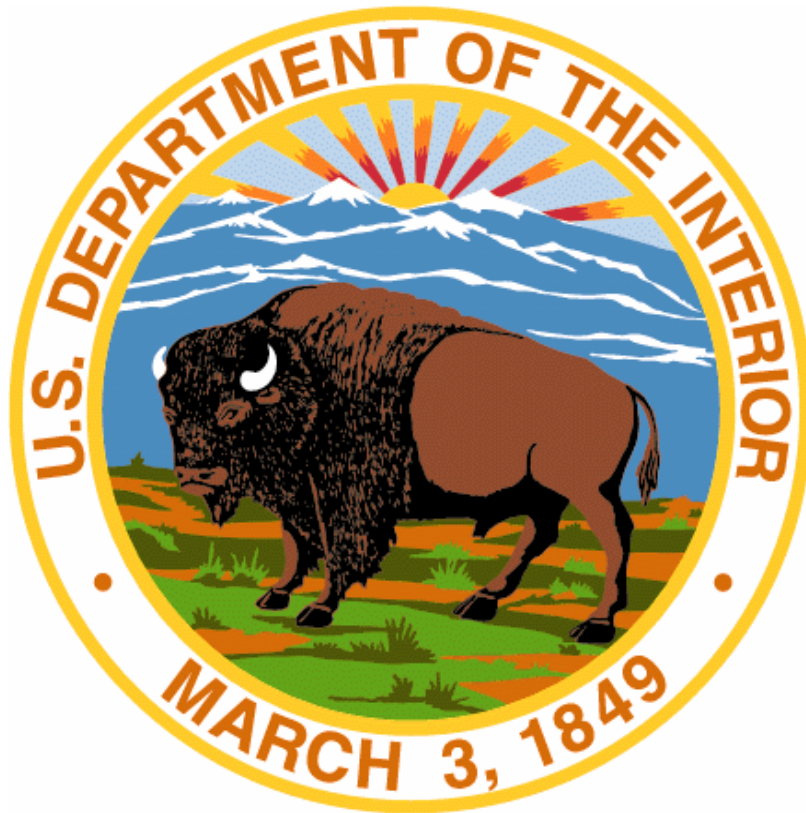


DEPARTMENT OF THE INTERIOR

PERSONAL PROPERTY MANAGEMENT

REVIEW GUIDELINE



November 14, 2007

DEPARTMENT OF THE INTERIOR
**PERSONAL PROPERTY MANAGEMENT REVIEW
GUIDELINE**

INTRODUCTION

This document provides guidance on conducting a Property Management Internal Control Review (PMICR). The objective of a PMICR is to determine if there is a viable and responsible personal property management program, consistent with existing statutory requirements and regulations.

PMICRs are considered Alternative Internal Control Reviews (AICRs) as required by the Federal Manager's Financial Integrity Act of 1982. Internal Management Control Reviews are reviews of controls over areas or activities of a component which have the highest potential for ineffective or inefficient operation or loss of Government resources.

The Personal Property Management Review Guideline (PMRG) covers all aspects of the personal property management program. This guideline will serve as direction for both the reviewer and the area being reviewed. Certain Control Techniques have been identified which are necessary to accomplish the Control Objectives and ensure that the personal property management program is managed efficiently and effectively.

Some programs being reviewed may not encompass all of the subject areas covered here and the PMRG may not address an area unique to various bureaus or offices. The extent to which a program or function is operated in a centralized or decentralized manner is another factor to consider; therefore, the guideline should be tailored to your needs. Program areas not specifically addressed in the PMRG should be reviewed at the discretion of the reviewer.

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The proper stewardship of Federal resources is a fundamental responsibility of Interior managers and staff. Interior employees must ensure that government resources are used efficiently and effectively to achieve intended program results. Resources must be used consistent with Interior's mission, in compliance with law and regulation, and with minimal potential for waste, fraud, and mismanagement.

Management accountability is the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law.

Internal controls -- organization, policies, and procedures -- are tools to help program and financial managers achieve results and safeguard the integrity of their programs. This review guideline provides a structure and procedures for conducting personal property internal control reviews.

Procedures for organizing and documenting a personal property management review are critical. You should organize and assign responsibilities in a manner that ensures that the evaluation, improvement, and reporting on a PMICR is conducted in an efficient and effective manner. Quality control over the entire process should be included.

