

PERSONAL PROPERTY MANAGEMENT DIRECTIVE

I. PURPOSE

This Directive establishes the Department of Homeland Security (DHS) policies and procedures for managing personal property. It also assigns responsibilities for managing personal property to effectively carry out the responsibilities of accountability, use, maintenance, protection, transfer, and disposition of personal property.

II. SCOPE

This Directive applies to all DHS Organizational Elements (OEs). Each OE may augment this Directive with more stringent internal policies and procedures. All supplemental internal policies must be coordinated with DHS' Office of Asset Management to confirm compatibility with the DHS policy.

III. AUTHORITIES

The following Acts, Regulations, and Standards govern this Directive:

- A. "The Federal Property and Administrative Services Act of 1949," 40 USC 482, et. seq.
- B. "Hazardous Materials Transportation Act," 93 Pub.L. 633, as amended.
- C. "Resource Conservation and Recovery Act," 94 Pub.L. 580, as amended.
- D. "Toxic Substances Control Act," 94 Pub.L. 469, as amended.
- E. "Chief Financial Officers Act of 1990," as amended.
- F. Federal Management Regulations (FMR), 41 CFR 102.
- G. Federal Property Management Regulations (FPMR), 41 CFR 101.

- H. 5 C.F.R. Part 2635, "Standards of Ethical Conduct for Employees of the Executive Branch."
- I. Federal Acquisition Regulation, Part 45, Government Property.
- J. Statement of Federal Financial Accounting Standards (SFFAS) #6, "Accounting for Property, Plant, and Equipment (PP&E)."
- K. Statement of Federal Financial Accounting Standards (SFFAS) #8, "Supplementary Stewardship Reporting."
- L. Statement of Federal Financial Accounting Standards (SFFAS) #10, "Accounting for Internal Use Software."
- M. Statement of Federal Financial Accounting Standards (SFFAS) #11, "Amendments to Accounting for PP&E: Definitions."
- N. Joint Financial Management Improvement Program (JFMIP), "Property Management Systems Requirements."
- O. DHS Management Directive 0010.1. "Management Directives and DHS Announcements."
- P. DHS MD 1010. "Accepting Foreign Gifts and Decorations."
- Q. DHS MD 1120.1. "Capitalization and Inventory of Personal Property."

IV. DEFINITIONS

- A. **Accountable Property Officer (APO):** The individual responsible for the accountability and control of personal property within his/her jurisdiction. The responsibility may be a collateral duty designated to an individual with a different title within the organization.
- B. **Accountable Personal Property:** Personal property with an initial acquisition cost at, or above, a specific threshold, and items designated as sensitive, that are recorded in the organization's automated control system, which contains, at a minimum, the mandatory requirements set forth in the JFMIP Property Management System Requirements.
- C. **Acquisition:** To procure, purchase, or obtain personal property in accordance with Federal Acquisition Regulations and DHS Management Directives, including, but not limited to, transfer, donation, forfeiture, manufacture, or production at government-owned plants or other facilities.

D. **Administratively Controlled Property**: Items below \$5,000 that are not recorded as sensitive, which are subject to reasonable controls relative to property values. At a minimum, consumable property (supplies and spare parts) should have a double entry noting what was received and to whom it was issued

E. **Capitalization**: Recording and carrying forward an expense into one or more future periods, which results in expensing the cost of an asset over the remainder of its useful life by matching the benefit, gained from that expenditure, with the associated cost.

F. **Capital Leases**: Leases that transfer substantially all the benefits and risks of ownership to the lessee and that meet at least one of the following criteria:

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains an option to purchase the leased property at a bargain price.
3. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
4. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

G. **Capitalized Personal Property**: Personal property that has an estimated service life of two years or more and is acquired at or above a specified cost established in DHS Management Directive 1120.1.

H. **Dangerous Property**: Items of harmful potential such as weapons, ammunition, and dual-use property that can be converted to terrorist use. Dangerous property will be subject to life cycle management.

I. **Depreciation**: The systematic, rational allocation and periodic accounting entries made in financial records to reflect decreases in the value of property through age, wear, deterioration, or obsolescence over its estimated useful life.

