

LOGISTICS MANAGEMENT POLICY

- 1. REASON FOR ISSUE.** VA Directive 7002 replaces VA Directive 7125, General Procedures, VA Directive 7127, Materiel Management Procedures, and applicable sections of VA Directive 7347, Accountability and Disposal of VA Firearms and Ammunitions. The intent is to eliminate the number of publications used by logistics personnel and to update VA logistics policy.
- 2. SUMMARY OF CHANGES.** This directive combines VA Directives 7125, 7127, and a portion of 7347 into one VA policy.
- 3. RESPONSIBLE OFFICE.** The Logistics Policy Division (001AL-P2) within the Office of Acquisition and Logistics (OAL) is responsible for the oversight of VA logistics programs. Any recommendations for modifications to VA personal property management policy must be sent through OAL for consideration, concurrence, approval, and issuance.
- 4. RELATED HANDBOOK.** VA Handbook 7002, Logistics Management Procedures.
- 5. RESCISSIONS.** VA Directive 7125, General Procedures, dated November 7, 1994 and VA Directive 7127, Materiel Management Procedures, dated September 19, 1995. Applicable sections of VA Directive 7347, Accountability and Disposal of VA Firearms and Ammunitions, dated March 5, 2007, are incorporated into this directive.

CERTIFIED BY:

/s/
Roger W. Baker
Assistant Secretary for
Information and Technology

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/
Glenn D. Haggstrom
Executive Director for Acquisition,
Logistics, and Construction

Distribution: Electronic Only

LOGISTICS MANAGEMENT POLICY

1. PURPOSE AND SCOPE. To strengthen and enhance VA logistics policy in accordance with Public Law 107-217, Public Buildings, Property, and Works (United States Code, Title 40) and the Code of Federal Regulations, Title 41, Public Contracts and Property Management (Federal Management Regulation (FMR)/Federal Property Management Regulations (FPMR)); and to increase security and accountability requirements vital for VA personal property.

2. POLICY. The Office of Acquisition and Logistics (OAL) has the departmental responsibility for personal property inventory management, utilization, and disposition. Inventories will be managed based upon the most effective and economical practices. All VA organizations, with the exception of the Office of Inspector General (OIG), will adhere to the policies and procedures set forth in this directive and the accompanying handbook. The OIG will adhere to VA OIG Directive 51-103 regarding accountability, and will adhere to FMR 102-36 and FPMR 101-42 regarding disposal. Upon request, the OIG will provide VA a copy of its firearm inventory.

3. RESPONSIBILITIES. The Deputy Assistant Secretary for the Office of Acquisitions and Logistics (DAS/OAL) is responsible for the oversight of VA logistics programs and policies. The Logistics Policy Division (001AL-P2A) is responsible for establishing consistent policies supporting VA logistics operations. Under Secretaries, Assistant Secretaries, and Other Key Officials shall develop, implement, maintain, and enforce a structured personal property program in order to carry out VA policy established herein.

4. REFERENCES.

- a. Title 41, Code of Federal Regulations, Public Contracts and Property Management, Chapter 101 of the Federal Property Management Regulations and Chapter 102 of the Federal Management Regulation.
- b. Federal Managers Financial Integrity Act of 1982.
- c. Office of Financial Policy Bulletin 96GA1-1, dated October 20, 1995.
- d. Public Law 108-199, Section 607, Consolidated Appropriations Act, 2004.
- e. VA Directive 0720, Program to Arm Department of Veterans Affairs Police, dated January 24, 2000.
- f. VA Directive 0730, Security and Law Enforcement, dated August 11, 2000.

PART 1. SUPPLY AND PERSONALLY OWNED PROPERTY.

1. Factors that will be considered in determining if an item will be included in the posted stock supply fund inventory are bulk purchase discounts, usage rates, and specialized requirements that would necessitate maintaining on-hand stock.
2. VA Form 2235 will be used for personally owned property placed in official/unofficial use. The facility Accountable Officer (AO), or designee, will ensure Engineering Service and Safety are aware of all personally owned property placed in use for the purposes of performing a safety inspection and ensuring space and utilities are available.

PART 2. ACCOUNTABILITY.

1. Responsibilities. Any employee who uses, supervises the use of, exercises control over, or has custody of public property in their personal possession or in possession of employees under their jurisdiction is responsible for such property.

- a. Personal responsibility for government property is the obligation of every employee, whether such property has been issued to, is specifically assigned for personal use, or is used by them on occasion.

