

# **14 FAM 420**

## **DOMESTIC PERSONAL PROPERTY MANAGEMENT**

*(CT:LOG-58; 04-07-2009)*  
*(Office of Origin: A/LM)*

### **14 FAM 421 GENERAL**

#### **14 FAM 421.1 Scope**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. This policy explains what is required for managing personal property. It provides requirements for the receipt, management, accountability, storage, utilization, maintenance, reporting and disposal of all U.S. Government-owned and leased personal property controlled by the U.S. Department of State activities located in Washington, DC, and domestic field offices. All administrative personal property located in domestic offices must be tracked on the Integrated Logistics Management System-Asset Management (ILMS-AM).
- b. The Department has government-furnished property (GFP) provided to contractors such as the International Narcotics and Law Enforcement Affairs (INL) Airwing and contractor acquired property (CAP). Governing policies and procedures for GFP and CAP property are available in Part 45 of the Federal Acquisition Regulation (FAR). Authority and guidance for providing excess Department personal property to contractors is available in the Federal Management Regulation, 41 CFR 102-36.150 through 102-36.175. The Department has issued implementing agency level policies and procedures with respect to Contractor Held Property in the Department's Acquisition Regulations Part 645 – Government Property and Procurement Information Bulletins (PIB) such as PIB 2007-21, Contractor Held Government Property Requirements – June 27, 2007 and a November 30, 2007 A/LM/AQM Memorandum 07-07, Contracting Officer Government Property Administration Responsibilities.
- c. The Department also provides GFP to grantees. Governing policies and regulations for grantee furnished personal property are available through the A/OPE Web site, (see Federal Grants Regulations, Grants Authorities,

and Grants Policy Directives). Specific regulations governing property furnished to grantees includes 22 CFR 145.33 (Federally owned and exempt property); 22 CFR 145.34 (equipment); and GPD No. 30 Property Grants and Requirements for the Disposal of Property through Federal Assistance. Authority and guidance for providing excess Department personal property to grantees is available in Federal Management Regulation, 41 CFR 102.36.185 through 102-36.205.

- d. The Integrated Logistics Management System-Asset Management (ILMS-AM) application must be used by all Department bureaus/offices to track accountable, administrative type, nonexpendable personal property. Program property may also be tracked in ILMS-AM.

## **14 FAM 421.2 Authorities**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Authorities include the Federal Property and Administrative Services Act of 1949, as amended, 40 USC Chapter 5, and the Federal Management Regulation 41 CFR Chapter 102.

## **14 FAM 421.3 Clarification or Exceptions to Policy**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Send requests, in writing, for clarification or exceptions to these regulations to the Chief, Property Management Branch, A/LM/PMP/BA/PM.

## **14 FAM 421.4 Compliance with Property Management Regulations**

### **14 FAM 421.4-1 Compliance Monitoring**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Compliance with these regulations must be monitored by the following means:
  - (1) Form DS-1875, Property Management Report, which includes the Administrative Property (Part A) and Centrally Controlled Program Property (Part B);

- (2) The Property Management Branch (A/LM/PMP/BA/PM(PM)) staff will conduct training and periodic on-site assist visits at the request of responsible bureau officials, or as required. Additionally, the Property Management Branch (PM) staff will routinely verify the bureau's compliance to property management policy by monitoring activities within ILMS Asset Management;
  - (3) PM staff may verify with Bureau of Resource Management officials that assertions relating to property management requirements by responsible domestic bureau officials in Statements of Assurances are accurate.
  - (4) Risk assessments as directed by the Office of Management Control (RM/DCFO/MC).
- b. Evidence of noncompliance with property regulations will be brought to the attention of the Agency Property Management Officer (Managing Director, A/LM/PMP).

## **14 FAM 421.4-2 Compliance Enforcement**

### **14 FAM 421.4-2(A) Notification of Noncompliance**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The Agency Property Management Officer, Managing Director, Program Management and Policy (A/LM/PMP), or authorized staff, must notify the appropriate accountable property officer (APO) of any instance of noncompliance with regulations detected through the monitoring process. Upon receipt of this notice, the APO must initiate immediate remedial action, and within 60 days, report actions taken to the Agency Property Management Officer. If the report is not received in A/LM/PMP within 60 days, the responsible personnel are subject to penalties referred to in 14 FAM 421.4-2(B).
- b. The Agency Property Management Officer must refer repeated or serious instances of noncompliance to the appropriate bureau's Assistant Secretary with a letter which will state that disciplinary action should be taken in accordance with 3 FAM 4500, Civil Service Disciplinary Actions or 3 FAM 4300, Disciplinary Action (Including Separation for Cause) as appropriate (see 14 FAM 421.4-2(B)), for situations involving:
  - (1) Failure by the APO to submit the required Form DS-1875, Property Management Report, or a valid request for an extension of time;

- (2) Failure to take remedial action; or
- (3) False certification to either the annual Certification of Inventory Reconciliation or Regulations Compliance Report.

## **14 FAM 421.4-2(B) Penalties for Noncompliance**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Individuals who fail to fulfill responsibilities under these regulations or falsely certify either the annual Certification of Inventory Reconciliation or the Regulations Compliance Report may be subject to administrative sanctions as described in 3 FAM 4500 or 3 FAM 4300, as appropriate. The Agency Property Management Officer must promptly report knowledge of or reasonable suspicion of anyone making a false certification to the Office of Inspector General/Office of Investigations (OIG/INV).

## **14 FAM 422 DEFINITIONS**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

**Accountable property:** Personal property that must be tracked on property records, including capitalized property, inventoried as required, that meets the following criteria:

- (1) Nonexpendable personal property with an acquisition cost of \$5,000 or more per item;
- (2) Expendable and nonexpendable personal property in stock, located in warehouse or storerooms, regardless of cost;
- (3) Serialized property with an acquisition cost of \$500 or more per item;
- (4) Electronic equipment:
  - (a) Computer and information processing equipment including but not limited to switches and hubs, servers, printers, and scanners, when the acquisition cost of the asset is \$500.00 or greater;
  - (b) Communications equipment when the acquisition cost is \$500.00 or greater;

- (c) Classified CPUs, unclassified CPUs, monitors, and laptop computers, regardless of cost;
  - (d) Excluded: beepers, thumb drives, personal digital assistants (PDAs), cell phones, handheld and mobile satellite phones, ONE fobs, external computer devices and other computer or communications devices when the acquisition cost of the item is less than \$500.00;
- (5) Leased property, (excludes property positioned by vendors on U.S. Government premises for no charge) regardless of cost;
  - (6) Property of any value that is sensitive by nature and attractive for personal use, as identified by the accountable property officer (APO), regardless of cost;
  - (7) Accountable property on loan;
  - (8) Motor vehicles, regardless of cost;
  - (9) Heritage assets, regardless of value;
  - (10) U.S. Government property provided to contractors (see PIB 2007-21) for Contractor-acquired and Government Provided Property, in addition to Federal Acquisition Regulation, Part 45.
  - (11) Excluded: U.S. Government property while in the hands of a grantee must be removed from the Department accountable property records. (See A/OPE Web site, Federal Grants Regulations, Grants Authorities, and Grants Policy Directives). Authority and guidance for providing excess Department personal property to grantees is available in the Federal Management Regulation, 41 CFR 102-36.150 and 102-36.185 through 102-36.205. Also, guidance for Federal Assistance Grants (see A/OPE/FA (ALDAC 158387)).