J. **Excess Personal Property**: Personal property that is no longer required by DHS OEs in the performance of their duties.

- K. **Hazardous Property**: Personal property components or material that are deemed hazardous, chemical substances or mixtures, or hazardous waste as defined under the Hazardous Materials Transportation Act (HMTA), the Resource Conservation and Recovery Act (RCRA), or the Toxic Substances Control Act (TSCA). Such items are recognized by Material Safety Data Sheets or Hazardous Material Information Sheets. This property is subject to life cycle management.
- L. **Idle Property**: Personal property that is not being used by the OE.
- M. **Life-Cycle Management**: All direct costs associated with a program and indirect costs that can be linked to a program. Life-cycle management also includes certifications of reviewing officials on all relative documentation.
- N. **Maintenance**: The act of cleaning, servicing, and repairing equipment to ensure that items are in operational condition.
- O. **Personal Property**: Tangible and intangible property that can be physically moved from place to place.
- P. **Physical Inventory**: A physical count of items for the purpose of verifying the actual items on hand against those recorded on the personal property record. A physical inventory consists of sighting, viewing, tagging or otherwise marking, determining condition, describing, reconciling of exceptions, recording, and reporting inventory completion.
- Q. **Property Custodian (PC)**: An individual assigned day-to-day stewardship for personal property in a particular area or OE. The designation of PC may or may not correspond to the individual's official job title.
- R. **Property Management Officer (PMO)**: An official responsible for ensuring compliance with internal policies and Government-wide regulations regarding the acquisition, receipt, accountability, utilization, distribution, and disposal of personal property.
- S. **Property, Plant and Equipment (PP&E)**: Tangible assets that have an estimated useful life of two years or more, are not intended for sale in the ordinary course of operations and have been acquired or constructed with the intention of being used or made available for use by the organization. PP&E also includes real property that is covered under Management Directive 0560.

T. **Sensitive Personal Property:** Personal property requiring a high degree of protection and control due to its high-risk nature or its inherent attractiveness, portability, and/or sensitivity. This type of property must be recorded in a formal personal property system. Sensitive personal property includes, but is not limited to, the following property categories regardless of dollar value:

1. Dangerous and hazardous property.
2. Firearms, including drill weapons, stun guns and shock weapons such as stun belts with or without serial numbers.
3. Property with data storage capability.
4. Inherently portable property and property that can easily be converted to private use or has high potential for theft, such as laptop computers and personal computing devices.
5. All property authorized for processing and/or storing classified information.

V. RESPONSIBILITIES:

A. **Chief of Administrative Services:** The Chief of Administrative Services is responsible for oversight of the Department's Property Management Program.

B. **Director of Asset Management:** The Director of Asset Management is responsible for the overall management of personal property programs within the Department. This authority is delegated, in writing, by the Chief of Administrative Services, and includes:

1. Ensuring that the Personal Property Management Program is carried out according to established procedures.
2. Establishing thresholds for accountability and control.
3. Prescribing Departmental rules and procedures.
4. Providing Departmental oversight for OE property programs.
5. Managing Departmental property management control and accountability systems.

C. **Head of the OE:** The Head of each OE is responsible for:

1. Effective administration, maintenance, accountability, and control of its property and equipment.
2. Establishing internal control systems to ensure management accountability, and providing optimum protection against fraud, waste, misuse and abuse of Government property during the acquisition, receipt, use, movement, maintenance, and disposal cycles.
3. Providing sufficient resources to carry out property management functions.
4. Designating a PMO in writing for each organization.
5. Providing internal oversight for property management activities.