- b. Supervisory responsibility is an obligation assumed by every employee who accepts an administrative or supervisory position in a service, section, or division of an organization.

- c. Staff responsibility is an obligation of the facility AO, or designee, to assure management that all government property assigned to the facility is accounted for and entered into the proper automated system.

- d. Custodial Officer Equipment Inventory Listing (EIL) responsibility is an obligation for the Custodial Officer (i.e., service chief, component head, or equivalent employee designated by the facility organizational director) to assume responsibility for nonexpendable property under their jurisdiction by signing their EIL. The Custodial Officer's signature acknowledges their responsibility to the AO for all property listed on their signed EIL. The Custodial Officer will remain responsible for such property unless relieved.

2. Accountability and Delegations.

- a. Administrations and Staff Offices. These organizations are tasked with ensuring AO support is established for all offices under their respective jurisdiction. The establishment of AO support functions for Veterans Benefits Administration (VBA) and National Cemetery Administration (NCA) will be accomplished through a support agreement or memorandum of agreement

(MOA) with the nearest Veterans Health Administration Medical Center or established AO facility.

b. The AO will be relieved of accountability for personal property when it is issued or transferred to another entity, disposed of in accordance with established excess procedures, reclassified to real property, or an approved adjustment voucher is posted to the perpetual inventory account.

c. AO Listings. Administrations shall submit a listing containing AO contact information for each VA facility within a Veterans Integrated Services Network (VISN), Memorial Integrated Service Network (MISN), or Veterans Benefits Administration regional office annually by the end of the fiscal year through the appropriate channels to OAL.

3. Relief of Equipment Inventory Listing (EIL) Custodial Officer Responsibility for Government Property. An employee will be officially relieved from their EIL Custodial Officer responsibility for government property if:

a. A valid receipt is secured and property is returned to the AO;

b. An inventory of all property for which a custodial officer is responsible has been inventoried by them and their successor, all overages and shortages properly adjusted, the EIL has the successor's signature, and signed copies of the EIL have been delivered to the AO, and;

c. An official facility clearance has been secured by the employee.

Note: Where vacancies remain unfilled, the acting service chief, as designated in writing, will assume EIL custodial official duties and responsibilities and sign for the EIL.

4. Transfer of Accountability. When an AO is relieved of official duties, all property accounts must be verified for completeness and accuracy before transfer of accountability is official (this process needs to be included in the HR clearance sheet for VA facilities). Formal accountability, as distinguished from liability, will be immediately transferred to the temporary or permanent successor who is designated via memorandum.

5. AO (AO)

a. In VA Central Office (VACO), the AO is the DAS for Administration (03) and shall provide OAL with the AO delegation letter and contact information.

b. All VHA field facilities shall establish AO positions. At these facilities, the AO designation will be designated in writing by the director. The AO shall be the individual at each facility responsible for Logistics Services' personal property

management functions and can further delegate responsibility in writing to carry out the day-to-day requirements. However, further delegation does not relieve the AO of overall responsibility concerning property accountability.

c. The facility AO shall be a senior manager who maintains the facility's inventory accounts, has oversight over personal property assets, and assigns staff personnel to receive and manage those assets.

d. This manager is responsible for accounting for all personal Federal property assigned to the facility and for documenting all transactions affecting personal property.

6. Logistics Liaison Office: Each VA Administration will establish a designated office as a liaison on logistical matters which will report to the VA Executive Director, Office of Acquisition, Logistics, and Construction (OALC) through the (DAS/OAL). OAL will be accountable for all logistics activities and will ensure compliance with all federal laws and VA logistics rules and regulations.

7. VA Administrations (VHA, VBA, and NCA) and VACO (032D) will establish performance metrics (i.e. Key Performance Indicators) to measure the effectiveness of their personal property management program (to include both expendable and nonexpendable property) and to preclude fraud, waste, and abuse in accordance with the Government Performance and Results Act (GPRA) and the Financial Managers Financial Integrity Act (FMFIA). Administrations will provide a copy of the performance metrics report to the Associate Deputy Assistant Secretary (ADAS) for Acquisition and Logistics Programs and Policy (001AL-P) in VA Central Office.

PART 3. CLASSIFICATION OF PROPERTY. The Centralized Acquisition Analysis Team within the Office of Business Services (001AL-A2-1) under the National Acquisition Center (NAC) will classify property. Property will be classified as real property (e.g., buildings, land, building service equipment) or personal Federal property (expendable or nonexpendable).

