SMG 2620.2

FDA Staff Manual Guides, Volume III – General Administration

Procurement and Supply Management

Personal Property

Accounting, Inventory Controls, Utilization, and Disposal of Personal Property Assigned to Custodial Areas

Effective Date: 08/11/2020

1. Purpose

This guide provides instructions pertaining to the receipt, accounting, management, and disposition of government-owned or leased accountable personal property; provides description of duties of personnel involved in property management;

provides definitions of personal property related terms; defines authority, accountability, and responsibility as they relate to property management officials; and describes inventory control procedures.

2. Applicability and Scope

This guide applies to all headquarters and field activities.

3. Definitions

(in alpha order)

A. Accountable Area.

An area defined by organizational or geographical limits, for which a discrete set of formal property accountability records is maintained under the jurisdiction of a designated Accountable Property Officer (APO). In the Property Management Information System (PMIS) accountable area constitutes a business unit. The Food and Drug Administration (FDA) accountable areas are as follows:

1. FDA Centers
2. ORA Headquarters
3. ORA Laboratories and District Offices
4. FDA Non-Center Headquarters (NCHQ)

B. Accountability.

The act of maintaining an account (record) for personal property by providing a transaction history from receipt to final disposition.

C. Accountable Personal Property.

All government personal property meeting the definition of equipment that:

1. Has an acquisition cost or estimated value of $5,000 or more; or

2. Has an acquisition cost or estimated value of less than $5,000 but requires special controls or is determined to be subject to unusual rates of loss, theft, or misuse. These property items are classified as sensitive equipment items. (See item "3., **R. Sensitive Equipment**".)

D. Acquisition Cost.

The unit price of a property item as it is recorded in the financial and accounting records. The price shall include all costs incurred to set-up the equipment and

bring the equipment to a location suitable for its intended use [transportation, components, and set-up].

E. Adjusted Cost.

The increase/decrease to an item's acquisition cost resulting from the addition/deletion of a component part(s).

F. Capitalization.

A financial management term that describes the function of recording the total acquisition cost of an item in the general ledger of an agency's financial accounts in order to accurately reflect the agency's investment in the asset.

G. Capitalized Personal Property.

Accountable personal property that has a unit acquisition cost of $25,000 or more, including accessories, is complete in itself and does not lose its identity when in use, and which is recorded in the general ledger of the financial management accounts. Capitalized personal property shall be identified with a property decal/barcode.

H. Equipment.

An item of personal property that is complete in itself is of durable nature, with an expected service life of 2 years or more.

I. Excess Personal Property.

Personal property items that are no longer required by FDA or any other agency of DHHS and, therefore, are available for surplus or other disposition (e.g. donation).

J. General Ledger.

A fiscal record maintained by Finance and the property/supply accounting activity, which is comprised of several accounts that reflect the dollar value of assets.

K. Lease/Rental.

Personal property items that are leased or rented by a FDA component. Lease/Rental equipment is not entered into the property system database. The component APO is responsible to maintain, at a minimum, the following data for each item:

1. The original purchase order
2. The lease/rental agreement
3. Equipment characteristics
4. The equipment location

L. Location Code (Organization).

A physical area (e.g. laboratory, section, and office) that is administratively designated as a discrete component for property management purposes. Each Location Code, also known as a Steward in the PMIS, is identified by a unique four- digit number. Each Property Custodial Officer (PCO) may be responsible for one or more location codes.

M. Personal Property.

Government property of any kind or interest therein, except real property and records of the Federal Government.

N. Physical Inventory.

A periodic physical location, identification, and count of accountable property items actually on hand and the reconciliation of those counts against the applicable property records in the PMIS.

O. Precious Metals.

Any item, piece, or part made of platinum, gold, or silver.

P. Salvage.

An item of equipment having a value greater than the basic material content, but which is in such condition that it has no reasonable prospect for use for the purpose originally intended.

Q. Scrap.

Property that has no value except for the basic material content.

R. Sensitive Equipment.

Property items especially vulnerable to loss, theft or misuse, or containing sensitive information. This includes any environmentally sensitive items that lend themselves to risk mitigations (i.e. civil, federal, state, local liabilities). Sensitive equipment includes:

- Computers (including desktops, laptops, tablets, and servers)

- Weapons (including tranquilizer guns)

S. Subsidiary Ledger.

The subsidiary ledger consists of the capitalized property items in the PMIS against which the property records of the general ledger are balanced. The general and subsidiary ledgers are required to be balanced on a monthly basis.

