Acquisition cost; and
 - Net proceeds

2. A list by Federal Supply Classification Group of property exchanged under this part showing the:
 - Number of items exchanged
 - Acquisition cost; and
 - Exchange allowance

3. Reports are submitted electronically or by mail to GSA, Personal Property Management Policy Division (MTP), 1800 F St. NW., Washington, DC 20405. Report control number is 1528-GSA-AN, negative reports are required.

9.0 Retirements of Capital Assets

1. When capital assets are disposed of or transferred to another agency, the financial records of ED must be adjusted. The PMIT ensures retirement information is provided to OCFO for posting to the General Ledger.

2. If the retired asset is fully depreciated, the asset will be retired from the AMS with no adjustment required to the General Ledger.

3. If the asset has remaining net book value (acquisition cost less salvage value and depreciation), the PMIT will provide the data for adjusting transactions to Accounting.

4. The PMIT will provide quarterly reports to Accounting on capital asset retirements.

PROCEDURE 8
ASSET MANAGEMENT SYSTEM ADMINISTRATION

1.0 Purpose and Policy

1. Property management processes, personnel and process tools are to maintain accurate records and provide required information for proficient and compliant management of property.
2. This procedure will provide requirements and controls for the property management automated system. The system must provide a tool to support the business practices and procedures identified in the Property Management Manual and the necessary data records and reports for personnel managing property.
3. The PMIT authorizes the Asset Management Database (AMD) and ensures that it is the agency-wide automated system designed to standardize and control ED's property. They will assume database and data management responsibilities.

2.0 Systems Configuration and Data Integrity

1. The PMIT will ensure that data is standardized and up-to-date.
2. The PMIT chairs the AMD Configuration Control Board, which is the permanent technical group for maintaining system configuration. The PMIT will manage the system change requests and monitor implementation of approved changes.
3. Through AMD, the PMIT provides all ED organizations with the elements of information needed for an integrated system to identify, account for, and control ED property.
4. The PMIT maintains the responsibilities and procedures required of property custodians that are found in the Administrator's Guide for the Asset Management Database (January 2002), and the User's Quick Reference Guide for the Asset Management Data base (February 2002). The PMIT will maintain control over user additions and changes. The PMIT will ensure that the systems and users manuals for the PMIT and the property management manual are compatible.

3.0 Operation of AMD

1. The PMIT and Asset managers (AM) use AMD to process add, change, and delete transactions for controlled property maintained in the database.
2. The PMIT will provide access and training to users as required.

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ASSET MANAGEMENT SYSTEM ADMINISTRATION

3. The PMIT ensures each transaction has a source document that authorizes the transaction. AMD generates an Entry Reference Number for each transaction processed, and the source documents are filed by Entry Reference Number to establish a complete audit trail for each equipment item from its initial receipt, for interim changes, until deleted from the Agency's records.
4. When records are moved to inactive, they are retained in the history file for three years.
5. Data can be retrieved from the database by ad hoc queries by manufacturer and model number, item name (allowing three name combinations), tag number (equipment control number, old tag number, previous ECN, contractor tag number), field search, by certain other data elements only.

PROCEDURE 9
PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

1.0 Purpose and Policy

1. A self-assessment program is designed to improve the property management processes and ensure compliance to regulations and procedures. The Property Management Manual is provided to document the best practices and desired methods of operation for ED.
2. A self-assessment program begins with a review of ED's goals and strategies to ensure that metrics are measuring the desired outcome of the program. Goals to be accommodated include strengthening financial management since property management and fixed assets are a category of financial management, ensuring the addressing of any relevant audit deficiencies, establishing effective and efficient operations, implementing effective internal controls to protect assets from waste, fraud, and abuse, removing FSA from high risk, and making accountability for results the primary operating principle for all ED managers, grantees, and contractor.
3. Property Management is a key component of financial management and must do its part in meeting the goals stated above. Desired improvements to the process result only when the three key components of a business process, people, procedures and process tools, are established and monitored, with continuous improvements.
4. This procedure is designed to monitor all key indicators in Property Management along the life cycle of property from requirements and budgeting to retirement and disposal.
5. The several regulations that are applicable to and the audits that are performed against property, plant and equipment must be monitored and prepared for by the Property Management and Inventory Team (PMIT). Any outstanding audit deficiencies must be tracked, corrective actions designated, and follow-up must be performed.
6. Regulations and audits are associated with the following:
 - a. The Federal Property and Administrative Services Act 1949, Section 205 states that the General Accounting Office shall examine property accounting systems to determine compliance with prescribed principles and standards and approved systems, and failure to comply will be reported to Congress.
 - b. OMB Circular A-11, Part 3. Planning, Budgeting, and Acquisition of Capital Assets requires information on the impact of full funding of existing capital assets now funded incrementally, using the coverage described in 300.6. for the acquisition of capital assets.