I. Responsibility

A. The Assistant Secretary – Policy, Management and Budget. The Assistant Secretary - Policy, Management and Budget has the primary responsibility for managing Departmental compliance with the requirements of the OMB Circular A-123.

B. Director, Office of Acquisition and Property Management. The Office of Acquisition and Property Management (PAM) has a number of OMB Circular A-123 responsibilities arising from its Departmentwide oversight of the administrative and management functions related to personal property.

Upon request, and at the discretion of the Director, PAM, one or more members of the PAM staff may be assigned to conduct or participate in bureau PMICRs.

C. Bureau and Office Directors. Heads of bureaus and offices are responsible for establishing a viable and responsible personal property management program consistent with existing statutory requirements and regulations.

D. Personal Property Management Review Team leader. The responsibilities of a PMICR team leader begin after notification of selection and end with the close-out of the PMICR file following implementation of corrective actions. The general responsibilities of the team leader are to:

1. Arrange for the selection of team members.
2. Notify the field activity of the intended PMICR and request pre-review information.
3. Provide for pre-PMICR orientation and briefing of team members.

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4. Prepare the detailed PMICR plan including a Client Office Information List for each site reviewed (see Attachment 1), and make assignments to team members.
5. Conduct the on-site PMICR with appropriate arrangements for entrance and exit conferences with office management.
6. Prepare and issue draft/final reports of the team's findings and recommendations.
7. Monitor the implementation of corrective actions.

NOTE: When reviews are conducted by PAM, the team leader and team members will be appointed by the Director, Office of Acquisition and Property Management.

E. PMICR Team Members. The responsibility of a PMICR team member begins with assignment to a specific PMICR and ends at the time their review and reporting requirements are completed. The PMICR team leader may also consult with team members from time to time following the review, for clarifications, etc., as appropriate.

II. Property Management Review Scheduling Procedures

The heads of bureaus and offices shall conduct PMICRs of regional, area, and comparable field office levels, at least once every four years.

1. The development of annual PMICR schedules is a mandatory part of the Departmentwide AICR process. Bureau/Office heads or designee shall ensure that annual PMICR schedules are developed and approved by November 15 of each year. The schedules shall contain dates and locations of the reviews and shall identify the office conducting the PMICR.

Copies of the schedules shall be forwarded to bureau Internal Control Coordinators and PAM by November 30, or as soon as administratively possible.

2. The bureau/office location should be notified of the intent to conduct a PMICR at a specific site at least four weeks before the PMICR.
3. Any previous audits, reviews or reports should be reviewed prior to the conduct of the PMICR. Any special topics not identified in the PMICR should be identified to the bureau prior to the PMICR.
4. An entrance interview should be conducted with the head of the site to be reviewed. The entire PMICR review team should attend this meeting. The purpose of the review should be explained, and senior property management personnel for that site should be present.
5. A general orientation should be provided to the PMICR review team by the site manager, including an outline of the organization, staffing, functions, and resources. Any available workload information will be helpful and should be provided to the PMICR review team.

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Generally, the site manager will assign a management support contact who will provide the PMICR review team with a conference room or other office to use as a base of operations.

6. At the conclusion of the PMICR, the Review Team will schedule an exit interview with the site manager, and, if possible, the same individuals who attended the entrance briefing. The exit briefing shall consist of a summary of findings, including weaknesses or deficiencies identified, any best practices, and a schedule for providing a draft/final report. It is also a chance for site managers to indicate planned corrective actions and team members to offer their assistance and advice to enhance property management operations at the activity.

7. The draft/final report shall be prepared and issued within the established timeframe and shall detail strengths and weaknesses of the program.

8. PMICRs CONDUCTED BY PAM: A draft report will be forwarded to the Program Assistant Secretary and the bureau/office within 45 to 60 days following completion of the review. The bureau/office will have 45 days in which to respond to the report's findings. Any discrepancies or disagreements in the findings should be brought to the attention of PAM. Within 30 days after acceptance of the draft report, PAM will issue a final report. The bureau/office will have 30 days to provide a corrective action plan for all control weaknesses identified. Corrective Action Plans should be submitted using the attached format on page 19.

9. PMICRs CONDUCTED BY BUREAUS/OFFICES: Bureaus and Offices must:

(a) Complete all PMICRs scheduled for the fiscal year Internal Control Review reporting period.