**Accumulated depreciation:** The total depreciation recorded on an asset since its acquisition.

**Acquisition cost:** All costs to the Government for putting the property into use when the property is originally acquired. It includes the cost of the item plus any transportation charges, installation/assembly, handling charges, and storage costs, labor and other direct or indirect production costs (for goods produced or constructed) and outside services for designs, plans, or specifications, billed from sources other than the vendor. It does not include training costs or warranty cost. When the acquisition cost of an item is unavailable, the fair-market value of the item is considered to be the

acquisition cost.

**Administrative property:** Basic common-use furniture, furnishings, and equipment usually available through normal supply channels (e.g., desks, chairs, office machines, sofas, refrigerators, non-tempest information technology (IT), etc.). All U.S. Government-owned personal property in domestic activities is either administrative property or program property.

**Agency Property Management Officer:** An individual designated to serve as a focal point for property management with responsibility and authority to account for the effective acquisition, control, use, and disposal of property for that agency.

**Bar code label:** This is also called the Universal Product Code (UPC). It is a series of short black lines of varied thickness usually accompanied by alphanumeric digits. A laser reader or scanner can translate the bar codes with the alphanumeric that are used to uniquely identify a property item. This Property Identification Number (PIN) is used as a basis for the inventory and accountability.

**Board of survey:** A panel normally consisting of three or more members appointed to review cases involving missing, damaged, or destroyed U.S. Government property.

**Capitalized personal property:** Personal property that has an acquisition cost of \$25,000 or more per item and an estimated service life of two years or longer must be capitalized and reported in the agency's financial statements. Additionally, the following property is capitalized:

- (1) All State-owned on-road, minimum of four-wheels motor vehicles are capitalized, regardless of cost; and
- (2) Information Technology (IT) software means commercial off-the-shelf software configured for State operations with a total cost of \$500,000 or more. Similarly, State software that is developed within the agency by direct-hire or contract employees must be capitalized if the cost of direct-hire or contractual services exceeds \$500,000. Software maintenance considered in determining the application of the threshold. Accountability for Information Technology (IT) software developed within the agency will be the responsibility of the organization that developed it. Further guidance regarding software capitalization thresholds is available in 4 FAM 734.2, Capitalization Criteria for Personal Property. (See 5 FAM 900, 5 FAM 1000, the Department of State Acquisition Regulation (DOSAR), and the Federal Acquisition Regulation (FAR) for IT acquisition and planning requirements.)

**Condition:** The physical state of an asset, its ability to perform as planned, and its continued usefulness, based on an evaluation.

**Contractor-acquired property:** Personal property acquired, fabricated, or otherwise provided by a contractor for performing a contract and to which the U.S. Government has title.

**Cupboard stocks:** Expendable supplies located in office supply cabinets, bins, drawers, and/or shelves (not in a secure supply room) which are maintained to meet normal requirements, usually not to exceed a 30-day period. Parts are not included in the cupboard stock category.

**Depreciation:** The allocation of the cost of an asset over a period of time for accounting and tax purposes. Also a decline in the value of property due to general wear and tear or obsolescence.

**Desktop systems:** Typically, personal computer hardware, software, and other peripheral devices, that users have on their desks.

**Disposal:** Any authorized method of permanently divesting the control of, and responsibility for property.

**Exchange Sale Property: Items of** non-surplus personal property designated for disposal, the exchange allowance or proceeds of sale are applied in whole or in part for the acquisition of similar property.

**Excess property:** Personal property no longer needed within the Department to carry out the functions of official duties or programs.

**Expendable personal property:** Property which, when put in use, is consumed, loses its identity, or becomes part of another item of property. Examples are office supplies, automobile tires, machine parts, and installed computer parts, regardless of cost.

**Fair-market value:** The best estimate of the gross proceeds if the property were to be sold in a public sale.

**Government-furnished property:** Personal property in the possession of, or directly acquired by, the U.S. Government and subsequently made available to a contractor.

**Hazardous property:** Material consisting of: explosives, flammables, corrosives, combustibles, oxidizers, poisons, toxins, sources of ionizing radiation or radiant energy, biological, radiological, or magnetic substances, or compressed gases, which, because of their nature are dangerous to store or handle and present real or potential hazards to life and/or property.

**Heritage assets:** Antiques, works of art, and other cultural objects with historic importance, antiquity, rare quality, or intrinsic value. This includes decorative arts such as textiles, antique furniture, clocks, sterling silver hollowware, porcelain and ceramics, and attachments such as wooden panels, hand-painted wallpapers, chandeliers, and fireplace mantels. It includes fine arts such as paintings, sculpture, and unique or limited edition prints. It also includes other cultural property such as musical instruments and rare books.

**Information Technology (IT):** Any interconnected system(s) or subsystem(s) of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency:

- (1) For purposes of this definition, equipment is used by an agency if the equipment is used by the agency directly or is used by a contractor under a contract with the agency that requires:
  - (a) Its use; or
  - (b) To a significant extent, its use in the performance of a service or the furnishing of a product;
- (2) The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources; and
- (3) The term "information technology" does **not** include any equipment that:
  - (a) Is acquired by a contractor incidental to a contract; or
  - (b) Contains imbedded information technology that is used as an integral part of the product, but the principal function of which is not the acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For example, heating, ventilation, and air conditioning (HVAC) equipment, such as thermostats or temperature control devices, and medical equipment where information technology is integral to its operation, is **not** information technology Federal Acquisition Regulation (FAR).

**Integrated Logistics Management System (ILMS):** ILMS is a unified Web based information system designed to upgrade the State Department's supply chain by improving processing in such areas as purchasing,

procurement, warehousing, transportation, receiving, property management, personal effects, and Diplomatic Pouch and Mail.

**Invoice cost:** The total of the amount paid to the vendor, including related costs such as transportation or installation, if included on the vendor's initial invoice.

**In-Service Date:** The date on which an asset is actually put into use.

**Motor Vehicles:** Vehicles are categorized as either on-road (four wheeled) or off-road, and are all classified as personal property. Examples of on-road and off-road vehicles. (See 14 FAM 430 for regulations governing motor vehicles.)

**Nonexpendable personal property:** Property such as furniture, office equipment, information technology (IT) equipment, and communications equipment, which:

- (1) Is complete in itself;
- (2) Does not lose its identity or become a component part of another item when used; and
- (3) Is of a durable nature with anticipated useful life of over two years.

**Personal property:** U.S. Government-owned/leased property includes such items as vehicles, furniture, equipment, supplies, appliances, and machinery. The term "personal property" refers to **all** property not otherwise classified as land, land improvement, buildings, and structures that are normally referred to as real property.

**Physical Inventory:** A physical count performed to determine the on-hand quantity of an item or group of items.

**Privately-owned property:** Any item (primarily portable equipment) belonging to employees or visitors, carried in or out of U.S. Government premises.