D. **Property Management Officer (PMO)**: The PMO shall be delegated the following personal property management responsibilities, in writing:

1. Maintaining an effective Personal Property Management Program within his/her area of jurisdiction.
2. Ensuring that reports for lost, missing, or damaged (beyond normal wear and tear) items are properly and promptly reported on a Report of Survey, and summoning a Board of Survey, if required.
3. Providing technical assistance to the Board of Survey, including information pertaining to the acquisition, use, value, age, and accountability of the property involved.
4. Evaluating local program effectiveness and implementing actions to improve property accountability.
5. Establishing controls to ensure locally acquired assets, meeting the accountable thresholds (mandatory tracking requirements), are recorded in the personal property system.
6. Ensuring that APOs and PCs within his/her jurisdiction receive proper training to effectively perform personal property management duties and responsibilities, and are designated in writing.
7. Designating an excess property coordinator to receive, circulate, and transfer excess property for internal screening

between other OE's within DHS.

E. **Accountable Property Officer (APO)**: The responsibilities of the APO shall be delegated in writing and include, at a minimum, the following responsibilities:

1. Designate custodial areas and Property Custodians to manage the property within that specified area.
2. Ensure all Property Custodians are properly trained in the local processes and procedures.
3. Ensure that all property transactions, including acquisitions, transfers, and disposals, are recorded in the designated accountable property system.
4. Develop procedures for Property Custodians to conduct required physical inventories of personal property meeting the criteria established by this Directive, and ensure that all discrepancies are promptly reconciled.

F. **Property Custodian (PC)**: Each PC is responsible for the day-to-day support of the Personal Property Management Program, including:

1. Maintaining current records for accountable property within the assigned custodial area.
2. Initiating or processing documents affecting the accountability or custody of equipment.
3. Ensuring authorized use and proper care and protection of the property.
4. Reporting missing, lost, or stolen property, or property damaged beyond normal wear and tear.
5. Notifying Federal or local security officials, as appropriate, of adverse incidents relating to the loss or theft of personal property, and preparing related documentation.
6. Preparing and coordinating Reports of Survey to document incidents regarding loss, theft, or damage of personal property.
7. Serving as a technical advisor to the PMO, APO, and Board of Survey, providing assistance as required.

8. Assisting in locating property during physical inventories.
9. Retaining documentation to support the audit trail for all acquisitions, transfers, and disposition activity.

G. **Department employees**: Each employee of DHS who uses, supervises the use of, or has control over government property is responsible for such property. This responsibility may take either, or both, of the following forms:

1. Supervisory responsibility, in which an officer-in-charge, an administrative officer, or a supervisor is obligated to establish and enforce necessary administrative and security measures to ensure proper preservation and use of all government property under his/her jurisdiction.
2. Personal responsibility, in which each employee is obligated to properly care for, handle, use, and protect government property issued to or assigned for the employee's use at, or away from, the office or station.

VI. POLICY AND PROCEDURES

A. **Policy.**

1. The OE shall use the eMerge² solution to track personal property. Until the eMerge2 solution is implemented Department-wide, each OE shall ensure it maintains its property records in an automated system that contains, at a minimum, the mandatory requirements set forth in the JFMIP Property Management System Requirements. All accountable personal property shall be recorded in the personal property system of records, as necessary, for managerial control
2. OE's shall use commercial and/or government standards to account for personal property throughout its life cycle. Such personal property items shall be tracked using bar code technology and/or radio frequency identification (RFID), manufacturer serial numbers, and model numbers in accordance with DHS labeling standards.

B. **Procedures.**

1. **Personal Property Accountability.**

- a. All PP&E acquired as new property shall be recorded at the acquisition cost and will include all executory costs including, but not limited to, payments to vendors for freight, handling, storage, design, construction, and installation.
 - b. Property acquired via inter-governmental transfer, forfeiture, gifts, or by methods other than new purchases shall be recorded at the net book value, or the fair market value when net book value cannot be determined, inclusive of transportation costs.
 - c. A Property Management Officer or Accountable Property Officer shall provide input, guidance, and direction to support all contract actions for personal property, as required in accordance with the Federal Acquisition Regulation and internal DHS standards.
2. **Identifying Hazardous Property or Material.** The Federal Acquisition Regulation requires that manufacturers identify items, or a component of the item, and document potential hazards on material safety data sheets as part of the acquisition process. When an item has been determined hazardous, it must be identified with a Material Safety Data Sheet or Hazardous Material Information Sheet, and the personal property record shall be annotated throughout its life cycle.
3. **Capitalization Policy.** All acquired DHS property meeting the thresholds established in DHS Management Directive 1120, as amended, shall be capitalized in a personal property management system.
4. **Personal Property Physical Inventories.** Each OE shall develop specific guidelines and procedures to conduct and reconcile required physical inventories. A physical inventory of personal property shall be conducted as follows:
- a. A wall-to-wall physical inventory of all accountable personal property shall be conducted a minimum of every two years, or on a cyclical basis.
 - b. A complete physical inventory of all sensitive personal property and capitalized property shall be conducted annually.
 - c. OEs shall provide the Director of Asset Management a schedule of planned physical inventories by January 30th