(b) Review PMICR results, along with applicable General Accounting Office and Office of the Inspector General reports.

10. Following review by the bureau Internal Control Coordinator and after approval by the Program Assistant Secretary, or designee, Internal Control Evaluation Reports must be submitted to PAM by July 1. PAM will provide copies to the Office of Financial Management, and the Office of the Inspector General. Questions regarding the PMICR process should be addressed to the Director, PAM, Office of the Secretary, Department of the Interior, 1849 C Street, NW, MS/2607-MIB, Washington, DC 20240.

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III. Personal Property Management Control Objectives and Techniques

This section provides a listing of personal property management control objectives and techniques to assist a PMICR Team in its analysis and evaluation of personal property management in the Department of the Interior bureaus and offices.

Each Review Activity has a Control Objective. Control Objectives describe desired performance goals, while the Control Techniques detail the individual steps, which if met, reasonably assure that the Control Objectives are being properly and systematically met.

In order to have a formal personal property management system as prescribed by 410 DM 114-60, it is imperative that policies, procedures, and responsibilities governing personal property are consistent with existing statutory requirements and regulations.

The Control Objectives listed in each Activity apply to all personal property acquired by all bureaus and offices of the Department of the Interior, including personal property which is held by contractors and grantees of a bureau or office for which title is vested in the Government.

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Activity 1. Title Designation and Policy Guidance Control Objective:

Responsibility for personal property accountability is assigned to Accountable Officer(s) and Custodial Officer(s). The obligation of an individual to properly use, care for, and safeguard personal property entrusted to, or in his/her possession, or under his/her direct supervision has been explained.

Control Techniques:

1. Have Accountable Officers been designated? (Review designations.)
2. Have Custodial Officers been designated? (Review designations.)
3. Have employees been notified of their responsibility for proper care, use, maintenance and safeguarding of personal property in their custody? (Review notifications.)
 - a. Is there a current local/bureau directive on this subject? (Review directive.)
 - b. Is it furnished to all new and seasonal employees? (Review how.)
4. Have employees been notified of the provisions for Boards of Survey which may hold employees financially liable for loss, damage or destruction of personal property? (Review how.)
5. Are personnel engaged in personal property management and accountability functions familiar with the Interior Property Management Directives (IPMD), Federal Management Regulations (FMR), and Federal Property Management Regulations (FPMR)? (Determine how.)
 - a. Have copies of the IPMD, FMR, and FPMR been furnished to all personnel engaged in personal property management and accountability functions? (Sight verify.)
6. If the PMICR is being conducted at the regional level, does the Regional Office have an established program of reviews at the field level? (Examine review schedule and completed reviews.)
7. Does the Regional Office provide guidance and disseminate program information to field sites?
8. If yes, what is the method of information dissemination?

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Activity 2. Accountability and Capitalization

Control Objectives: Personal property accountability is maintained in accordance with 410 DM 114-60.2 -- Accountability. Bureau/office accountability records reflect transactions affecting the bureau's investment in personal property.

A system for accounting for capitalized personal property is established in accordance with the requirements of 410 DM 114-60.2. For capitalized personal property, it is necessary to maintain both a general ledger account and a personal property accountability record. The total value of personal property reflected in each of these records is reconciled at least monthly and upon completion of annual physical inventories.

All Government personal property is marked to identify it as Government-owned with the name or initials of the owning bureau or office, preceded by the initials "U.S."

Control Techniques:

1. Obtain inventory listing of personal property on hand at site being reviewed.
2. Are personal property records in agreement with the personal property on hand? (Determine percentage of missing items.)

If total inventory is:	Spot check:
1 to 2000	5%
2001 to 3000	4%
3001 to 5000	3%
5001 and over	1%

3. Has all system controlled personal property been identified with a property number? (Spot check.)
4. Are acquisition documents routed through the personal property office for verification of object class? (Review process.)
5. Do the system controlled records indicate directly or indirectly the Custodial Officer?
6. How are entries made to system controlled personal property records (on-line by field, on-line by regional office, transmit to central bureau location for entry, or other)?
7. Provide information or supporting evidence which verifies that acceptable system controlled records are maintained for both capitalized personal property and personal property below the capitalization threshold.
8. Are capitalized personal property records reconciled with the general ledger account? (Review process and past reconciliations.)