**Program property:** Specialized property associated with a unique program where the overall management and technical expertise are normally controlled by a single bureau or agency, and which is generally funded by that bureau or agency (e.g., secure telephones, radios, classified PCs, and security equipment).

**Property Accountability:** Property accountability includes responsibilities such as tracking the movements and location of assets, recording changes in physical conditions, and verification of physical counts. Property managers

exercise this responsibility and maintain proper control over an organization's assets through record keeping, effective policies and procedures, and appropriate security controls.

**Property management:** The planned acquisition, efficient utilization, physical accounting, and appropriate disposition of property.

**Purchase price:** The cost paid to a vendor in exchange for an item of property, exclusive of shipping, packing, and storage costs.

**Receiving report:** A record that ordered property items were received. This may take the form of a Form DS-127, Receiving and Inspection Report. The Form DS-127 must be in English, indicate the item cost in U.S. currency, and have any damage or discrepancies noted.

**Reconciliation:** Action taken to rectify discrepancies between the physical inventory count and the accountable property records.

**Replacement Life:** The timeframe that a bureau may reasonably expect a property asset to last before a replacement is required. Replacement life is based on environmental factors and may be different than a system determined useful life.

**Replacement property:** Item of personal property to be acquired in place of a similar item for which there is a continuing need but the original item is either (1) no longer adequately performs the tasks for which it is used, or (2) does not meet the Agency's need as well as the property to be acquired.

**Salvage:** Personal property that has some value in excess of its basic material content, but which is in such condition that it has no reasonable prospect of use and its repair or rehabilitation is impractical.

**Salvage Value:** The estimated value of an asset at the end of its useful life. A standard 10% salvage value is used for all Department owned assets. Exceptions include armored motor vehicles, contractor acquired property in hazardous areas, and software which has a zero % salvage value.

**Scrap:** Material that has no value except for its basic material content.

**Sensitive property:** Personal property, as determined by each agency, that is potentially dangerous to the public safety or security if stolen, lost, or misplaced; or that must be subject to exceptional physical security, protection, control, and accountability such as weapons, ammunition, explosives, controlled substances, radioactive material, hazardous materials or wastes, or precious metals.

**Standardization:** The selection of a specific brand or type of technical

equipment to the exclusion of other brands or types when it can be established that such action is necessary and in the public interest. The Department's standardization procedures are outlined in Department of State Acquisition Regulation (DOSAR) 606.370.

## **14 FAM 423 RESPONSIBILITIES**

### **14 FAM 423.1 Separation of Duties**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

A sound management control system must ensure that no individual is in the position to control all aspects of a transaction affecting the receipt, storage, or disposition of expendable or nonexpendable personal property. If a separation of duties is not possible, the accountable property officer (APO) or authorized designee must conduct a management review at least twice a year (see 14 FAH-1 H-120, Domestic Responsibilities). Duties which are to be separated whenever possible are procurement, receiving, payment, property records keeping, and conducting the annual physical inventory.

### **14 FAM 423.2 Agency Property Management Officer**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

The Managing Director, Program Management and Policy (A/LM/PMP) is the designated Agency Property Management Officer for the Department, and is responsible for establishing policy for the management and control of the Department's personal property, reviewing property management program operations, developing and implementing property management regulations and procedures, and providing guidance in areas of receipt, storage, property accountability, inventory management, property utilization, and disposal.

### **14 FAM 423.3 Accountable Property Officer (APO) for Administrative Property**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The executive director of each bureau or office is accountable for all administrative personal property in the control of that bureau or office located in Washington, DC, and its domestic field offices. If the organization does not have an executive director, a senior administrative official who reports directly to the assistant secretary or equivalent must be the accountable property officer (APO). The APO has the responsibility to account for property and to ensure that all transactions affecting personal property on hand, received, and disposed of within their accountable area is properly documented, including property ordered with the purchase card.
- b. The APO may delegate control and record keeping responsibility to custodial officers with responsibilities for property within a specific area(s) or for specific types of commodities. Custodial officers having official responsibility for property must be a U.S. Government employee (direct-hire or personal services contractor), as this responsibility is an inherently governmental function (see FAR subpart 7.5). Such delegations must be in writing and clearly define all responsibilities.
- c. The APO must ensure that property management responsibilities are included in the job and work requirements of those employees having property duties. Rating and reviewing officials will address these responsibilities as part of the normal performance evaluation process. More information regarding APO's responsibilities is available in 14 FAH-1 H-120, Domestic Responsibilities.

## **14 FAM 423.4 Accountable Property Officer (APO) for Program Property**

*(CT:LOG-1; 05-27-2005)  
(State Only)*

In those bureaus or offices controlling program property, the assistant secretary of that bureau must designate, in writing, an accountable property officer (APO) for that property. The APO must ensure that principal custodial officer (PCO) and area custodial officer (ACO) responsibilities for program property have been established in writing, and that written procedures are in place.

## **14 FAM 423.5 Custodial Officer (CO)**

*(CT:LOG-58; 04-07-2009)  
(State Only)*

- a. A custodial officer (CO) is an employee designated, in writing, by the

accountable property officer (APO) to be responsible for the physical control and record keeping of U.S. Government personal property within a specific area, or for a specific type of commodity, such as information technology (IT) equipment. A custodial officer must be a U.S. Government employee (see 14 FAM 423.3b).

**NOTE:** Smaller bureaus may have a single custodial officer with total responsibility for controlling and tracking property.

- b. An area custodial officer (ACO) is one of several custodial officers within a larger office or bureau who has responsibility for the care and proper utilization of property assigned to a specific custodial area.
- c. A principal custodial officer (PCO) has supervisory responsibility for property located in several custodial areas. The PCO directs and coordinates the duties of the ACOs.
- d. A contract employee holding any of the positions stated in this section 14 FAM 423.5 must have his or her responsibilities clearly identified, in writing, by the APO. However, if a contract employee is assigned receiving duties, the employee may perform receiving and inspection functions but may not "sign" the Form DS-127, Receiving and Inspection Report, as authority for accepting property for a Federal Agency is limited to U.S. Government employees (direct-hire or personal services contractor). The Government employee must verify that information on Form DS-127 is accurate before signing. This can be done by comparing Form DS-127 with the delivery document signed by the contract employee. More information regarding Custodial Officer's responsibilities can be found in 14 FAH-1 H-120, Domestic Responsibilities.

## **14 FAM 423.6 Property Utilization Officer**

*(CT:LOG-58; 04-07-2009)  
(State Only)*

The Chief, Property Management Branch (A/LM/PMP/BA/PM), is the designated Property Utilization Officer for the Department of State. Responsibilities in this capacity include promoting the use of excess property, to the maximum extent possible, as the first source of supply throughout the Department; see the Federal Management Regulations (FMR 101-26.101 and 102-36.45) (41 CFR 101-26.101 and 41 CFR 102-36.45). Before purchasing new property, excess property should be considered (see 14 FAM 425.1).

## **14 FAM 423.7 Signing Authority**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Authority to sign requests for supplies and equipment is vested in heads of organizational units having rank equivalent to division chief or higher. An officer with signing-level rank may delegate, in writing, with a copy kept on file, signing authority to an employee of branch level or comparable rank, if the employee reports directly to the delegating officer.
- b. The principal custodial officer (PCO) or the accountable property officer (APO) must approve property disposal requests which are initiated by an area custodial officer.
- c. The APO must approve property disposal documents initiated by the PCO.

