

# **Interagency Committee for Property Management (ICPM) Asset Management Review Guide**

The Interagency Committee for Property Management (ICPM) developed this guide to assist federal agencies in assessing the performance of asset management activities within their agency.

The performance indicators used are consistent with the Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62) and the Government Performance and Results Modernization Act of 2010. <http://www.whitehouse.gov/omb/mgmt-gpra/index-gpra>. The GPRA requires agencies engage in performance management tasks such as setting goals, measuring results, and reporting their progress. In order to comply with the GPRA, agencies produce strategic plans, performance plans, and conduct gap analyses of projects. Successful performance of the asset management function will contribute to successful programs.

This guide also may be used in determining the adequacy of management controls under the Federal Manager's Financial Integrity Act (FMFIA) [http://www.whitehouse.gov/omb/financial\\_fmfi1982/](http://www.whitehouse.gov/omb/financial_fmfi1982/) and the Office of Management and Budget (OMB) Circulars pertaining to asset management. OMB Circulars can be viewed at: <http://www.whitehouse.gov/omb/circulars/index.html>.

This guide offers a common means of communicating about the performance strengths and weaknesses in an agencies asset management system. Areas requiring attention can be identified and references to specific policy and procedures are useful for achieving corrective action.

We welcome your suggestions concerning future editions of this guide. Please call 202-501-3828, to make recommendations or email [robert.holcombe@gsa.gov](mailto:robert.holcombe@gsa.gov).

Specific guidance for motor vehicles and aircraft are not within the scope of this document. For guidance on motor vehicles, visit [www.gsa.gov/fmr](http://www.gsa.gov/fmr). For guidance on aviation training and operations, visit [www.gsa.gov/aircraftpolicy](http://www.gsa.gov/aircraftpolicy).

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## Contents

<b>INTRODUCTION</b> .....	5
I. Purpose: .....	5
II. Content of the Asset Management Review Guide .....	5
III. Asset Management Review Process .....	6
IV. Alternative Management Controls Review .....	7
V. Voluntary Consensus Standards (VCS) .....	7
VI. VCS Pertaining to Asset Management Systems .....	8
VII. Asset Management Terminology .....	10
<b>CHAPTER 1 – ASSET MANAGEMENT SYSTEM</b> .....	11
I. Purpose of Asset Management Activities .....	11
II. Asset Management Principles .....	11
III. Asset Management System .....	11
IV. Asset Life Cycle Management.....	12
V. Financial Requirements .....	13
VI. Accountability of Assets .....	15
<b>CHAPTER 2 – MANAGEMENT AND PERFORMANCE INDICATORS</b> .....	16
I. Background.....	16
II. Activity Management Performance Indicators .....	16
A. Activity and Management.....	16
1. Policies and Procedures .....	16
2. Staffing and Training .....	18
3. Placement, Structure, and Responsibilities .....	18
4. Performance Review and Improvement Program.....	18
5. Control and Reporting of Accountable Assets.....	18
6. Cost of Asset Management Operations.....	19
7. Effective Use of Labor.....	19
B. Operating Practices .....	19
1. Requirements Planning .....	19
2. Acquisition.....	19
3. Receiving .....	19
4. Control of Accountable Assets .....	19
5. Customer Service .....	20
6. Storage .....	20
7. Utilization and Disposition .....	20
8. Assets in the Hands of Contractors, Cooperative Agreements, and Grantees .....	20
III. Asset Management Performance Indicators .....	21
A. Inventory Reconciled Rate.....	21
B. Asset Record Accuracy Rate.....	21
C. Asset Utilization Rate.....	22
D. Reports of Survey (ROS) or Lost, Damaged, or Destroyed (LDD) Completion Rate .....	22
E. Excess Asset Disposition Rate .....	23
<b>CHAPTER 3 – ON-SITE REVIEW</b> .....	24
I. Purpose of the On-Site Review .....	24