T. Surplus Personal Property.

Any excess personal property for which there is no longer a need within the Federal Government. The Program Support Center (PSC) is the authorized agent for surplus of personal property for components at FDA headquarters. The General Services Administration (GSA) is the authorized agent for surplus of personal property for FDA field operations.

U. Valuation by Average Cost Methodology.

The average cost methodology is a Program-based valuation methodology that calculates asset values by summing program budgetary data and dividing it by the quantity of items procured to yield an estimated average cost-per-end-item at the program level.

V. Warranty.

A written guarantee of the integrity of a product and of the manufacturer's responsibility for the repair or replacement of defective parts. Each component shall maintain a record of all equipment under warranty, as outlined in the component's Standard Operating Procedure (SOP).

4. Authority, Accountability, Responsibility

The assignment of authority, accountability, and responsibility is herein established for FDA officials.

1. **Authority** to manage the personal property assets of the FDA is vested in the Director of the Office of Financial Management (OFM). This authority is delegated to the Property Management Officer (PMO) for FDA. (See Attachment A)

2. **Accountability** for the personal property assets of FDA is assigned to those senior component managers who have direct control of personal property assets and who select and assign staff to acquire and manage said assets. These managers are responsible to account for the personal property assigned to their organization and for the documentation of all transactions affecting personal property. (See Attachment A)

3. **Responsibility** for the personal property assets of FDA is assigned to those officials who have the day-to-day property management responsibility (e.g. receiving, maintaining, and disposing). (See Attachment A)

5. Description of Duties

A. Property Management Officer (PMO).

The PMO has the authority to manage the FDA's personal property program in accordance with Department and regulatory requirements.

1. Establish policies and procedures to ensure the integrity of all property related records.

2. Establish effective audit procedures to maintain the accuracy of the official personal property records.

3. Establish comprehensive training programs for all FDA personnel who either manage or maintain personal property.

4. Ensure that effective coordination procedures are in place between finance, acquisition, and property officials for continued maintenance of a monetary balance between the FDA general ledger and the subsidiary ledger (PMIS).

5. Ensure that personal property records are reconciled by periodic inventories of property.

6. Assist FDA component managers in the development and operation of internal control systems for property accountability.

7. Ensure that personal property disposal procedures and practices are consistent with Agency policies.

8. Ensure that Report of Survey actions are conducted in accordance with applicable Agency policies.

9. Delegate PMO authority to appropriate PMO Representatives.

B. Component Functional Responsibilities.

Each FDA operating component shall designate officials to perform the functions listed below. Component SOPs are required to clearly delineate the distribution of the specific duties listed herein among the component personnel responsible for personal property management. It is expected, at a minimum, that each

operating component will assign an APO and PCOs. The PCOs must be designated in writing and submitted to the Center APO.

1. Manage and coordinate the activities at the center/office designated receiving point(s).

2. With the exception of IT equipment whose receiving and barcoding is managed by the Receiving and Distribution Center (RDC), the operating component will be responsible for oversight of the receipt and barcoding of all accountable property.

3. Coordinate the distribution of new property with the appropriate PCO.

4. Manage the activities, assignment, and training of center/office PCOs.

5. Plan and coordinate center/office inventories.

6. Manage the center/office property disposition process.

7. Adhere to the SOPs in the Unified Financial Management System (UFMS) and the PMIS for acquisition, receiving, and creation of property items.

8. Manage the input, and changes to asset records in PMIS.

9. Ensure the proper utilization, care, and safeguarding of personal property issued or assigned to a location code.

10. Ensure that employees in a custodial area are properly advised on their responsibilities for the proper use, maintenance, and protection of personal property.

11. Follow the UFMS and the PMIS policies for processing, acquisition, transfer, and Report of Survey actions.

12. Conduct physical inventories and reconciliation of personal property at the frequency required by applicable policies and maintain current inventory records.

13. Conduct joint inventory upon transfer of custodial responsibility to a successor and initiate action to adjust any differences that may be discovered.