## **14 FAM 423.8 Department Employees**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

Each Department of State employee is responsible for the care, protection, and proper utilization of U.S. Government property issued for that employee's use and may be required to reimburse the U.S. Government if it is damaged, lost, or destroyed as a result of negligence, improper use, or willful action on the employee's part and, if determined by the accountable property officer (APO) or property survey board, as appropriate. If a contract employee is involved, refer to Federal Acquisition Regulation (FAR) 45.504. Employees will not be held financially liable for loss, damage, or destruction due to defects in the property.

## **14 FAM 424 CONTROL OF EXPENDABLE PROPERTY**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

It is incumbent upon the accountable property officer (APO) to see that adequate controls are placed on expendable supplies. Internal procedures must ensure that a limited number of employees, with alternates, are authorized to request, receive, and control supplies within the organization.

## **14 FAM 425 CONTROL OF NONEXPENDABLE PROPERTY**

### **14 FAM 425.1 Use Standards**

*(CT:LOG-18; 02-09-2006)*  
*(State Only)*

The principal custodial officer (PCO) assigned to each domestic activity must make a determination as to whether requirements for furniture and office equipment can be met through the utilization of already owned items, prior to initiating an acquisition request. The acquisition of new items must be limited to those requirements that are considered essential. The justification for the action must be fully documented and kept in the acquisition file, such as:

- (1) For essential requirements for additional employees; or
- (2) To ensure the success of critical programs.

#### **14 FAM 425.1-1 Office Furniture**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

Modular furniture provides an attractive work environment while improving office space utilization. The cost of systems furniture per work station is initially higher than metal or wood furniture; however, the cost savings of adding staff without increasing space should be considered.

#### **14 FAM 425.1-2 Draperies**

*(CT:LOG-18; 02-09-2006)*  
*(State Only)*

The assignment of draperies is limited to the deputy assistant secretary level and higher.

### **14 FAM 425.2 Property Replacement**

#### **14 FAM 425.2-1 General**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Replacement standards, which predict the life span of nonexpendable property, should normally be the basis of an orderly, balanced cycle of property replacement (life expectancy for commodities is assigned by the ILMS Asset Management system). Items that have reached their estimated life expectancy must be inspected to determine whether replacement is actually necessary. Items in good working condition must be retained even though standards permit replacement, unless technology advancement necessitates replacement.

## **14 FAM 425.2-2 Replacement Standards**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Personal property may be replaced provided that a written justification, approved by the PCO or authorized designee supporting such replacement is initiated and retained in the procurement files.

## **14 FAM 425.3 Property Utilization**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

Utilization is the measurement of the use of personal property (supplies and equipment) in comparison with established standards. U.S. Government property must be protected against fraud, waste, and abuse.

### **14 FAM 425.3-1 Employee**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

- a. Each employee must immediately provide the area custodial officer (ACO) with a written explanation on Form DS-310, Property Survey Report, of the circumstances surrounding any missing, damaged, or destroyed property issued for that employee's use.
- b. Employees to whom property is assigned must ensure that repairmen are authorized to remove property from the building for repairs, before releasing property to them, and will inform the office supervisor when it is necessary for the property to be removed, so that a Form DS-1953, Authorization for Removal of Property, can be obtained.

### **14 FAM 425.3-2 Surveys**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

The custodial officer must walk through his or her area of responsibility at least annually to assure care and maximum use of property; to identify property for reassignment within the organization, or to identify unneeded property. Once the survey is complete, the custodial officer must document the findings in a memorandum, provide a copy to the principal custodial officer (PCO), and keep a copy for his or her own records.

### **14 FAM 425.3-3 Preventive Maintenance and Repair**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

a. Preventive maintenance:

- (1) Employees who operate or use equipment are charged with the responsibility of caring for this property, and for promptly notifying the proper personnel when there is a need for service or repairs. Property **must** be cared for in accordance with the manufacturer's recommendations;
- (2) The determination as to whether an annual maintenance contract should be established for the servicing of office equipment or whether servicing should be performed on a per-call basis must be made in each case, after comparison of the relative cost affecting specific types of equipment.

b. Repair: The accountable property officer (APO) must ensure that repair costs and related charges for all personal property having an acquisition cost of \$25,000 or more per item (capitalized property) are recorded in the ILMS Asset Management system.

### **14 FAM 425.3-4 Property Loans and Charge Outs**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

a. Property loans: The principal custodial officer (PCO), or acting alternate, may authorize the loan of nonexpendable property for official purposes, on a temporary basis, to other bureaus. In the absence of the PCO or the alternate, the accountable property officer (APO) must authorize the loan using e-Forms. Approval may also include liabilities, inventorying schedules, maintenance, property passes, and other agency-specific requirements. A definite loan period must be established and all loans

must be reviewed promptly at the end of the loan period. If a loan extension is requested, it must require the same approval process as the initial loan request. Such loans, generally, are not to exceed 90 days and must be documented on Form DS-584, Nonexpendable Property Transaction.

- b. For loans to other executive agencies, the loaning agency's property management official (bureau's accountable property officer) must coordinate with the borrowing agency's property management official for approval. Review by an office of intergovernmental relations may be required. Nonvolatile memory (e.g., hard drives, portable computer hard drives) that has been used to process Department of State data must not be loaned to another Agency. Per NIST SP 800-88, these drives must be degaussed or destroyed before being released from Department of State control.
- c. Property charge outs: Property items regardless of cost (e.g., personal digital assistants (PDAs), laptops, tools, etc.) required by an employee for their job over an extended period of time, should be issued under "charge out" procedure to ensure that property accountability for the item is maintained. Such arrangements are approved by the PCO and documented on Form DS-584. The PCO must ensure that the employee understands that any property provided to the employee in the performance of employee's official duties belongs to the U.S. Government and **may not** be used to conduct private business or any illegal or illicit activities. The property must be returned to the agency by the employee when the property is no longer needed for the use for which it was originally provided. The existence and condition of the property must be checked at least annually.
- d. Government furnished personal property provided to contractors and/or grantees may not be accomplished with a loan. However, U.S. Government property may be loaned to contractors and their employees to support Department of State offices and official activities provided that there is no violation of provisions of contractor's statement of work, contract, delivery order, or performance work statement. All requests for loans to contractors or their employees should be requested via the Contracting Officer for a specific contract, or Grants Officer as it applies to Grants.