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PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

- c. Federal Acquisition Regulations require the oversight and management of government property in the hands of contractors /subcontractors.
- d. Other applicable references include:
 - 1. Title 40, Chapter 10, Subchapter II, Sec. 486
 - 2. Title 40, Chapter 10, Subchapter II, Sec. 487, property audits
 - 3. Title 40, Chapter 10, Subchapter II, Sec. 488, property disposal
 - 4. FASAB 6, describing what is stated on the Balance Sheet and Statement of Net Cost, discussions of internally developed software, and outlines of useful life characteristics.
 - 5. FASAB 3 /8, describing inventory and stewardship of property
 - 6. US Dept of Ed, OCFO, Financial Statements Guidance
 - 7. US Dept of ED, OCFO, Estimating Depreciation of Capital Assets
 - 8. US Dept of ED, OCFO, Reconciling Capital Assets to Property Management Systems / Records.
 - 9. Government Information Security Reform Act – GISRA
 - 10. Management Improvement Team Goals: April 2000

2.0 Procedures

- 1. The PMIT plans, establishes, directs, controls, and implements policies, standards, and procedures governing all aspects of property management.
- 2. The PMIT will monitor the business practices of property management. The assessment requires an understanding of each property process, an understanding of ED business practices, a good working relationship with Accountable Officers (AO), Asset Managers (AM), and users.
- 3. The PMIT will support the Management Improvement Team (MIT), the Department's Blueprint for Management Excellence and Action Plan, and other management initiatives that require property management improvements.

PROCEDURE 9

PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

4. The PMIT will review these elements semiannually. They may be done at any time during the year, and certain elements may be waived based on sound judgement as to the risk.
5. The long-term goal is that these measures become routine and continuously identify process areas that require attention. Metric results may be charts or verbal briefings. Periodic reviews of the data with the Assistant Secretary, Office of Management (OM) is required.
6. The PMIT will utilize the AMS to prepare for self-assessment activities.
7. Regional Offices will support and utilize self-assessment metrics to improvement regional practices.
8. The PMIT will maintain a program to assess as many of the following metrics as are required to track performance to ensure compliance to regulations and improvements for management goals.
9. The PMIT will establish a property management self-assessment group comprised of AO's and AM's to contribute to the self-assessment program.
10. The following metrics will be accomplished and charted for a total quantitative measurement as seen in the Attachment. Additional activities could include unannounced walkthroughs or other checklists.

2.1 Property System/Internal Controls

1. Maintain Auditor Communication.
 - a. Identify and document audit issues. Monthly, assess issues for required corrective actions and accomplishments.
 - b. Track issues to ensure resolution within the designated time. If issues are not resolved, notify management of required assistance.
 - c. Elevate regulatory deficiencies immediately.
2. Review procedures annually as demonstrated by discussion of changes with team and identify the last review date.
3. Create lost, damaged or destroyed (LDD) log and update quarterly.
4. Maintain list of contractor's with property.

PROCEDURE 9
PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

2.2 Acquisition

1. Pull sample of PO's and billings, and identify property, plant and equipment.
 - a. Verify the authority for the purchases.
 - b. Identify any acquisitions not on record and their quantities.
 - c. Identify any contractor / loaned property not on record and quantities.
 - d. Track quantity of property and times you find property not on record, analyze how it got there, identify any process change or training required, keep charts to see that the trend is receding.
2. Check for all procurement types including transfers, loans, expense reports, credit cards, donations, and such.

2.3 Receiving

1. Pull sample of receiving documents. Match purchase orders, receivers, and payments.
2. Review a sample from each region periodically.
3. Identify receipts had not been "received and recorded" in a timely manner.
 - a. How long did it take (make a chart and maintain).
 - b. What were the reasons the property missed being recorded.
4. Identify all receiving areas and take a sample by asking them the following questions.
 - a. How do you know you are receiving capital or accountable property.
 - b. What do you do when you are receiving capital or accountable property.
 - c. How do you know you are receiving other than ED property.

2.4 Identification

1. From inventory or random checks, do the following.
 - a. Perform a floor to record check: walk around and identify accountable property and see if it has a proper tag.

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- b. Perform a record to floor check: select a sample and check the record.
2. Record items that are in-house for use without being tagged. Keep statistics and identify any trends. Analyze how it got there and take action.