14. Responsible for the management and control of all personal property assigned to a Center/Office. Manage the day-to-day handling of personal property, tracking, maintaining, and documenting property from acquisition to disposal.

15. Must enter all accountable property, including sensitive property, into PMIS for tracking.

6. Acquiring and Receiving Personal Property

A. Acquisition Official or Center Designate

1. The Acquisition Official shall issue the approval for all acquisitions of accountable property at their Center.

2. The Acquisition Official shall enter the approval of an accountable property requisition as a purchase order (PO) and assign the proper object class in the iProcurement system as per Standard Operating Procedure (SOP).

3. Manage the correct assignment of the object class (Property or Non-property.) It is critical to FDA's ability to account for and manage its personal property assets and care must be taken to avoid inadvertent assignment of O.C. 25 (Contractual Services) or O.C. 26 (Expendable Supplies and Materials.) (For object class code listings, see Attachment B or Job Aid “Commonly Used Accountable/Non-Accountable Property Object Class Codes…” - http://inside.fda.gov:9003/downloads/Administrative/BudgetFinance/UnifiedFinancialManagement System/UCM187123.doc.

B. Receiving Official or Center Designate

1. The Receiving Official shall perform the verification and approval for all receiving of accountable property at their Center.

2. The Receiving Official or designate shall be responsible for barcoding/tagging accountable property items upon receipt of such items at their Center.

3. The Receiving Official shall enter the received items in UFMS following the proper SOPs.

C. Credit Card Purchases

1. Only Purchasing Agents and OIM Specially Designated Personnel are authorized to use the bankcard known as “P-Card” to purchase accountable personal property.

2. The Purchase Card Approving Official (AO) must notify Property Custodial Officers and/or Accountable Property Officers of all accountable property

acquired by ensuring a Receiving and Add Property Report (RAP)[1] is completed and emailed to the respective Center's Accountable Property Officer (APO).

3. The Purchase Card Approving Official (AO) must provide a monthly report to their center's APO when "P-Card" purchases are made where accountability could not be determined by the AO or a RAP form was not submitted to the APO.

D. Replacement Parts and Add-on Components.

1. Replacement parts are those items purchased for the purpose of replacing failed property components, or items purchased to upgrade a property component. Replacement parts do not increase or significantly increase the value of the accountable property item. Changes in value must be recorded in the PMIS.

   Examples:

   a. Replacing a failed monitor or disk drive with a similar component (no increase in value).

   b. Replacing a functioning hard disk drive with a larger disk drive (increase in value).

2. Add-on Components do not replace existing components. Add-on components **do increase the value** of the accountable property item. The PMIS record must be updated to reflect the increase in value.

   Examples:

   a. Adding a CD-ROM drive to a personal computer.
   b. Adding a stapler/sorter unit to an accountable photocopier machine.

E. Trade-in

Accountable property may be traded-in toward the purchase of new property. The trade-in info must be noted in the comments section of the asset record of the PMIS, and include the following information:

1. Description of trade-in item
2. Serial Number
3. Barcode/tag Number

[1] The Receiving and Add Property Report (RAP) can be found at http://inside.fda.gov:9003/downloads/EmployeeResources/PersonalProperty/APO/UCM459135.pdf

4. The trade-in value allowed/given

When the new equipment is received, update the asset record with the new item information in the PO in the PMIS, and initiate the Final Event with the PSC.

F. Valuation

When procurement documents are unavailable, the APO or PCO must apply the Average Cost Methodology when entering accountable property into PMIS. If the average cost is a capital value ($25,000 or greater), the Personal Property Management Program (PPMP) must confirm the cost before a capital asset can be created in PMIS.

7. Maintenance and Updates of Asset Records in the PMIS Database

Follow the policies and SOPs for the UFMS and PMIS regarding the maintenance and updates of data. The PSC shall be responsible for the administration of Final Events and surplussing of assets in the PMIS.

8. Transfers of Personal Property

A. Transfers Within FDA (*from one custodial area to another*)

Transfers of personal property within the FDA from one custodial area to another should be coordinated through the appropriate component's APO. The form HHS-22 to record the transfer should be signed (electronic signature, or on hard copy) by the both the initiating PCO and the receiving PCO.