## **14 FAM 425.3-5 Authorization to Remove Property from Buildings**

*(CT:LOG-18; 02-09-2006)  
(State Only)*

- a. When an employee wishes to remove property from the building, the employee's ACO must complete Form DS-1953, Authorization for Removal of Property. Form DS-1953 must also be initiated for the removal of property taken out for repair, as well as the removal of privately owned property. The only exceptions are personal and U.S. Government-issued items such as beepers, personal digital assistants (PDAs), or cellular telephones that are issued to employees and signed for on Form DS-584, Nonexpendable Property Transaction, and the removal of excess property being taken by Department of Agriculture personnel for which the turn-in document, Form DS-1882, Domestic Property Excess, will substitute for Form DS-1953, Authorization for Removal of Property.
- b. Property leaving the building via the loading dock must be accompanied by a Form DS-1953, Authorization for Removal of Property, bill-of-lading, or manifest identifying the property, person or company removing the property, and its destination.
- c. A Form DS-1953 must be issued each time property is removed from the premises unless the Form DS-1953 authorizes daily removals. All Form DS-1953's must include an expiration date, which must not exceed 90 days.
- d. The uniformed security officers at the exits are authorized to require any individual who is removing U.S. Government-owned or privately owned property to surrender an original valid Form DS-1953 describing the property being removed.
- e. The loss of a valid Form DS-1953 must be immediately reported to the area custodial officer (ACO).

## **14 FAM 425.3-6 Property Transfer**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Transfer of property to activities within the Department of State must be appropriately authorized, documented on Form DS-584, Nonexpendable Property Transaction, and recorded in the ILMS Asset Management system. The transfer of property to another custodial area within that bureau is authorized by the principal custodial officer (PCO). However, the transfer of property to another bureau must be approved by the accountable property officer (APO).

## **14 FAM 425.4 Property Receipt**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Signing for incoming deliveries of property must be controlled. All property (expendable and nonexpendable) delivered to ordering offices must be inspected promptly by the area custodial officer (ACO) or designated alternate. In ILMS Asset Management, the Form DS-127, Receiving and Inspection Report can be generated by the system for partial and complete deliveries. Copies of Form DS-127 and Form OF-347, Order for Supplies or Services are kept on file for three complete fiscal years. Any discrepancies in the shipment will be reported to the servicing procurement office.
- b. If a contract employee is assigned receiving duties, the employee may perform inspection and receiving functions but may not sign the receiving report (Form DS-127). Acceptance of property on behalf of a Federal agency is an inherently governmental function that is to be performed only by U.S. Government employees (direct-hire or personal services contractor).
- c. When a U.S. Government purchase card is used to order "accountable property" (property which meets the criteria specified in 14 FAM 425.6-1(A)), the unit ACO must ensure that the item is accurately recorded on the accountable property records (ILMS Asset Management), and is properly bar-coded.

## **14 FAM 425.5 Warehouse Operations**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The Office of Logistics Management has responsibility for the management and control of all domestic warehouse operations. Warehouse services, including receipt, storage, packing, and distribution are centrally provided by the Secure Warehouse Division (A/LM/OPS/SL). All requests for the acquisition of additional warehouse space, or related services, must be approved by the Director, Office of Logistics Operations. This approval is to be obtained prior to requesting the acquisition of space by the Office of Real Property Management (A/OPR/RPM) in the Bureau of Administration's Office of Operations (A/OPR).
- b. It is the policy of the Department that personal property in any warehouse facility be accounted for at all times, and be protected against loss or damage. It will be the responsibility of the facility manager to

assure that effective management controls are in place to prevent loss from damage, theft, or pilferage during receipt, storage, and shipment of U.S. Government property. Access to the warehouse must be limited to those who have a need to enter and that security locks/codes must be changed in accordance with standard procedures and when the lock or code is compromised or when a person no longer has a need to enter.

- c. Operating procedures must be issued covering receipt and inspection of personal property to insure that all property received is inspected promptly as to condition and quantity, and that the property is in accordance with the terms and specifications of the procurement document.
- d. Operating procedures must establish a time frame (not to exceed five working days) for processing all incoming shipments and include provisions for a periodic written status report by receiving personnel, to an appropriate supervisory level, on all material remaining in the receiving holding area beyond the time frame specified in the procedures.
- e. Only those individuals so designated may receive and sign for incoming property.
- f. Hazardous commodities include, explosives, flammables, corrosives, combustibles, oxidizers, poisons, toxins, sources of ionizing radiation or radiant energy, biological, radiological, magnetic substances, or compressed gases, which because of their nature are dangerous to store or handle. They present real or potential hazards to persons and/or property. Hazardous commodities must be segregated properly from each other and from other types of supplies (consult the Bureau of Administration's Domestic Environmental and Safety Division (A/OPR/FMD/DESD) for assistance).
- g. An annual physical inventory must be taken and the results reconciled with the property records of all stock; and records of ownership of all property held in the facility must be maintained (including any property set aside to be rehabilitated).
- h. Safety: The Department has established a hazard communication program that provides written guidelines for complying with the Hazard Communication Standard. All domestic activities handling hazardous materials are to contact the Domestic Environmental and Safety Division (A/OPR/FMS/DESD) for assistance in implementing program requirements.
- i. The operation, maintenance, and storage of powered industrial trucks (e.g., forklifts) should be consistent with Occupational, Safety and Health

Administration (OSHA) regulation 1910.178 (revised December 1, 1998) and American National Standards Institute (ANSI) regulation ANSI B56.6 safety standard for low-lift and high-lift trucks.

- j. Storage of stocks must comply with OSHA safety standards with regard to distance from sprinkler systems, fire extinguishers, and building exits.

## **14 FAM 425.6 Records Accountability**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

Accountable property records must be maintained on expendable and nonexpendable stock inventory and on nonexpendable property in use that meets the accountability criteria prescribed in this regulation.

### **14 FAM 425.6-1 Accountability Criteria**

#### **14 FAM 425.6-1(A) Accountability Level**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Accountable property is personal property that must be tracked on property records, including capitalized property, inventoried as required, that meets the following criteria:

- (1) Nonexpendable personal property with an acquisition cost of \$5,000 or more per item;
- (2) Expendable and nonexpendable personal property in stock, located in warehouse or storerooms regardless of cost;
- (3) Serialized property having an acquisition cost of \$500 or more per item;
- (4) Electronic equipment:
  - (a) Computer and information processing equipment including but not limited to switches and hubs, servers, printers, and scanners, when the acquisition cost of the asset is \$500.00 or greater.
  - (b) Communications equipment when the acquisition cost is \$500.00 or greater.

- (c) Classified CPUs, unclassified CPUs, monitors, and laptop computers, regardless of cost.
  - (d) Excluded: beepers, thumb drives, personal digital assistants (PDAs), cell phones, handheld phones and satellite phones, ONE fobs, external computer devices and other computer or communications devices when the acquisition cost of the item is less than \$500.00;
- (5) Leased property, (excludes property positioned by vendors on U.S. Government premises for no charge) regardless of cost;
  - (6) Property of any value, that is sensitive by nature and attractive for personal use, as identified by the accountable property officer (APO) regardless of cost;
  - (7) Accountable property on loan;
  - (8) Motor vehicles, regardless of cost;
  - (9) Heritage assets, regardless of value;
  - (10) U.S. Government property provided to contractors (see PIB 2007-21) for Contractor-acquired Government Provided Property, in addition to Federal Acquisition Regulation, Part 45.
  - (11) Excluded: U.S. Government property while in the hands of a grantee must be removed from the Department accountable property records. (See A/OPE Web site, Federal Grants Regulations, Grants Authorities, and Grants Policy Directives). Authority and guidance for providing excess Department personal property to grantees is available in CFR Federal Management Regulation, Chapter 102.36.150 and 185-205. Also, guidance for Federal Assistance Grants (see A/OPE/FA (ALDAC 158387)).