1. Federal Personal Property (expendable or nonexpendable) classifications will not be revised unless authorized by the Deputy Assistant Secretary for the Office of Acquisition and Logistics (DAS/OAL).

2. Expendable Property

a. DAS/OAL is responsible for the classification of standard items or categories of items in accordance with the federal supply catalog system to support the federal inventory system, e.g., equipment using Category Stock Numbers (CSN) or supplies with National Stock Numbers (NSN).

b. Expendable items will have an NSN assigned by the Centralized Acquisition Analysis Division (CAAD) in accordance with Public Law 82-436 and FPMR 101-30.202. In addition, the CAAD is responsible for assisting in the standardization of personal property within VA.

c. Sensitive expendable property will be under the control and responsibility of the Office of Information and Technology (OI&T) in accordance with VA Directive and Handbook 6500.

3. Nonexpendable Property

a. A nonexpendable equipment item will have a CSN assigned; nonexpendable equipment items with assigned CSNs will be found in VA Catalog Number 3, section V. The CAAD will assign a CSN to new nonexpendable equipment items.

b. Sensitive property shall be subject to more stringent controls than other property. Property is classified as sensitive, regardless of cost, due to its capability to contain sensitive information, when it is subject to pilferage, or when it may be easily converted to personal use. Facilities may identify additional items as sensitive property.

4. Special Classifications. For the purpose of accounting control, all government-owned personal property has been further classified as Supply Fund, Non-Supply Fund (Appropriated), Trust Fund, Compensated Work Therapy (CWT), Medical Care Collections Fund (MCCF) and Recyclable Fund property.

PART 4. ACCOUNTING REQUIREMENTS.

1. Property Voucher, Register, and File

a. Documents for receipts, services, transfers, and miscellaneous transactions (e.g., turn-ins, donations, excess documents, Reports of Survey, and inventory adjustments) will be assigned computer-generated common numbers from the appropriately assigned series obtained from the facility computerized accountability system each fiscal year as established by the Fiscal/Financial Service (currently this is the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement program). Copies of nonexpendable receipts for property will be filed with the appropriate EIL and will be maintained for three fiscal years (one year active and two years inactive).

b. The AO shall have oversight of all Controlled Substances (to include all Schedule II and III controlled substances) and will ensure that appropriate procedures are in place for their proper tracking.

(1) The facility AO, or their designee, is required to be involved in the immediate receipt and inspection of all incoming shipments of controlled substances and narcotics, and in the turn-in and disposal processes of these items.

(2) The facility AO will maintain an electronic file of invoice copies for all delivered controlled items.

(3) The facility AO shall participate in audits of controlled items with the facility controlled items inspection official/team.

Note: The AO, or designee, must not be under the supervision of the Chief, Pharmacy Service. The only exception is the Consolidated Mail Outpatient Pharmacy (CMOP) in which the Logistics Manager shall be under the direct authority of the CMOP Director. Any AO designee at the CMOP will be under the direct authority of the Logistics Manager.

2. Validity of Vouchers

a. Representatives of contracting officers shall be designated for accepting and receipting supplies and equipment in accordance with VA Acquisition Regulation (VAAR) 801.603-71. Signature (written or electronic) of the contracting officer or designee (e.g., receiving personnel) must certify the receipt and acceptance of property that was purchased on behalf of the contracting officer.

b. Documentation (e.g., receiving reports, VA Form 2237, issue book, picking ticket) must contain an appropriate signature of a person having delegated authority to sign such documentation. All vouchers will bear the date on which actual receipt, issue, disposal, transfer, or adjustment is accomplished.

c. Adjustments to all perpetual inventory accounts shall be signed by the AO or designee.

d. It is the responsibility of the receiving facility to ensure that receiving reports for items purchased or requisitioned from or by the Veterans Affairs NAC, VACO, or any centralized procurement activity are accomplished by facility personnel authorized to receipt for equipment and supplies in accordance with (2) (a) of this section. The requesting program official of the centralized ordering activity will be responsible for providing advance copies of purchase order information (either in hard copy or electronic format) to each facility scheduled to receive items prior to their arrival.

3. Receipt of Security Items. The AO, or designee, must be involved in the receipt of the following items: Schedules I and II Controlled Substances; Schedule III Narcotics and Controlled Substances; alcoholic preparation fit for beverage consumption; firearms; ammunition; software; and precious metals.