9. Who performs the reconciliation function?
10. How frequent is the reconciliation?
11. How is the reconciliation performed? (Provide a copy of documented instructions.)

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Activity 3. Sensitive Personal Property

Firearms have been identified by Personal Property Management as sensitive personal property and must be controlled in accordance with Departmental regulations. Bureaus and offices may develop additional categories of personal property which they determine to be bureau-managed and for which detailed personal property accountability records will be maintained.

NOTE: If the PMICR is being conducted in a bureau with Law Enforcement responsibilities, firearms are to be maintained in accordance with 446 DM Law Enforcement Handbook.

Control Objective: Sensitive and bureau-managed personal property is controlled, regardless of value, by detailed accountability records and is classified as such because of its high probability of theft or misuse; or its susceptibility to pilferage, theft or misappropriation; or because it has been designated bureau-managed by bureau management. Sensitive personal property is limited to firearms.

Control Techniques:

1. How is sensitive personal property controlled? (Review controls.)
2. Are hand receipts on file for all individual issues of firearms which indicate the name of the individual and the serial number and personal property number of the weapons? (Sight verify.)
3. Are procedures in effect to ensure that firearms are turned in prior to transfer or separation of employees? (Review procedures.)
4. Does the personal property record reflect the transfer of the weapon within the organization? (Review records.)
5. Are weapons marked for proper identification? (Sight verify.)
6. If weapons are seized, how are they controlled during custody? Is a custodial officer assigned for seized weapons? (Review process.)
7. How are confiscated and Government-owned weapons disposed of? (Review process.)
8. What actions have been taken to ensure the physical safeguarding of all firearms, lockbox, secure storeroom, safe, etc.? (Inspect.)

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Activity 4. Personal Property Issuance and Physical Inventories

Control Objective: Physical inventories are conducted in accordance with 410 DM 114-60.3.

1. How frequently are inventories conducted? (Spot check completed inventories.)
2. Who conducts the inventories? (Inventory team, personal property staff, accountable/custodial officers, etc.)
3. Describe any differences noted between items listed on the personal property records and located during the inventory. (Determine if patterns exist and corrective action taken.)
4. Does the organization utilize bar coding for conducting the physical inventories?
5. Has all system controlled personal property been identified with a property number? (Sight verify.)
6. Is all other personal property marked as U.S. Government property? (Sight verify.)
7. Are Receipts for Property (DI-105) used when personal property is issued? (Sight verify.)
8. Is personal property assigned to employees inventoried at time of employee transfer or separation? (Review documentation and process.)

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Activity 5. Receipt of Personal Property

Control Objective: Policies and basic requirements for properly documenting the receipt of personal property and services are followed as prescribed by 410 DM 114-60.5.

Control Techniques:

1. Have Receiving Officers (designated officials) been established? (How?)
2. Are copies of acquisition documents provided to the Receiving Officer to establish “due-in” personal property? (Sight verify.)
3. Are partial and final receiving reports prepared? (Sight verify.)
4. Are receiving reports forwarded to Finance in a timely fashion?
5. Have Receiving Officers (designated officials) been notified in writing that they are accountable for the personal property until it is assigned to another authorized employee and can be held financially responsible for missing/damaged/destroyed personal property if negligence is a factor in such loss or damage?
6. Are shortage, defects, damages by carrier/vendor verified and claims submitted as appropriate? (Sight verify.)

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Activity 6. Motor Vehicles

Control Objective: The bureau/office is in compliance with policies and procedures contained in the 412 Departmental Motor Vehicle Handbook and 41 CFR Part 101-38, Motor Equipment Management.

Control Techniques:

1. Are motor vehicles assigned to the organization listed on the personal property records? (Verify on-site vehicles with inventory listing.)
2. How many total vehicles do you have?
 - a. Number of Interior-owned vehicles?
 - b. Number of GSA vehicles?
 - c. Number of leased vehicles?
 - d. Other?
3. Are mandated MPG requirements considered during Interior vehicle acquisition planning? (Demonstrate how.)
4. Are Forms DI 120 (Vehicle Operator Records), or comparable documentation maintained on motor vehicles and other motorized equipment? (Sight verify.)
5. What actions are taken for vehicles not meeting the annual mileage/hours/usage standards? (Review actions.)
6. Are high-use vehicles rotated whenever possible? (Review process.)
7. Are vehicles "pooled" during the off season? (Review process.)
8. Is motorized equipment, which fails to meet minimum utilization standards, considered for transfer or disposal without replacement? (Review process.)
9. Is there a preventive maintenance program established? If yes, is it being adhered to? (Review records or logs.)
10. What maintenance facilities are available? Does the bureau maintain vehicles or are they maintained under contract?
11. Are separate maintenance records kept for each vehicle and heavy equipment? (Review records.)
12. Are any motor vehicles domiciled? Is this usage justified and approved? (Review approvals.)