B. Transfer Outside of FDA

A transfer of personal property outside of the FDA is considered a Final Event. It should be coordinated with the PSC as dictated by their guidelines for following the proper Final Event procedures in the PMIS.

9. Report of Survey

The FDA Report of Survey is used: (1) to document an incidence of stolen, lost, or damaged personal property; (2) to initiate reviews and investigations; and, (3) to document the conclusions and findings of the Board of Survey and Determining Authorities. Details on preparation of the FDA Report of Survey are contained in the Staff Manual Guide FDA 2620.5, Report of Survey System.

10. Inventory Procedures for Accountable Personal Property

PCOs, in conjunction with the component APO, are responsible for conducting an annual physical inventory of all accountable personal property charged to their

custodial area. A schedule of annual inventories will be jointly developed by OFM and the FDA component.

11. Responsibilities of FDA Employees Relative to Government Property

Each FDA employee is responsible for the proper acceptance, use, protection, and surrender of any property assigned to his/her custody or control, and may be held financially liable for violations of such responsibility when they result in losses to the Government.

More specifically, he/she shall:

1. Accept property only when properly assigned to his/her custody and control by a PCO or authorizing official, and shall not remove any property from a custodial area unless such removal is made with the consent of the PCO or an authorizing official.

2. Not use, or permit any other person to use, FDA property for any purpose other than official use.

3. Not take for personal use any article of property, including property that has been abandoned or destroyed.

4. Coordinate the disposition of all property that is designated as excess/surplus through the Center APO.

5. If responsible for the custody and/or use of personal property that is subsequently lost, stolen, destroyed, or damaged beyond repair or salvage, forward immediately to the appropriate APO a memorandum showing:

    a. Full description of the article, FDA barcode/tag number, serial number (if any), and cost.

    b. The facts and circumstances surrounding the loss, theft, damage or destruction.

    c. The action taken to recover same, if the property was lost or stolen.

    d. Notify the PCO if property under use is lost, stolen, damaged, or destroyed. Lost or stolen IT equipment must be reported to the FDA IT Security Operations Center. If stolen, a copy of the Police Report must be obtained within seven days of the incident.

6. An employee leaving the jurisdiction of any custodial area shall return any property or account for all personal property and other items for which personally responsible. When leaving or moving from one custodial area to

another, the APO must be contacted by the employee so that required asset information can be properly updated in the PMIS.

7. Fully cooperate with required inventory procedures for accountable personal property including annual inventories and audits.

8. Not remove or obscure an official barcode applied to government property or otherwise intentionally deface, alter, or damage the property and the identifying marks on the property including serial number and manufacturer's labels.

12. Acceptance of Unconditional Gifts of Personal Property

The FDA, as a Public Health Service (PHS) component, has statutory gift acceptance authority under 42 U.S.C. subsection 300aaa. By memorandum dated February 25, 1983, the Assistant Secretary for Health delegated to the Commissioner of Food and Drug the authority, under section 501 of the Public Health Service Act (42 U.S.C. 219) as amended, to accept offers of gifts, excluding the acceptance of gifts of real property. Offers of personal property shall not be accepted if the total costs associated with acceptance are expected to exceed the cost of purchasing a similar item and the cost of normal care and maintenance. Since the Commissioner of FDA has the authority to accept unconditional gifts on behalf of the Agency, a formal request that the Commissioner accept the gift on the basis that it meets the requirements of Title 21 CFR 5.10, (Subpart A), and that acceptance does not present a conflict of interest, should be submitted by memorandum from the FDA component's director through the Associate Commissioner for Management, though the Deputy Commissioner for Operations, to the Commissioner. Any unconditional gift of personal property accepted for official use by the Commissioner, shall be accounted for in the same manner as personal property acquired from other authorized sources and shall lose its identity as an unconditional gift upon entry into the Agency's property account. The APO must be informed upon such acceptance of property, so that the asset can be properly added to the Property Management System (PMIS). When property acquired as an unconditional gift cannot be used or is no longer required by the Agency, it shall be reported to GSA as excess personal property in accordance with FPMR 101-43.304.