of each year.

d. For internal control purposes, employees participating in physical inventories shall not be the same individuals who are responsible for such property; however, property management personnel and custodians may assist in locating, identifying, and reconciling the physical inventory process.

e. At the end of an inventory cycle, Reports of Survey will be initiated to account for any property that cannot be located during the physical inventory, and will be submitted to the Office of Asset Management, along with the inventory results, for reconciliation purposes.

5. Annual Physical Inventory Requirements. DHS property that meets or exceeds the following thresholds shall be subject to an annual physical inventory:

a. All capitalized personal property.

b. All sensitive property.

c. Foreign gifts and decorations for official display purposes that meet the minimal value. The current definition of minimal value can be obtained from the Office of Asset Management and should be consulted whenever a foreign gift/decoration is received.

6. **Nonconforming Physical Inventories.** If inventory results indicate that an OE has not complied with internal DHS policies, or the OE's reconciliation results show a loss ratio greater than two (2) percent of the dollar amount at a single inventory location, the Office of Asset Management will recommend remedial action. The OE shall be responsible for developing a plan specifying the steps to correct the deficiencies or discrepancies within a specified time. If the deficiencies or discrepancies are not resolved, the Office of Asset Management will consult with the Chief Financial Officer (CFO) and/or the Office of Inspector General as to possible remediation, such as removing the OE's delegated authority to manage its property, and/or providing remedial services to account for its property. The expense of providing external auditing and management services will be the responsibility of the OE.

7. **Reporting Lost, Stolen, Damaged, or Missing Personal Property.**

a. Any incidents of loss, theft, damage, destruction, or other conditions adversely affecting personal property shall be reported to the PMO. The PMO shall refer incidents to a Board of Survey, or other internal review organization, for investigation under the following circumstances:

(1) The incident is known to be the result of, or is suspected to be the result of, willful intent or gross negligence, regardless of the property value.

(2) The item involved has an original acquisition cost of \$50,000, or more, per line item (with consideration also given to the fair market value of the property), unless the PMO certifies, in writing, that the particular circumstances clearly indicate that a survey investigation is unwarranted.

(3) Other circumstances as dictated by departmental policy and procedures.

b. Incidents of loss, theft, damage, destruction, or other circumstances adversely affecting personal property that are not referred to a formal Board of Survey, in accordance with this policy, shall be subject to a less formal administrative review. However, inconclusive reviews and recurring irregularities in a single location or property account shall be referred to a Board of Survey for formal investigation.

c. APOs shall submit an electronic report of loss, damage, and destruction (LDD) to the PMO on or before November 30 of each fiscal year. The report shall include: unique identification number (e.g., bar code or serial number), item description, total acquisition cost, accountable location, the completed Report of Survey date, status of action taken, corrective measures taken to prevent repetition, and root cause of the lost or missing item.

8. **Boards of Survey.**

a. The OE Head shall appoint a Board of Survey with membership outside the direct chain of command to conduct an investigation of any circumstances surrounding the loss, theft, damage, destruction, or other circumstances adversely affecting personal property. This duty may be delegated. The Board of Survey shall investigate the circumstances,

submit recommendations based upon findings, and prescribe appropriate actions.

b. The Board of Survey may be either a standing or ad-hoc committee, consisting of three to five members serving a fixed term, and charged with:

(1) Conducting prompt, objective, and comprehensive investigations into the circumstances that caused the adverse conditions involving loss, damage, or destruction of government personal property, including the presentation of all written information and testimony applicable to the incident under investigation and the verification of pertinent evidence.