Software costing \$5,000 or more will be accounted for in the appropriate automated inventory system, tagged with the applicable equipment entry number (EE#), and inventoried annually.

4. Receipt of Equipment and Supplies. All vendor deliveries of equipment, unposted supplies, processed stores supplies, and government purchase card procurements will be made to the authorized receiving activity to ensure proper inspection, distribution, and processing of receiving reports.

5. Free, Donated or Leased Personal Property

a. Free or donated personal property given to a facility with the understanding (written or verbal) that the facility must purchase the donor's products is strictly prohibited.

b. Property donated to VA as a gift or bequest by a manufacturer, an individual, or service organization will be recorded in the inventory account as Trust Fund property.

c. Cost-per-test equipment must be recorded in the appropriate automated inventory system as leased equipment with a notation in the comments or specifications field that it is cost-per-test equipment.

d. Unclaimed property and voluntarily abandoned property have special procedures which are delineated in the accompanying handbook.

6. Credit Memorandums

a. All Credit Memorandums will be forwarded to the fiscal activity for processing and routed to Logistics Services for determination of the appropriation or fund control point from the original order.

b. Credit memorandum listings prepared by Fiscal Service will be forwarded to Logistics Services for action. If no future purchases from the vendor are anticipated, Logistics Services will request collection action through Fiscal Service.

c. Credits pertaining to purchase card orders must be processed against the applicable purchase card and will be reconciled in accordance with VA Handbook 4080.

7. Sales of Special Items

a. Beneficiary Items. Sales documents and receiving reports containing items for direct release to a beneficiary will be annotated to identify each such item.

b. Sales to Veterans Canteen Service. Posted stock sold to the Canteen Service will be processed as an issue book request through the authorized automated computerized inventory program maintained by Logistics Services.

c. Burial Flags. Upon receipt of properly executed sections of VA Form 2008, Application for United States Flag for Burial Purposes, Logistics Services will furnish replacement burial flags to authorized issue points.

d. Limitations

(1) Narcotics, alcohol products, and drugs for therapeutic use will be sold only to the Chief, Pharmacy Service, or designee.

(2) Absolute alcohol will be issued only in original containers. Sales will be confined to the Chief, Pharmacy Service; Chief, Pathology and Laboratory Medicine Service; and Chief, Research and Development Service.

e. Subsistence for Other Approved Programs. Subsistence required by other services for approved programs will be issued to the service involved in accordance with VHA Manual M-2, Part III, Paragraph 5.07.

f. Implantables. The AO will ensure that implantables (i.e. pacemakers, etc.) are being tracked and inventoried in the appropriate system. Implantable devices must be tracked throughout their life cycle (cradle to grave) in accordance with the Safe Medical Device Safe Act.

8. Delivery of Nonexpendable Property. A receipt signature of the EIL custodial officer, or designee, will be obtained upon delivery of nonexpendable property utilizing a properly executed document. The AO or designee will establish an equipment record for all nonexpendable property in the authorized automated inventory system. A property voucher copy of the receiving report may be used.

9. Processed Stores/Office Supplies. Logistics Services will ensure that an authorized method of inventory control (preferably automated) is in place for all office supply items contained in processed stores.

10. Turn-ins. All property turn-ins will be tracked through final disposition. The authorized automated turn-in package, i.e., Equipment Request/Turn-In Package, will be utilized to the maximum extent possible for all nonexpendable property.

11. Expendable Property

a. Expendable property that is no longer needed or that is in long supply will be deemed as unrequired and will be turned in to Logistics Services for utilization or disposition.

b. Serviceable supplies turned in to Logistics Services will be redistributed to other issue points within the facility to fill immediate needs. If not needed within the facility the supplies will be offered to other VA facilities for re-utilization where the need exists, and entered into the Agency Asset Management System (AAMS).

c. Property turned in to Logistics Services that is neither serviceable nor economically repairable shall be evaluated by Logistics Services to determine if it has value for its scrap content or if it meets the criteria for recycling. Unrequired property should be recycled if at all possible.

d. Drugs, biologicals, and reagents (serviceable and unserviceable) eligible for exchange or allowance with the vendor/manufacturer will not be picked up in VA excess accounts. Items ineligible for exchange or allowance will be processed for disposition in accordance with VA Directive and Handbook 7348.