II. Overview .....	24
III. Responsibilities of the Review Team .....	24
IV. Request for Data .....	26
V. Entrance Interview .....	26
VI. On-Site Review Checklist.....	27
VII. Statistical Sampling Techniques .....	27
A. Simple Random Samples .....	27
1. Determining Sample Size .....	28
2. Selecting the Sample.....	28
B. Statistical Random Sampling (SRS).....	28
C. Stratified Random Samples.....	29
D. Judgmental Samples.....	30
VIII. RATINGS .....	30
A. SCALE.....	30
<b>EXHIBIT 3-1 ON-SITE REVIEW CHECKLIST .....</b>	<b>32</b>
<b>A. ACTIVITY AND MANAGEMENT .....</b>	<b>32</b>
1. POLICIES AND PROCEDURES .....	32
2. STAFFING AND TRAINING .....	32
3. ACTIVITY PLACEMENT, STRUCTURE, AND RESPONSIBILITIES.....	33
4. PERFORMANCE REVIEW AND IMPROVEMENT PROGRAM.....	34
<b>B. OPERATING PRACTICES, CONTROL, AND REPORTING.....</b>	<b>35</b>
1. REQUIREMENTS PLANNING .....	35
2. ACQUISITION.....	35
3. RECEIVING.....	36
4. CONTROL OF ACCOUNTABLE ASSETS .....	37
ACCOUNTABLE ASSETS CONTROL SYSTEM.....	38
ACCOUNTABLE ASSETS SUBSYSTEMS.....	39
ACCOUNTABLE ASSETS RECORDS- UPDATING .....	39
ACCOUNTABLE ASSETS RECORDS - SUPPORTING DOCUMENTATION.....	40
PHYSICAL INVENTORIES - PHYSICAL COUNT .....	40
PHYSICAL INVENTORIES RECONCILIATION.....	40
RECORDING OF PHYSICAL INVENTORIES .....	41
SURVEY OFFICER/BOARD OF SURVEY .....	41
SENSITIVE ASSETS.....	42
POOLED EQUIPMENT.....	42
LOANED ASSETS.....	43
MAINTENANCE AND REPAIR .....	43
CALIBRATION .....	44
REPORTING OF LOSS, DAMAGE, OR DESTRUCTION (LDD) .....	44
INVESTIGATION OF LOSS, DAMAGE, OR DESTRUCTION.....	44
REMOVING ASSETS.....	45
5. CUSTOMER SERVICE.....	45
6. STORAGE FACILITIES.....	46
STORAGE PRACTICES .....	46
STORAGE RECORDS.....	47
MATERIALS HANDLING EQUIPMENT (MHE) AND TECHNIQUES .....	47

EQUIPMENT HELD FOR FUTURE PROJECTS (EHFFP).....	47
7. UTILIZATION AND DISPOSITION DIRECTIVES.....	47
ACQUISITION OF EXCESS ASSETS .....	48
UTILIZATION OF EXCESS ASSETS.....	48
DISPOSITION OF SPECIAL ITEMS.....	49
DONATIONS .....	49
DISPOSITION BY SALE .....	49
DISPOSITION OF SCRAP AND SALVAGE.....	49
DISPOSITION BY ABANDONMENT OR DESTRUCTION.....	50
DISPOSITION OF HAZARDOUS ASSETS.....	50
UTILIZATION AND DISPOSITION OF ASSETS PURSUANT TO EXCHANGE/SALE AUTHORITY .....	50
8. MOTOR VEHICLE MANAGEMENT .....	50
9. CONTRACTOR AND GRANTEE-HELD ASSETS.....	51
CONTRACTS.....	51
MOTOR VEHICLES.....	52
UTILIZATION AND DISPOSITION .....	53
CONTRACTOR REPORTS.....	53
CONTRACT CLOSEOUTS.....	53
GRANTS AND COOPERATIVE AGREEMENTS .....	54
<b>CHAPTER 4 – FINDINGS, DEFICIENCIES, AND REPORTS</b> .....	56
I. Recording Deficiencies.....	56
II. Report of Findings.....	56
III. Summary of Findings Report.....	57
IV. Exit Interview .....	58
V. Final Report.....	58
EXHIBIT 4-1 OBSERVATION REPORT.....	62
EXHIBIT 4-2 REPORT OF FINDINGS .....	65
EXHIBIT 4-3 –SUMMARY OF FINDINGS REPORT .....	68
<b>CHAPTER 5 - TERMS AND DEFINITIONS</b> .....	70

## **INTRODUCTION**

### **I. Purpose:**

The Interagency Committee for Property Management (ICPM) developed this Asset Management Review Guide to:

- assist federal agencies in assessing the performance of the management of federally owned assets in a structured and consistent manner to identify opportunities for improvement;
- determine compliance with federal regulations and policies;
- provide an alternative to federal regulations and policies through the use of Voluntary Consensus Standards (VCS) when no federal regulations or policies exist; and
- assure that adequate management controls are in place as required by the Federal Managers' Financial Integrity Act (FMFIA).