## **14 FAM 425.6-1(B) Information Technology**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Non-tempest information technology (IT) equipment (see 14 FAM 425.6-1(A)(3) and (4) must be included on bureau accountable property records (Integrated Logistics Management System (ILMS) Asset Management application).

## **14 FAM 425.6-2 Recording Costs**

### **14 FAM 425.6-2(A) Property Purchased**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Nonexpendable personal property that is acquired by purchase must be recorded on the property records at full cost, including the following:
  - (1) Amount paid to vendor;
  - (2) Transportation charges, to point of initial use;
  - (3) Handling and storage costs;
  - (4) Labor and other direct or indirect production costs;
  - (5) Outside services for designs, plans, or specifications; and
  - (6) Other costs necessary to place the property in service.
- b. The cost of property acquired as a result of trade-ins must be recorded at the lesser of:
  - (1) The cash paid and/or liability incurred plus the net book value of the trade-in property; or
  - (2) The amount that the purchase price would have been without trade-in.

### **14 FAM 425.6-2(B) Property Transferred or Donated**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. If the property has depreciated, the property must be recorded at the transferor's depreciated value, regardless of the depreciation method used by the transferor. When the property is a motor vehicle it must be considered capitalized property and recorded at the transferor's depreciated value. If the receiving entity **cannot** reasonably ascertain this value, the cost of the vehicle must be its fair market value at the time transferred. If the property is not a motor vehicle and the depreciated value is under \$25,000 per item, the property is considered to be non-capitalized property and must not be depreciated further by the transferee.

- b. If the transferor has not recorded depreciation, the property must be recorded at its fair market value at the time transferred.
- c. Donated property must be recorded at fair-market value, including transportation charges or other costs connected with placing the property in use.
- d. When the cost of an item cannot be determined, estimate the fair-market value at the time acquired.
- e. The cost of heritage assets transferred from another Federal entity must be zero unless the item is classified as a multi-use heritage asset. The cost of a multi-use heritage asset is the book value of the asset recorded on the transferring entity's books. If the receiving entity does not know the book value, the fair market value must be recorded in the office's property inventory. If fair value is not estimable, information related to the type and quality of assets transferred must be recorded.

## **14 FAM 425.6-3 Capitalization and General Ledger**

### **14 FAM 425.6-3(A) Capitalized Personal Property**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Personal property having an acquisition cost of \$25,000 or more per item, including all motor vehicles regardless of cost, and an estimated service life of two years or longer, must be capitalized.

### **14 FAM 425.6-3(B) Information Technology (IT) Software**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

In this subchapter Information Technology (IT) software means commercial off-the-shelf software configured for State operations with a total cost of \$500,000 or more. Similarly, State software that is developed within the agency by direct-hire or contract employees must be capitalized if the cost of direct-hire or contractual services exceeds \$500,000. Software maintenance costs and the cost to convert data are not capitalized and should not be considered in determining the application of the threshold.

Accountability for Information Technology (IT) software developed within the agency will be the responsibility of the organization that developed it. Further guidance regarding software capitalization thresholds is available in

4 FAM 734.2). See 5 FAM 900, 5 FAM 1000, the Department of State Acquisition Regulation (DOSAR), and the Federal Acquisition Regulation (FAR) for IT acquisition and planning requirements.

## **14 FAM 426 PHYSICAL INVENTORY AND RECONCILIATION**

### **14 FAM 426.1 General**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

Physical inventories of accountable personal property must be taken annually, and beginning FY 2010 starting not earlier than October 1 (ILMS Asset Management or other authorized accountability system). Physical inventories should be taken by trained personnel independent of the principal custodial officer (PCO). Upon completion of the reconciliation and appropriate approval of any records adjustments resulting from inventory discrepancies, the principal custodial officer (PCO) must prepare Part A of Form DS-1875, Certification of Inventory Reconciliation for Domestic Offices Administrative Property, generated by the ILMS Asset Management system for the signature of the accountable property officer (APO), and submitted to the Property Management Branch (A/LM/PMP/BA/PM) by March 15 of the same fiscal year to ensure financial integrity. More frequent inventories of sensitive items such as weapons, portable computers, cameras, lenses, etc. is recommended, and would be a valuable management practice.

### **14 FAM 426.2 Inventory Reconciliation**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. When discrepancies are found between the physical inventory count and the property records, immediate action must be taken by the PCO/ACO to resolve the discrepancies.
- b. Inventory overages must be documented and added to the property records. **Inventory overages do not offset inventory shortages.**
- c. The PCO must report all inventory shortages to the APO on Form DS-310, Property Survey Report. In cases involving inventory shortage where the dollar value does not exceed one percent of the expendable or nonexpendable inventory value (total acquisition cost), or when the cost

of individual missing items is under \$5,000 per item, the APO may authorize inventory adjustments when satisfied that efforts to reconcile have been reasonable and sufficient. A copy of the completed Form DS-310, Property Survey Report must be forwarded to the Chief, Property Management Branch (A/LM/PMP/BA/PM). When the value (acquisition cost) of the shortage exceeds one percent, or when the acquisition cost of individual missing items is \$5,000 or more per item, the APO must refer the report to the property survey board. Form DS-310, Property Survey Report and all related documentation is sent by the APO to the Secretary of the Survey Board (the APO may contact the Property Management Branch staff (A/LM/PMP/BA/PM) for identification and location of the Board Secretary). After the property survey board action is complete, the secretary of the board returns the original copy of Form DS-310 to the APO. The property survey board must address relief from responsibility and property records adjustment in the comments field of the form.

- d. The APO or PCO must keep a physical inventory and reconciliation file for three fiscal years. The file must contain:
  - (1) A copy of any Form DS-127, Receiving and Inspection Report, documenting inventory overages, if appropriate;
  - (2) A copy of any Form DS-310 documenting inventory shortages, if appropriate;
  - (3) A copy of Form DS-1875, Property Management Report; and
  - (4) The following Integrated Logistics Management System-Asset Management (ILMS-AM) application-generated reports: Comprehensive Report, Visual Report, Inventory Coverage, and Missing Property Report.

## **14 FAM 427 EXCESS PROPERTY**

### **14 FAM 427.1 Nonexpendable Property**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The area custodial officer (ACO) must report unneeded property to the principal custodial officer (PCO). If only one custodial officer has been designated, the property is reported to the APO. Any property not reassigned for further utilization within the bureau is reported on the Integrated Logistics Management System-Asset Management (ILMS-AM)

application as "excess," and as such, is available for screening/transfer within the Department for a 10-day period before reporting to A/LM/PMP/BA/PM that the property is ready for pickup. Excess furniture, equipment, and office supplies must not be listed/commingled on the same form, but rather each commodity must be reported on a separate form.