12. Nonexpendable Property

a. When property is serviceable or economically repairable, it shall be reissued and accountability will be transferred to the applicable EIL.

b. When property is serviceable or economically repairable and is deemed unrequired by the facility, but has not yet been determined to be excess to VA, it will be advertised to other VA facilities through the appropriate reporting system in accordance with VA Directive and Handbook 7348.

13. Leased (Rental) Personal Property

a. Personal property leased or rented for a period exceeding 90 days will be bar-coded and recorded in the appropriate EIL.

b. A copy of the lease document and other conditions pertinent to the lease will be maintained in the appropriate EIL.

Note: Equipment leased or rented for a beneficiary's home use is exempt from this provision.

14. Adjustment Vouchers. Adjustment vouchers will be used to process appropriate modifications to perpetual inventory accounts and general ledger

accounts and to correct erroneous posting data. An adjustment voucher recap report captured from the authorized automated inventory system will be reviewed, signed, and dated on a monthly basis by the AO or designee.

15. Review of Adjustment Vouchers. If an Adjustment Voucher and/or Journal Voucher is required due to government property being lost, stolen, or damaged, a Report of Survey action must be completed. Adjustment vouchers for discrepancies over \$5,000 require a Board of Survey action. A copy of such voucher, along with appropriate supporting documentation, must be forwarded to VACO, Office of the DAS/OAL.

16. Survey Action. A copy of the Report of Survey will be filed with the adjustment voucher to support entries made to the inventory account.

17. Adjustment of Discrepancies Between Receiving Reports and Invoices. Invoices that do not coincide with receiving reports in quantity and price will be brought to the attention of the contracting officer, who will make a written determination for the record as to whether payment will be made or further contact with the vendor is required. Purchase card orders require an amendment for all discrepancies over the threshold amount established in accordance with VA Handbook 4080, Government Purchase Card Procedures, and local procedures. All adjustments will be made in the appropriate accountability system.

18. Property Acquired Under Research Contracts. Personal property acquired under research contracts will be maintained in accordance with Title 31 USCS §6306, Authority to Vest Title in Tangible Personal Property for Research, and Federal Acquisition Regulation (FAR) Part 35, Research and Development Contracting.

19. Retention or Transfer of Title. Title to personal property acquired under research contracts may vest in the research contractor or the government in accordance with Title 31 USCS §6306, Authority to Vest Title in Tangible Personal Property for Research, and Federal Acquisition Regulation (FAR) Part 35.014, Government Property and Title.

20. Research Contracts Property Records. Personal property records for VA property furnished to contractors under research contracts, or any other contract providing a contractor with government furnished equipment (GFE), will be maintained in accordance with FAR Part 45.105, Records of Government Property.

PART 5. USE STANDARDS. The Use Standards established for VA are in accordance with FPMR 101-25.301.

1. In authorizing specific items for use, it must be determined that the item benefits VA.
2. Items shall not be put into use for the sole purpose of benefiting an employee/contractor or certain group of personnel, with the exception of safety considerations or handicapped persons.
3. Generally, kitchen appliances shall not be purchased utilizing appropriated funds for employee use (exceptions noted in the handbook).
4. In accordance with Public Law 110-161, Consolidated Appropriations Act of 2008, VA has established a limit of \$5,000 for furnishing or redecorating any employee office area, including executive level employee areas (GS 15 and SES). This limit applies to conference rooms, briefing rooms, and reception areas supporting or serving the individual's personal office.

PART 6. REPLACEMENT STANDARDS.

1. VA replacement standards are a required method VA employs to maximize the utilization of personal property. They provide policy and guidance in support of FPMR 101-25.4 for the replacement of equipment and furniture.
2. Each administration will ensure VA and federal mandates are adhered to regarding premature replacement, trade-in allowances, and accurate disbursement of funds received from sales.

PART 7. HAZARDOUS PRODUCT/EQUIPMENT REPORTING. The identification, tracking, and removal of potentially hazardous products that could endanger the life or safety of VA beneficiaries, visitors, or employees will be adhered to in accordance with established federal and VA policies. The identification of hazardous material will be in accordance with FPMR 101-42.002.

1. The facility director will designate a program coordinator for hazardous materials who will work with the AO to ensure inventory management and disposal actions are properly executed.
2. Hazardous products and materials will be reported to the designated coordinator at the facility.
3. The program coordinator shall consult with appropriate authority to determine to what extent the hazard may affect the safety of the facility.
4. Action to limit, restrict, or remove the product from use will be immediately implemented.

5. Proper hazardous warning labels must be posted on outside doors of ammunition storage areas.

PART 8. PHYSICAL INVENTORIES.