The Guide contains numerous references to the management of assets based on existing federal and VCS policies and guidelines. References include the following:

- Federal Management Regulations (FMR)
- Federal Property Management Regulations (FPMR)
- GSA Bulletins
- Federal Acquisition Regulations (FAR)
- Code of Federal Regulations (CFR), including:
  - Occupational Safety and Health (29 CFR)
  - Transportation (49 CFR)
- Public Law (PL)
- Office of Management and Budget (OMB) Circulars
- ASTM (formerly the American Standards for Testing and Materials, now ASTM International) Standards
- International Standards Organization (ISO) 55000:2014, Asset Management

*All references to the terms asset, property, or equipment used in this Guide refers to accountable personal property unless otherwise specified. The scope of this document is limited to physical assets (personal property) and is not an asset management guide for other types of assets.*

### **II. Content of the Asset Management Review Guide**

This section presents a brief synopsis of the Asset Management Review Guide, the purpose of each chapter, and the relationship of the material in each chapter.

**Chapter 1** describes the Asset Management System as a whole. The purpose of the chapter is to provide an understanding of how the entire “system” is required to properly manage an agency’s assets, in lieu of simply the agency’s accounting system of record.

**Chapter 2** builds on Chapter 1 by describing the management and performance indicators used to measure the:

- quality of the asset management activity,
- productivity of its staff,
- effectiveness of its managers,
- appropriateness of the asset management activity, and
- adequacy of its checks and balances.

Chapter 2 further describes how these indicators can be used to improve the agencies asset management system and prepares the reader for the on-site review process described in Chapter 3.

**Chapter 3** explains the on-site review process to include the assignment of a Review Team. It contains the On-Site Review Checklist that sets forth the questions that can best be answered for each of the major functions in the asset management activities within the agency. Chapter 3 also presents information on how to select a sample of asset records such as inventory adjustments, receipts and dispositions, and inventory records so that the sample has a high probability of being representative of the overall population of the records under review.

**Chapter 4** describes the overall summary of the on-site review results and the content of the Report of Findings, Summary of Findings, and the Exit Interview. The Report of Findings is the end product of the asset management review and should contain a brief explanation of the overall findings in each functional area. It requires the reviewer to make certain judgments about the quality of the asset management process; to assess the adequacy of the agency, staffing, and management controls; and to provide a rating for the asset management activity as a whole. The judgments and assessments build upon the results of the On-Site Reviews, discussed in Chapter 3. The Summary of Findings and the Exit Interview provide the asset management activity with the opportunity to discuss, correct and/or dispute findings prior to the development of the final report.

**Chapter 5** Terms, Definitions, and Acronyms contains definitions for the acronyms and terms used in this guide. Where cited in the FMR or the FAR, the citation is noted.

### **III. Asset Management Review Process**

This guide may be used and adapted for formal or informal assessments of how well an asset management activity is performing its mission. The reviews should focus on the functions described in Chapter 3 of this guide, including an assessment of the quality of the asset management process, activity and staffing, and management controls. The review should also analyze significant management indicators and provide benchmarks

that highlight potential or actual successes and deficiencies. The review process is designed to minimize the disruption to the operations of the activity being reviewed.

If a formal review is conducted, any potential or actual successes or deficiencies identified during the review should be cited in the Report of Findings. If reviewed by another activity, those findings will be discussed with the head of the agency during the exit interview and the asset management activity being reviewed should have the opportunity to identify areas of the report that it disagrees with. After discussion, the Review Team may make changes/corrections where appropriate. A copy of the final report should then be provided to the head of the agency and to other affected asset management officials.

#### **IV. Alternative Management Controls Review**

An external or self-assessment performed by an activity in accordance with the guidelines set forth in this document will qualify as a management review under **OMB Circular A-123, Management's Responsibility for Internal Control**, [http://www.whitehouse.gov/omb/circulars\\_a123\\_rev/](http://www.whitehouse.gov/omb/circulars_a123_rev/).

Evaluations of an administrative function (in this case the asset management activity) determine whether adequate management controls are in place and identify areas of material weaknesses. In addition to an on-site evaluation, recently issued audit reports, management studies, and other materials can be used to identify systemic weaknesses so the agency can correct them.