- b. Prior to reporting certain types of unneeded property, this property must be inspected for the inadvertent presence of any classified material. Desks, file cabinets, safes, storage containers, furniture, and computer equipment must be inspected.
- c. Inspection begins with a preliminary inspection by the individual employee holding the property. The person authorizing removal of the property is responsible for ensuring that this is done. Drawers must be removed during inspection to ensure they are empty of classified material. Once this is accomplished, the employee signs Form DS-586, Turn-In Property Inspection Certificate. Any classified material discovered during inspection must be returned to appropriate controls. If any compromise of security is suspected, the unit security officer (USO) or information systems security officer (ISSO) should be notified.
- d. After completing additional comprehensive inspections (to include removing drawers), the ACO and the USO or the ISSO sign Form DS-586. The ACO must affix a Form DS-586 to each item of property. On furniture, this should be done in a place that will cause minimal damage to the furniture when removed. The back of a cabinet or chair or the inside panel of a desk are examples of minimal-damage locations.
- e. Arrangements for removal of the property must **not** be made until these actions have taken place.
- f. Upon receipt of the ILMS Asset Management Excess Property Report, the Property Management Branch (PM) staff assigns a Centralized Excess Property Operations (CEPO) number to the form and notifies the bureau contact person and the PCO of this number, via e-mail. This CEPO number must be placed on each appropriate excess property tag. The PM staff forwards the ILMS Asset Management Excess Property Report to the Department of Agriculture's CEPO to request the pickup of the property. CEPO personnel will call the Department's contact and schedule the pickup.
- g. Lost property found by employees or visitors must be turned over to building security guards. At the end of the 30-day holding period, Bureau of Diplomatic Security (DS) personnel will list each item to be disposed of on the ILMS Asset Management Excess Property Report, and fax that

form directly to A/LM/PMP/BA/PM to coordinate the pickup of the property.

- h. Unclassified computer hardware, declared as excess property that can no longer be used within the Department should be donated to schools or educational nonprofit organizations, especially in Federal empowerment zones and enterprise communities, in accordance with the Computer for Learning Program, Executive Order 12999. The controlling Department bureau or domestic field office must attempt to identify an appropriate donee, prior to following routine disposal procedures. (Contact A/LM/PMP/BA/PM staff for current procedures.) Nonvolatile memory (e.g., hard drives, portable computer hard drives), that has been used to process Department data must not be donated. Per NIST SP 800-88, these drives must be degaussed or destroyed before being released from the Department's control.

## **14 FAM 427.2 Inspection for Classified Material**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. **Responsibilities:** Prior to the removal of unneeded property from offices, the property must be inspected for any classified/sensitive information/material. Documentation of the inspection process begins with the employee who has used the item of property. The person authorizing removal of the property must ensure inspection has been conducted and that Form DS-586, Turn-In Property Inspection Certification, is begun and signed by the former user. Special care is required to ensure that no classified/sensitive material has lodged behind or under drawers in desks, file cabinets, or inside computer equipment, etc. Responsibility for further inspections and completion of Form DS-586 rests with the area custodial officer (ACO), unit security officer (USO) and, as appropriate, the information systems security officer (ISSO) (see 12 FAM 561, Security Inspection of Excess Property and 14 FAH-1 H-721.1, Disposal Procedures for Department and Field Offices).
- b. **Safes:** Before excessing safes, the unit security officer **must** reset combinations on safe files to the factory standard 50-25-50. Padlocks are to be removed from bar-lock cabinets and the combinations are to be reset to 10-20-30. When the combination is not reset to the factory standard, the current combination must be identified on a tag affixed to the item(s).

## **14 FAM 427.3 Acquiring Excess Personal Property**

## **from Other Federal Agencies for Official Use**

*(CT:LOG-58; 04-07-2009)  
(State Only)*

To the maximum extent practical, requirements for personal property must be filled by using existing Department of State property or by obtaining excess property from other Federal agencies in lieu of new procurement. The U.S. Federal Government maintains the GSAXcess Web site to facilitate the screening and transfer of excess personal property and exchange/sale property worldwide between U.S. Federal agencies. Principal custodial officers (PCOs) should provide any names and contact information of individuals they are requesting authorization to requisition excess or exchange/sale property via GSAXcess, and will have the authority to sign Form SF-122 (Transfer Order for Excess Property) or the electronic versions generated by GSAXcess via e-mail to the Department of State National Utilization Officer (Chief, Property Management Branch A/LM/PMP/BA/PM). The Property Management Branch staff will appropriately register the individuals into the GSAXcess Web site to be issued a userid and password to report and/or acquire excess property via the Web site processes.

## **14 FAM 428 REPORTING PROPERTY LOSS OR DAMAGE**

*(CT:LOG-58; 04-07-2009)  
(State Only)*

- a. The area custodial officer (ACO) must report missing, damaged, or destroyed property to the accountable property officer (APO) through the principal custodial officer (PCO) within 15 calendar days of discovering the loss or damage.
- b. The APO or the property survey board, as appropriate, will act on reported instances of missing, damaged, or destroyed U.S. Government-owned personal property. Findings and decisions serve to relieve the APO of accountability for the property, and to establish whether an employee is personally liable for damaged or missing property. If it is determined that damage resulted from carelessness or negligence, or other fault of an employee, the employee may be required to reimburse the U.S. Government. When collection is made through the lockbox by check, see guidance by the Bureau of Resource Management at 4 FAH-3 H-320, Collections.
- c. Employees will not be held liable for loss, damage, or destruction

attributable to inherent defects in the property.

- d. The extent of financial liability for damaged property is the cost of repairs (including shipment to and from the place of repair) or the estimated cost of repair if the property is not repaired. The amount of financial liability for missing or destroyed property is based on the depreciated value (using straight-line method) of the item. Minimum financial liability level is set at 10 percent of the acquisition cost of the item, except for antiques, works of art, and other cultural objects that are not depreciated. If a deliberate or preventable action, such as unauthorized repair, results in diminished or negated value, the employee may be assessed up to the fair market value of the item. If an item not recorded on the property records is involved, and the acquisition cost cannot be determined, the fair market value (less any salvage value) is used for reimbursement purposes.

## **14 FAM 428.1 Property Survey Report**

### **14 FAM 428.1-1 Area Custodial Officer Action**

*(CT:LOG-18; 02-09-2006)*  
*(State Only)*

- a. Upon the discovery of missing, damaged or destroyed property, the area custodial officer (ACO) must immediately prepare and submit Form DS-310, Property Survey Report, to the principal custodial officer (PCO).
- b. In the case of stolen property, the ACO will promptly notify the building guard service.

### **14 FAM 428.1-2 Accountable Property Officer (APO) Action**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. In those instances, throughout the year, where the acquisition cost of the missing, damaged, or destroyed property is less than \$5,000 per item (acquisition cost), the accountable property officer (APO) will conduct an internal investigation, ascertain the facts, determine what corrective actions are necessary to strengthen internal controls, and authorize an adjustment to inventory records. The APO must forward a completed copy of the Form DS-310, Property Survey Report to the Chief, Property Management Branch (A/LM/PMP/BA/PM). Where the APO determines that

the employee should be liable for missing, damaged, or destroyed property, and the employee contests the APO decision, the APO refers the case to the property survey board for action. The APO must refer all reports of surveys on property with an acquisition cost of \$5,000 or more per item and reports of surveys involving "program property", having an acquisition cost of \$1,000 or more per item, or reports of survey when theft is suspected, regardless of cost, to the property survey board. Reports of nonvolatile media (e.g., portable computers, personal digital assistants (PDAs)), regardless of acquisition cost, that have been used to process classified data must be reported to DS/SI/IS/APD. If the media contained personally identifiable information (PII) it must be immediately reported to DS/SI/CS/CIRT.