1. Expendable Inventories (Supplies). Items repetitively purchased will be maintained in the authorized automated inventory system, currently Generic Inventory Package (GIP). Stock levels will be established in coordination with the using activity for each repetitively used item.

a. A complete physical inventory of all stock will be taken annually. The minimum acceptable accuracy rate is 95 percent.

b. Controlled substances require a biennial inventory in accordance with the Controlled Substance Act, Public Law 91-513 (reference 21 CFR §1304.11).

c. Ammunition will be inventoried, recorded, and tracked in an authorized VA automated perpetual inventory system. At a minimum, a physical inventory of ammunition will be conducted on a semiannual basis by the organization authorized to carry firearms and the facility AO, or designee. If discrepancies are found, i.e., missing firearms and/or ammunition, quarterly inventories will be required by that facility thereafter. Data resulting from all internal inventories of firearms will be provided to the facility AO or designee upon request.

2. Nonexpendable Inventories (Equipment). Nonexpendable property in using activities will be only the amount necessary to perform the assigned functions. Using activities will continually evaluate the need for assigned equipment. When unrequired property is identified, it will be turned-in for reassignment, reutilization, or disposal.

a. All property requires basic accountability.

b. Sensitive items, regardless of cost, and property valued at \$5,000 or greater will be considered as accountable and maintained in the automated equipment inventory system, listed on the appropriate EIL, and inventoried annually. This includes loans to and from VA of nonexpendable property.

c. All firearms, regardless of cost, will be recorded, inventoried, and tracked in an authorized VA automated equipment inventory system. At a minimum, a physical inventory of firearms will be conducted on a semiannual basis by the organization authorized to carry firearms and the facility AO, or designee. If discrepancies are found, i.e., missing firearms and/or ammunition, quarterly inventories will be required by that facility thereafter. Data resulting from all internal inventories of firearms will be provided to the facility AO or designee upon request.

d. Property costing \$100,000 or more will be accounted for as capitalized, maintained in the automated equipment inventory system, listed on the appropriate EIL, and inventoried annually. Logistics Service records will be reconciled with fiscal records on a monthly basis for all capitalized nonexpendable property.

e. EILs that have a 95 percent or above accuracy rate will be required to be inventoried annually. EILs that fall below a 95 percent accuracy rate will be inventoried again in six months. Exception: firearms and ammunition must be inventoried semiannually at a minimum.

f. All completed EIL inventories will have a five percent verification inventory conducted by the AO or designee, a disinterested party, and the custodial officer or designee.

PART 9. INVENTORY ACCOUNTING.

1. Accounting Methods

a. Automated inventory accounting systems for expendable and nonexpendable inventories will be utilized at field facilities to provide data for inventory management, financial management, and reporting needs.

b. For proper identification and control of property, a National Stock Number (NSN) field will be included in any automated inventory system and will be populated to the maximum extent possible in accordance with cataloging regulations (reference 41 CFR 101-30.202 and 101-30.501).

c. The Category Stock Number (CSN) field in the automated equipment inventory system is required for all nonexpendable items.

2. Equipment Inventory Listing

a. VACO Deputy Assistant Secretaries or staff office directors will be designated as custodial officers and will assume responsibility for nonexpendable property assigned to their organization. This responsibility may be delegated to an ADAS or a service director within an organization.

b. The facility director shall designate, in writing, one employee to each of the various services/activities (e.g., service lines, sections of service lines, departments) to assume custodial officer responsibility for assigned nonexpendable property (maintained on appropriate EIL). The facility director will coordinate with the Chief, Information Technology, before designating an IT EIL Custodial Officer charged with management oversight responsibilities over all IT equipment. Designations will be confined to members of the director's immediate staff, normally division and service chiefs. An exception may be made

in research activities by designating either the research coordinator or the individual investigator as the custodial officer.

c. A custodial officer who designates, in writing, an employee to act in their behalf in performing inventory management functions does not relinquish responsibility as the custodial officer.

d. The EIL will be kept current and accurate. Upon receipt by Logistics Services, any required updates will be processed within five working days. Any modifications to the signed EIL will be supported by documentation that will be filed with the EIL until the next scheduled inventory.

e. Each EIL will be assigned a number in accordance with standardized department numbers.