13. Personal Custody Property Record

Personal Custody Property Record/Hand Receipt - Form HHS-439 PCOs are responsible for obtaining signatures and maintaining a record when an item designated as personal custody property is issued so that the property can be removed in this person's care, from the building. A Form HHS-439 may be used for this purpose or, if preferred any automated system file is acceptable, if signed and dated. The form must contain, at a minimum, the following information: Tag number, item description, manufacturer, name of borrower, name of custodial officer (PCO),

Custodial area (Organization), date of issue, and expiration date of pass. This record/file establishes additional controls over items that have a high degree of personal appeal, are portable, and susceptible to theft, referring to sensitive equipment. (See item "3., r. Sensitive Equipment" for a complete listing.) With regard to laptop computers, each Center shall determine whether a Form HHS-439 is the appropriate record to be used at their Center for designating an item as personal custody property. Internal clearance procedures must ensure that personnel transferring or separating are required to clear through the PCO, who will screen his/her personal custody property records to be certain that property is returned prior to signing the individual's clearance record.

14. Effective Date

The effective date of this guide is August 11, 2020.

15. Document History -- SMG 2620.2, Accounting, Inventory Controls, Utilization, and Disposal of Personal Property Assigned to Custodial Areas

Status (I, R, C)	Date Approved	Location of Change History	Contact	Approving Official
Initial	05/04/2010	N/a	OC/OA/OFO/OFM	William Collinson, Director, OFM
Revised	08/11/2020	N/a	OC/OO/OFEMS	Donald Demers, Director, OFEMS

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Attachment A

Authority, Accountability, and Responsibility Chart

Category	Headquarters and Centers	ORA
Authority	• Director, Office of Financial Management (OFM) • PMO • Center Directors	• Director, Office of Financial Management (OFM) • PMO • Center Directors
Accountability	• Center Executive Officers • Office Directors • Division Directors	• Center Executive Officers • Office Directors • Division Directors • Lab Directors
Responsibility	• APO • PCO • Acquisition Official • Receiving Official	• APO • PCO • Acquisition Official • Receiving Official

Attachment B

Accountable Property-Object Class Code

31 (3/01/2010)

Capitalized Equipment (individual items valued at $25,000 and above)

O.C.	Number Equipment List
31200	Furniture and Furnishings
31201	Desks, tables, and chairs
31210	Filing equipment
31217	Medical, dental, and scientific
31222	Plant, shop, and ground
31226	Kitchen and dietetic
31230	Furniture and furnishings for quarters
31235	All other
31300	Office Equipment - Excludes IT (ADP and TC) Equipment
31301	Typewriters
31335	Other office machines (see 31523 for audiovisual)
31400	IT (ADP and TC Equipment)
31401	ADP Hardware Equipment - Electronic data processing equipment including: Mainframe, mini, and micro digital, analog and hybrid computers used for the manipulation and storage of data (as opposed to the transfer of data);

O.C.	Number Equipment List
	equipment electronically connected to CPUs, and equipment normally used in support of ADP (e.g., equipment used for data input and output, multimedia and presentations, mass storage, communication, file transfer, security and data integrity, back-up, line conditioning, uninterruptible power supplies, etc.). Purchases may be for new ADP capacity or to expand or replace existing capacity. Includes printers and modems, but not facsimile machines (see 31405). Includes network interface cards (NICs), but not network hardware (see 310488) or cabling (see 32211).
31403	ADP Software Equipment - Indefinite license custom and off-the-shelf software used to facilitate use of computer hardware including operating systems; assembly, compiler, translator, and application software (e.g., groupware, presentation, communication, file transfer, client-server, directory services, Internet software, etc.). Excludes network operating system software (see 31408), and annual licenses for software use (see 25725). Currently not tracked via the Property Management Information System.
31404	TC infrastructure equipment - Common use - Equipment used for the transmission of analog or digital signals to include voice/data-switching system, video cabling 32212)
31405	TC end-user equipment - Includes key systems, station user equipment, facsimile machines, cellular phones/pagers, hand- held fixed, or mobile radio systems, etc.
31408	LAN and WAN hardware equipment and NOS software - Includes servers, routers, hubs, multiplexers, and concentrators.
31413	TC Software - Software that uniquely supports TC end-user equipment (see 31405, excludes software contained in 31408). Currently not tracked via the Property Management Information System.
31500	Instruments and Apparatus
31501	Medical, dental, and scientific
31507	Kitchen and dietetic
31510	Medical stockpile
31521	Quarters
31523	Audiovisual, microfilm, and photographic
31527	Printing, duplicating, and copying
31530	Communications (other than object class 31400)
31535	All other
31600	Production and Construction Machinery, and Armaments
31601	Production and Construction Machinery
31633	Armaments
31635	All other
31700	Implements and Tools, etc.31701 Medical, dental, and scientific
31710	Kitchen and dietetic
31717	Plants, shop, and ground
31735	All other