(2) Submitting recommendations to the Head of the OE consistent with the circumstances and findings disclosed by the investigation;

(3) Determining employee responsibility and recommending financial liability and/or referral for other action.

(4) Ensuring that the employee has the opportunity to present his or her case, in writing, to the Survey Officer or Board of Survey during the course of the investigation, and prior to any final determination.

(5) Referring findings of responsibility to the appropriate official or Human Capital/Personnel Office for action, as necessary.

(6) Limiting access to the information received, and to findings and recommendations, to personnel having a need to know.

(7) Authorizing the removal of items from the official property records.

c. Alternative investigative mechanisms, such as a review by the Office of Inspector General or internal review, may substitute for a Board of Survey provided that the alternative mechanism includes a comprehensive review and a specific finding of responsibility, or no responsibility, which may be used as the basis to relieve property accountability,

and/or refer for action, as appropriate.

9. **Gifts.** Gifts accepted by the Secretary, or designee, on behalf of the Department should be managed in accordance with Management Directive MD 1010, as amended.
10. **Reassignment of Idle Personal Property.**
 - a. Personal property no longer required by the owning activity will be reported to the OE Excess Property Coordinator for internal screening and possible transfer to another DHS activity. Items uneconomical to repair, or for which the cost of care and handling exceed expected sale proceeds, shall be abandoned or destroyed in accordance with written findings, as approved by OE Managers. Transfers of available property within the Department, including contractor inventory, shall be made without exchange of funds when the proceeds would be deposited in Miscellaneous Receipts.
 - b. The disposing office may elect to receive reimbursement, at the fair market value, when property involved is reimbursable by law.
 - c. The receiving office shall pay the fair market value in all instances where the property being acquired will be carried in accounts where property disposals are reimbursable.
11. **Disposal of Excess Personal Property.** Personal property no longer required for its intended purpose shall be disposed of in accordance with the FMR and FPMR. Before reassigning or disposing of any property capable of containing sensitive/classified information (e.g., computers, transcribers, safes, etc.), OE's shall ensure that property has been inspected and all sensitive/classified materials removed or destroyed. IT equipment shall be sanitized and certified as such on all disposal documentation. Books, periodicals, other publications, and related material will be disposed of as directed by the OE's PMO.
12. **Reports of Excess to General Services Administration (GSA).** Idle property that has cleared DHS internal screening will be reported by the OE to the GSA Electronic System for subsequent utilization and disposal actions.

13. **Disposal of Property Containing Hazardous Material or Waste, and Dangerous Property.** Property containing hazardous material or wastes, and dangerous property shall not be reported to GSA for disposal. OE's are responsible for contacting the Department's Director of Safety and Environmental Programs to ensure that hazardous materials and waste are disposed of in accordance with Environmental Protection Agency (EPA), State, and local laws and regulations.

14. **Document Retention.**

a. The original acquisition documentation shall be retained for the life of the item, plus three (3) years beyond disposition. The Property Custodian shall retain this documentation for audit trail purposes

b. The original acquisition documents for non-capital assets shall be retained for three (3) years beyond the date of final payment. The Acquisition Office shall retain documentation for non-capital assets in accordance with the General Services Administration Schedule records requirements.

15. **Annual Reporting Requirements:** OE's shall furnish the following annual reports to the DHS Office of Asset Management by the dates stipulated below:

<u>Title:</u>	<u>Annual Due Date:</u>
Foreign Gifts Received from Individuals	January 10
Annual Inventory Plan	January 30
Government Furnished Property to the Contractor	March 30
Excess Property Furnished to Non-Federal Recipients	November 30
Exchange/Sale Report	November 30
EO 12999 "Computers for Learning"	November 30
Annual Report of Lost, Damaged, or Stolen Property	November 30
Foreign Gift Given to Individuals	November 30

VII. Questions or Concerns

Questions or concerns regarding this directive should be addressed to the Office of Administrative Services, Office of Asset Management, Management.