3. Reporting Requirements

a. Reconciliation of standard general ledger accounts is a department-wide requirement of Logistics Services and Fiscal or Financial Services (VHA, VBA, NCA, etc.) and will be accomplished at the end of each month.

b. Each VA facility will provide a year-end certification of property signed by the facility director, financial officer, and AO, to the appropriate office as specified in the Year-End Financial Reports and Statements Certification memorandum sent annually from the VACO Chief Financial Officer prior to the end of the fiscal year. Facility directors will certify as a separate line item on the annual year-end certification report that firearm and ammunition inventories were conducted.

4. Receiving and Sales. A copy of the signed receiving report or VA Form 2237 is the required document for receipts and/or sales for nonexpendable property and will be filed in the appropriate EIL.

5. Equipment Installed as Part of Initial Construction. Nonexpendable property installed as part of initial construction will, on completion of the project, be picked up in property records at the acquisition value or the current market value.

PART 10. REPORT OF SURVEY PROGRAM. The Report of Survey (ROS) program is the required method used to obtain an explanation of the circumstances surrounding the loss, damage, or destruction of government property.

1. Any employee who detects a loss of or observes damage to government property will immediately make an oral report to the supervisor who, in turn, will advise the VA police (if required) and Logistics Services.

2. If the item contains sensitive information, the Information Security Officer must be notified within 1 hour after realization of loss by the employee (reference OMB Memorandum 6-19).
3. It is mandatory to establish a board of survey comprised of three impartial and qualified members when there exists the possibility of assigning pecuniary liability to an individual or the value of the loss/damage is \$5,000 or greater.
4. A ROS register is required to be maintained by the facility AO on a fiscal year basis.
5. The overall ROS process will not exceed 60 days unless there is the possibility of pecuniary liability or there is an ongoing law enforcement investigation.

PART 11. LOAN OF PROPERTY.

1. Loans of VA Personal Property. Loans of VA property to employees and non-employees are authorized when they support VA's mission, goals, and objectives and are for the convenience of the government. VA facility Directors and the VACO DAS for Administration (03) have the responsibility for management oversight and accountability of VA property. As such, these individuals have the option of designating loan approval authority to AOs and Information Technology (IT) EIL Custodial Officers for the purpose of enhancing security and accountability requirements for the loaned property. The AO and IT EIL officers are responsible for verifying, issuing, and tracking VA property loans. In addition, if the property loaned contains sensitive data, the Information Security Officer (ISO) will also sign the loan form. Facility directors or the VACO DAS for Administration will be responsible for personally approving loan requests if no designations of this responsibility are made.
2. Loans of Personal Property to VA. Loans will be confined to those from other VA facilities, other government agencies; or local, state, and charitable institutions. Loans will be accepted through the AO and the facility director.
3. Affiliated Institution-owned or Institution-administered Grant Fund Purchased Equipment Utilized by a VA Investigator. Equipment owned by an affiliated institution or purchased by such institution from grant funds to be used by a VA investigator in a research project at a VA installation will be accounted for in the appropriate VA property accountability system regardless of cost of the equipment. The investigator or designee responsible for all such equipment will maintain a jacket file on the equipment.

4. Issuance of VA Owned Property by Revocable License

a. The facility director may authorize, through Logistics Services, the issuance of personal property by revocable license to an institution, organization, or other authorized group. Duration of the license will not exceed a 1-year period.

b. Each request for a revocable license will be forwarded to the District Counsel for review and concurrence prior to implementation of the loan. Request for renewal of an existing license agreement will require the facility director's approval and review and concurrence of the District Counsel.

c. Upon expiration of the license, the property will be promptly returned to the field facility by the licensee.

PART 12. MISCELLANEOUS SPECIAL REQUIREMENTS.

1. Scales used in weighing shipments, gasoline pumps and other similar devices when deemed necessary by the facility head, will be tested once each year at a minimum or more often if local law or ordinance so requires. Any requirements for inspections of these items will be coordinated with the Chief of Engineering Service.

2. Schedules I and II controlled substances, precious metals, vehicle titles, and certificates of origin will be maintained in a safe, vault, or other type of depository as defined in U.S.C, Title 21, § 812.

3. Custody of combinations to safes, vaults, or depositories will be kept under the jurisdiction of the facility director. Combinations will be changed every five years, when the equipment is initially placed in use, when changes in personnel occur, or when deemed necessary by the facility director.

4. Gifts or donations can be accepted in accordance with U.S.C, Title 38, § 8301.

5. The facility AO must receive annual logistical training. Documentation of the required training will be made part of the employee's personnel file.