2.5 Records

1. Perform a random record check:
 - a. Floor to record: verify that all selected items are on record and that all required data elements are present for each item (see procedure). Identify what elements are missing and try to determine why. Quantify and track the errors.
 - b. Records to floor: verify that all selected items are physically located. Record how many were found, how many were found in the correct location, used by the right office, or not being used at all.
2. Perform a sample for grant or contractor. Call and have them verify data and track the errors, if there are any.
3. Review system capabilities and what changes requests are outstanding.

2.6 Movement

1. Review the property passes that have been issued. Determine if they are still valid, the personnel they are issued to still have the applicable property, and if the pass is accurate and complete.
2. Review transfers and location movements. Identify any that do not complete the two-part process.

2.7 Storage

1. Verify that the area is secure, clean, and clearly identified.
2. Verify that the record identifies items in storage.
3. Verify that stored items are properly tagged.

2.8 Physical Inventories

1. Verify that the inventory was performed and results posted on time.
2. Ensure the inventory includes contractor / loaned property.

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3. Record the timeliness of reconciliation.
4. Verify the reporting of discrepancies to the correct officer.
5. Record the percentage of record elements changed as a result of the inventory. Track the type and amount, and analyze for errors for improvement.

2.9 Reporting

1. Document that financial reporting is in accordance with FASAB and that complete, accurate data is transmitted to Finance.
2. Ensure that fixed assets and financial schedules are reconciled.

2.10 Utilization

1. Identify the number of items that are idle for more than three months.
2. During sampling on floor to record, inquire what items are used for, level of use and frequency of use.

2.11 Grant / Contract Control

1. From PO's, identify any subcontractor with government property.
 - a. Were proper terms and conditions/clauses flowed down.
 - b. Have their procedures been received.
2. Check that surveys were complete each year.
3. Check that a surveillance plan is documented and completed.

2.12 Disposition and Retirement

1. Verify that each case was handled in the simplest manner.
2. Determine the ages of all cases and identify any that are overage.
3. Identify open action on cases.
4. Have all dispositioned items been retired from the records.

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Attachment

Action items should be identified, tracked and closed out within 30 days if possible. The PMIT prepares a self-assessment action plan similar to that below and tracks deficient areas and if improvement is being made.

Topic	Action	Point Assignment	Comments / Deficiency
Auditor Communication	Document assessment	1	
	Issue List	1	
	Issues Closed out	1	
Coordination Meetings	Monthly, with agenda and minutes	1	
	Track action items	1	
Procedure Review	Quarterly, select 5 steps and verify performance to the steps	1	
	Annually review the procedures to ensure they are still the best practice	1	
	Review LDD list for trends.	1	
	Review discrepancies in contractor property lists.	1	
Acquisition	Randomly select 10 POs, and at least one from each region. If less than 5 contain asset purchases, select additional POs until there are 5 with assets.	5	
	Search asset system by PO, verifying the asset was added to the database.	5	
	Check classification, description, and date of each selected asset.		
Receipt	Select 10 receiving reports, and at least one from each region. If less than 5 contain asset receipts, select additional reports until there are 5 with assets.		
	Search asset system by receiving report and identify asset.	5	
	Check the location, PO number, tag number and receiving verification.	5	

PROCEDURE 9
PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

Topic	Action	Point Assignment	Comments / Deficiency
Identification	Check 10 areas to determine if items are being put in use without tagging. Identify discrepancies.	3	
Payment	Select 10 invoices, and at least one from each region. If less than 5 contain asset payments, select additional invoices until there are 5 with assets.		
	Search asset system by invoice number.	1	
	Check the PO, receiving report number, classification and value.	1	
Record	Select 10 assets from the record.		
	Physically verify their location, description and tag number (called record to floor). All elements must be correct to get points.	3	
	While checking the physical location of the record to floor items, select two items for each one verified, to the right and to the left, and record the tag number. Search the record for those items and verify location, description and tag number.	6	
	If there are any items that fit the capital or controllable asset description, but do not have a tag, record the item.	3	
	Identification. Research the invoice, receipt and purchase to verify if the item should be tagged. If so, tag the item and add it to the record.	3	
Movement	Select 5 property passes and verify that they are complete and still required.	2	
Storage	Verify that stored items are so designated in the system.	2	
Inventory	Verify inventory completion.	3	
	Record and trend record changes inventory.	3	

PROCEDURE 9
PROPERTY MANAGEMENT SELF ASSESSMENT AND METRICS

Topic	Action	Point Assignment	Comments / Deficiency
Reports	Select 10 line items, view the type of property, service date, depreciation basis, and life. Select 10 items from the history, verify this disposal and retirement.	5 5	
Disposition / Retirement	Identify 10 retirement assets and verify the retirement documentation.	5	
Other	Identify as desired metrics from Utilization, Maintenance, and Grant Control	10	

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