13. When GSA commercial contractors are not used, what method is used to obtain leased vehicles? (Review process.)
14. How are vehicles protected from unauthorized use, damage or pilferage?
15. Are personal property controls in effect to prevent misuse of the Fleet Charge Card? (Review controls.)

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Activity 7. Utilization and Disposal

Control Objective: Utilization and Disposal of Personal Property is in accordance with policies and methods as prescribed by 41 CFR, Chapter 101, Subchapter H, Part 101-43.

Control Techniques:

1. Is excess personal property identified and reported on a timely basis on a SF-120 to GSA?
2. Are excess personal property listings used as a first source of supply?
3. Are excess personal property listings/reports routinely screened?
By whom?
4. Does the site handle lost and found personal property?
 - a. If yes, who is responsible for the care and handling?
 - b. What action is taken with lost and found personal property?
 - c. Are procedures in place for disposition?
5. When equipment reaches age/miles/hours requirements, is an analysis made of repair costs to determine economy of repair?
6. Are miles or hours recorded on equipment utilization records?
7. Are periodic follow-ups made on excess personal property reported to GSA to ensure disposal actions are complete?
8. Identify any specific problems related to GSA disposals. Is timely action taken by GSA to dispose of personal property?
9. Is unneeded personal property promptly identified and reported as available excess?
10. Is replaced personal property immediately reported as excess upon receipt of the new replacement item? (Compare receipts with excess reports.)
11. What procedures are followed in the disposal of excess electronic office equipment (i.e., computers, monitors, copiers, cell phones, etc.)? (Review procedures.)
12. Does the site utilize the Computers for Learning website for the donation of computers? (Verify on-line.)
13. What steps are taken for the disposal of unwanted surplus computers? (Review process, ensure that data is removed prior to disposal – see IRM Bulletin 2001-004.)

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Activity 8. Report of Survey Procedures

Control objective: Bureau/Office is in compliance with 410 DM subpart 114-60.8 - Survey procedures.

Control Techniques:

1. Have Survey authorities been appointed in writing? (View documents.)
2. Length of appointment?
3. How many and what types of authorities have been established during the reviewable period?
4. Are personal property management staffs available for technical guidance?
5. Has a copy of 410 DM 114-60 been provided to Survey authorities for guidance? (Check with the Survey authorities.)
6. Has all lost, damaged or destroyed personal property been surveyed?
7. What is the length of time between the report to Personal Property Management of loss/damage/destruction and the convening of the Survey authority?
8. Have any employees been held financially liable?
 - a. How many?
 - b. Amount of liability?
9. Have any such findings resulted in appeal? (Review surveys and appeals. Identify procedural errors.)
10. Are reviews of Reports of Survey being conducted?
 - a. By whom?
 - b. At what level?
11. Are Survey findings fully documented, justified and factual? (Review surveys.)
12. Is destruction of personal property witnessed as required and recorded on each Report of Survey/Certificate of Unserviceable Property? (Review documents.)
13. Does the site utilize the certificate of Unserviceable Property for personal property to be disposed of as a result of fair wear and tear? If not, describe document and procedures utilized.

**Personal Property Management Internal Control Review
Corrective Action Plan**

Bureau/Office: _____

Responsible Official: _____

Date: _____

Finding Number	Finding	Planned Corrective Action	Date Scheduled

**PERSONAL PROPERTY MANAGEMENT
INTERNAL CONTROL REVIEW
CLIENT OFFICE INFORMATION**

Office:

Location:

Point of Contact
at Client Office:

Telephone #:

Begin/End Dates of Review:

Review Technique: On-Site Visit Telephone Interview

Review Conducted by: (Names of Review Team Members and Organization)