PART 13. CONTROL AND INVENTORY OF INFORMATION TECHNOLOGY EQUIPMENT.

1. The Veterans Affairs Chief Information Officer (CIO) is responsible, at the Department level, for ensuring the integrity and security of VA's IT assets, including physical inventory as well as data protection and the sanitization of data when IT resources are retired from service.

2. Facility directors will delegate, via a signed Delegation of Authority memo, IT equipment inventory responsibilities to the IT Custodial Officer tailored to the unique constraints of the facility.
3. Each facility's IT Custodial Officer shall institute procedures necessary to ensure full accountability for nonexpendable IT equipment items including sensitive equipment items regardless of cost, from receipt of the item through sanitization and disposal. The IT Custodial Officer should include the facility Information Security Officers (ISO) to facilitate all phases of the media sanitization and disposal program. Sensitive and removable media items will be handled in accordance with VA Handbook 6500. Sanitization and disposal of electronic media will be handled in accordance with VA Handbook 6500.1 and Memorandum for Media Sanitization for Technology with Data Storage Capabilities (dated September 1, 2006).
4. For IT equipment assigned exclusively for individual use, a loan form will be signed by the receiving employee who shall agree not to process or save any sensitive information on the equipment, not to install any software on the equipment, not to add any additional hardware or make any changes to current hardware configurations, and to always maintain possession of the assigned equipment.
5. VA sensitive information must be in a VA protected environment at all times or it must be encrypted in accordance with VA Directive 6500. VA employees are responsible for ensuring the security of VA information and the equipment items on which it resides, whether the equipment is entrusted to them solely for their use or used by them on occasion.
6. IT equipment procured with a government purchase card will be entered into the proper EIL and included in the physical inventory along with all other IT equipment items.
7. All IT equipment will be maintained in an automated equipment inventory system and will be listed on the proper EIL which will be in the 78 series in accordance with established Standardized EIL Department Numbers.
8. Prior to disposal of residual magnetic, optical, electrical, or other representation of data that contains personally identifiable information must be sanitized and ensured that the data is not recoverable. VA media sanitization procedures must be followed as documented in VA Handbook 6500.1 and Memorandum for Media Sanitization for Technology with Data Storage Capabilities. The ISO should serve as the point of contact to facilitate the IT Custodial Officer in disposal and media sanitization procedures. It must be ensured that all data is completely removed from equipment before it is

decommissioned and in cases where the data cannot readily be removed, the media should be destroyed in accordance with media sanitization guidance.

9. Whenever an individual identifies that nonexpendable IT property (including sensitive items regardless of cost) cannot be accounted for and a potential loss of sensitive data exists, the event or occurrence must be reported immediately, within one hour of the detection of the potential loss, to the facility's ISO and/or Privacy Officer, IT Custodial Officer, as well as to his/her supervisor. If these individuals are not available, a user can report an event directly to the VA-NSOC's hotline number, which is available 24 hours a day, seven days a week. The number is 1-866-407-1566. An email can also be sent to the vasoc@va.gov. Information that should be included are as follows: (a) Who was involved in the event (include your own contact information), (b) What exactly occurred? What information and equipment were involved? (c) where the event took place? Was it in a VA protected environment? (d) When the event was discovered and by whom (date, time, time zone, and contact information), and (e) How many individuals may be potentially negatively impacted by the event. (Reference VA Handbook 6500.2, Management of Security and Privacy incidents dated 6/17/08).

10. IT equipment storage locations must be physically secured under the same guidelines as established for computer rooms/data centers in National Institute of Standards and Technology (NIST) Special Publication 800-53, Paragraph PE-3. Access to these areas will be restricted to authorized IT staff with the written approval of the IT Custodial Officer and ISO at each facility. Collaboration between IT and Security and Law Enforcement is essential in ensuring protection of sensitive information.

11. The VA CIO is responsible, at the Department level, for ensuring the integrity and security of VA's IT assets, including physical inventory as well as data protection and the sanitization of data when IT resources are retired from service.

12. Training of personnel in both inventory control and the protection of sensitive and personally identifiable information will be standardized by functional role throughout the facility and conducted on a periodic basis (no less than annually). Personnel without any direct inventory control responsibilities will be provided familiarization training including an overview of the inventory control and accountability program, protection of sensitive information, hand receipt requirements, and proper handling of inventory movement. All new personnel will receive training in their responsibilities related to IT inventory control before accessing the IT system.