O.C.	Number Equipment List
31800	Publications for Permanent Collection (including library, NO cost restrictions). Currently tracked via the Property Management Information System.
31801	Publications, books, etc. Currently not tracked via Property Management Information System.
31835	Other library resources such as microfilm, films, and tapes with a useful life of over 2 years. (Also see 31934). Currently not tracked via Property Management Information System.
31836	Capitalized Equipment under Capital Lease Currently not tracked via Property Management Information System.
31900	Non-Capitalized Equipment
31903	Furniture and Furnishings
31910	Office Equipment
31911	LAN and WAN hardware equipment and NOS software
31912	ADP software --- indefinite license
31913	TC software
31915	ADP hardware equipment
31917	Instruments and Apparatus
31919	TC infrastructure equipment
31920	TC end-user equipment
31921	Production and construction machinery and armaments
31933	Implements and tools
31934	Publications, books, and other library resources not intended for permanent collection. (See 26622 for the direct use of reference books in individual offices.)
31935	Other

Notes:

- For descriptions of the kind of equipment included in each category, see the capital equipment descriptions under object classes 31200, 31300, 31400, 31500, 31600, 31700, 31800, and 31900.

- Sterilizer Equipment (permanently mounted/attached), formerly considered personal property, is hereafter designated as real property. Obligation and payment documents shall reflect object class codes associated with real property transactions.

Attachment C

Donation of Excess Education-Related Property

FDA Policy for Implementing Executive Order 12999

Background:

On April 17, 1996, the President signed an Executive Order (E.O.) that encourages federal agencies to make an important contribution to education- E.O.12999, Educational Technology: Ensuring Opportunity for All Children in the Next Century, directs agencies - to the extent permitted by law and where appropriate to transfer computers and related peripheral tools determined to be excess to the needs of the agency directly to eligible schools and non-profit educational organizations.

The Act also authorizes the direct transfer of excess research equipment to educational institutions or non-profit organizations to promote technical and scientific education research activities without reporting property to GSA. The property is considered a gift, and title immediately passes to the eligible organization. Title is unconditional, and there are no terms and/or conditions on the use of the property except that it must be used for direct educational purposes as opposed to administrative purposes.

However, a key feature of the Order, and one that cannot be overlooked, is that agencies keep track of all equipment transferred so that an annual report of all transfers can be provided GSA. The efficacy of the Order can be evaluated accurately only if the data are available from each agency regarding the type of equipment transferred, the quantities involved, and the recipients.

Purpose:

Under the authority contained in the E.O. 12999 and the Stevenson-Wydler Innovation Technology Act of 1980, the policy contained herein provides for the establishment and operation of FDA`s donation program for education equipment to schools and non-profit organizations in an equitable manner. The issuance of this policy provides FDA’s organizations the means to effectively and efficiently carry out the intent of the E.O.

Implementation:

Donations of Information Technology equipment must be cleared first through the Office of Information Management (OIM), Property Management and Receiving and Distribution Team Lead, so the equipment may be properly sanitized.

Attachment D

Personal Property Forms

Request for Property Action, Form HHS-22 (PMIS-generated) – https://pmis.psc.gov/Forms/HHS-22.pdf

FDA Report of Survey, Form HHS-342 – https://pmis.psc.gov/Forms/HHS-342.pdf

Personal Custody Property Record/Hand Receipt, Form HHS-439 – https://pmis.psc.gov/Forms/HHS-439.pdf

Hazard-Free Equipment Certification, Form FDA 3399 – http://inside.fda.gov:9003/downloads/PolicyProcedures/Laboratories/LaboratorySafety/ucm036131.pdf