- b. In cases involving inventory shortage where the dollar value is one percent or less of the expendable or nonexpendable inventory value, or when the acquisition cost of an individual missing item is **under** \$5,000 (acquisition cost) per item, the APO will conduct their own internal investigation, ascertain the facts, determine what corrective actions are necessary, authorize an adjustment to inventory records, and forward a copy of the completed Form DS-310, Property Survey Report to the Chief, Property Management Branch (A/LM/PMP/BA/PM).
- c. When the shortage exceeds one percent, or when the acquisition cost of an individual missing item is \$5,000 or **more** per item, the report must be referred to the property survey board. If theft or fraud is suspected as accounting for the shortage, the APO must report all relevant information to the Office of Inspector General, Office of Investigations (OIG/INV).
- d. The secretary of the property survey board will forward a copy of all survey actions received from the APO involving inventory shortages exceeding one percent of the total value of the inventory or copies of all survey actions involving items having an acquisition cost of \$5,000 or more per item to OIG/INV, immediately upon receipt of the report from the APO. The secretary will also provide a copy of survey reports to the Chief, Property Management Branch (A/LM/PMP/BA/PM).
- e. Cases involving loss, damage, or destruction of program property involving items having an acquisition cost of \$1,000 or more per item, and all cases caused by civil disturbance or acts of God must be reported to the property survey board, regardless of value involved.

## **14 FAM 428.2 Property Survey Board**

### **14 FAM 428.2-1 Composition**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

The permanent membership of the Property Survey Board consists of at least three officials including a Chairperson and a Secretary. The Chairperson (Managing Director A/LM/PMP) recruits and selects volunteers to serve on the Board, as needed. An attorney from the Office of the Legal Adviser (L), designated by the Assistant Legal Advisor for Buildings and Acquisitions (L/BA) and a member of the Property Management Branch (A/LM/PMP/BA/PM) may serve in an advisory capacity. Neither the custodial officer nor members of the custodial officer's staff, an individual involved, or immediate supervisor of an individual involved in a survey action may be a member of the Property Survey Board. If any member is thus ineligible, the board chairperson will appoint a temporary replacement for that particular survey action. The board may also ask other officers in the Department to sit with the board in an advisory capacity. The board secretary will arrange for the board to meet, and reports should not be held more than 90 days without board action.

#### **14 FAM 428.2-2 Purpose**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The survey board will make decisions and take actions on reported instances of loss, damage, or destruction of U.S. Government-owned expendable and nonexpendable personal property having an acquisition cost of \$5,000 or more per item, all reports involving program property having an acquisition cost of \$1,000 or more per item, and reports of inventory shortages of one per cent or more of the value of the expendable or nonexpendable inventory.
- b. The board will examine all evidence presented and will conduct such further inquiry as it deems necessary.
- c. The accountable property officer (APO), principal custodial officer (PCO), or the area custodial officer (ACO) may be invited to meet with the board.

#### **14 FAM 428.2-3 Distributing Completed Survey Reports**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

When Survey Board action is completed, the Secretary of the Survey Board must forward a copy of the completed Form DS-310 to the APO, as well as

the Chief, Property Management Branch (A/LM/PMP/BA/PM) to post on the PM Web site so that OIG Office of Investigations officials and domestic Survey Board members will have access to the reports. The APO will provide a copy of the completed Form DS-310 to the employee involved.

## **14 FAM 428.3 Employee Appeal**

*(CT:LOG-1; 05-27-2005)*  
*(State Only)*

- a. On reports handled by the accountable property officer (APO), where the decision goes against the employee and the employee contests the decision, the employee may appeal to the Property Survey Board. The decision of the Property Survey Board is administratively final.
- b. On reports handled by the Property Survey Board, where the decision goes against the employee and the employee contests the decision, the employee may appeal to the Deputy Assistant Secretary for Logistics Management (A/LM), whose decision is administratively final.

## **14 FAM 428.4 Reimbursement by Employee**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Reimbursement may be made in cash or by a check payable to the Department of State, and the Bureau of Resource Management (RM) will credit the appropriate account based on the source of the funding for the asset.
- b. If the employee does not consent to reimburse the U.S. Government, the case is forwarded to RM for collection in accordance with 4 FAM.
- c. Employee reimbursement collections for lost, damaged or destroyed property claims should be forwarded to the financial management in the bureau and deposited in accordance with 4 FAH-3 H-320, Collections. A copy of the reimbursement receipt must be included in the relevant property file so that closure of the action will be documented and on file.

## **14 FAM 429 REPORTING REQUIREMENTS**

### **14 FAM 429.1 Property Management Report**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. Form DS-1875, Property Management Report must be submitted annually. Form DS-1875 must be signed by the accountable property officer (APO) and the principal custodial officer (PCO). Beginning FY 2010 the inventory must be started not earlier than October 1 and the certification (Form DS-1875) submitted to A/LM/PMP/BA/PM by March 15 of the same fiscal year to ensure financial integrity. The original Form DS-1875 should be kept in the Inventory and Reconciliation file (see 14 FAM 426.2, subparagraph d(3)) by the PCO, and a copy should be scanned and submitted electronically to the Property Management Branch. If the March 15 deadline cannot be met, the APO must submit a written request for permission to submit a late report to A/LM/PMP/BA/PM prior to March 15 and must include a justification for the delay and a date by which the report will be submitted.
- b. If any of the responses in the Regulations Compliance Report portion of the Form DS-1875 are negative, the Form DS-1875 must be accompanied by a memorandum stating what corrective action has been initiated and include a date by which the reporting office will be in full compliance with property management regulations. The office must subsequently send a follow-up memorandum, by the projected compliance date, confirming that the office is in total compliance with regulations.

## **14 FAM 429.2 Capitalized Property Information**

*(CT:LOG-58; 04-07-2009)*  
*(State Only)*

- a. The Bureau of Resource Management (RM/GFS/F/AO) accounts for capitalized personal property assets based on the data maintained in the property accountability systems. Bureaus that have implemented the Integrated Logistics Management System Asset-Management (ILMS-AM) for personal property accountability do not need to submit any reports, as RM/GFS/F/AO can obtain property records directly from ILMS.
- b. Domestic activities that are using a different automated accountability property system for tracking "Program" property should electronically submit capitalized property information quarterly in accordance with RM/GFS data call instructions.

## **14 FAM 429.3 Exchange/Sale Report**

*(CT:LOG-58; 04-07-2009)*

*(State Only)*

- a. All exchange/sale property transactions must be recorded in the approved Department's Integrated Logistics Management System's-Asset Management (ILMS-AM) application, for generating the Department's consolidated annual Exchange/Sale Report due to the General Services Administration by December 30, in accordance with requirements in 41 CFR 102.38-330 and 102 39-75.
- b. Domestic activities that are using a different automated accountability property system for tracking "Program" property must provide this data to the Chief, Property Management Branch (A/LM/PMP/BA/PM) by October 30. (See Form DS-1875, Part C, Exchange/Sale Report.)