Reports on these assessments must be clear, concise, and thorough enough to convince agency officials that a comprehensive evaluative examination has been made of the management control area. This means that the Review Team should use data collected during review sampling and illustrations based on actual observations to the maximum extent feasible. An explanation of the problems identified should also elaborate on any impacts that problems may make on the operations of the agency as a whole.

The majority of problems found will likely be administrative in nature; however, certain problems, due to the significance of the impact they make, may be classified as material weaknesses. This designation requires managers to weigh the relative risk and the significance of the deficiency to the agency's asset management program. The agency head must report material weaknesses to the President and the Congress as directed in **OMB Circular A-123**.

#### **V. Voluntary Consensus Standards (VCS)**

Federal agencies have actively participated in and incorporated VCS into procurement efforts and regulations for decades. The increased use of VCS for asset management is driven by both internal government reinvention and reform efforts and by federal laws. PL 104-113, the "National Technology Transfer and Advancement Act of 1995," <http://history.nih.gov/research/downloads/PL104-113.pdf> was enacted, in part, to

encourage the use of voluntary consensus technical standards in lieu of government-unique standards by federal agencies except when they are inconsistent with applicable law or otherwise impractical.

OMB issued **OMB Circular A-119, Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities**, [http://www.whitehouse.gov/omb/circulars\\_a119](http://www.whitehouse.gov/omb/circulars_a119) to provide additional guidance.

Subsequently, the National Property Management Association (NPMA) and the American Society for Testing and Materials (ASTM), now ASTM International, entered into an agreement to develop VCS for asset management activities. ASTM Committee E53 develops VCS related to Asset Management. ASTM also sponsors the **US Technical Advisory Group to ISO 55000:2014**, the first ISO standard written specifically for Asset Management.

VCS are a valuable tool for the asset manager as they represent the collective wisdom of federal and private sector experts covering topics not addressed in law or federal regulations.

The General Services Administration (GSA) issued **GSA Bulletin FMR B-18** on July 17, 2008, subject: **Procedures Covering the Use of Voluntary Consensus Standards in Personal Property Management**.

The bulletin states:

*In carrying out their personal property management responsibilities under Section 524 of title 40 of the United States Code, executive agencies are required to maintain adequate inventory controls and accountability systems and continuously survey property under their control to identify excess property. To accomplish these requirements, agencies may utilize government-unique standards or utilize voluntary consensus standards except when inconsistent with applicable law or otherwise impracticable. However, if agencies choose to use government-unique standards, agencies must report this situation in accordance with OMB Circular A-119, Section 6. Wherever there is an apparent inconsistency between a voluntary consensus standard and law or regulation, agencies are required to follow the provisions in title 40 of the United States Code, applicable Federal Accounting Standards, the Federal Management Regulation, and Federal Property Management Regulations instead of the provisions in voluntary consensus standards.*

## **VI. VCS Pertaining to Asset Management Systems**

**ASTM E2675** Standard Practice for Property Management System Outcomes (Reapproved 2014). This practice is under the jurisdiction of ASTM Committee E53 on Asset Management and is the direct responsibility of Subcommittee E53.05 on Property Management Maturity. Current edition approved June 1, 2014. Published June 2014. Originally approved in 2009.



**NOTE:** It is important to check ASTM International (<http://www.astm.org>) for the latest version of the standard.

This standard describes outcomes associated with an asset management system. The standard groups the process management in to ten outcomes. Five process and five operational:

#### Process Outcomes

- Mission Support
- Accounting and Accountability
- Information Management
- Planning Relationships

#### Operational Outcomes:

- Property Functionality
- Resource Optimization
- Property Visibility
- Safety and Security
- Installation, Movement, and Storage

The standard works in tandem with ASTM E2279-09 Standard Practice for Establishing the Guiding Principles of Property Management.

**ASTM E2279** is under the jurisdiction of ASTM Committee E53 on Property Management Systems and is the direct responsibility of Subcommittee E53.01 on Process Management. Current edition approved Aug. 1, 2009. Published September 2009.

**NOTE:** It is important to check ASTM International (<http://www.astm.org>) for the latest version of the standard.

The standard describes the creation of a set of guiding principles to be applied to asset management. The standard addresses tangible personal property; however, some of the principles can be applied to other types of property.

The intent of these principles is to provide guidance for an effective and efficient system for (1) the acquisition of personal property, (2) the utilization of available personal property, and (3) the disposal of personal property (Public Law 107-217).

For referenced ASTM standards, visit the ASTM website, [www.astm.org](http://www.astm.org), or contact ASTM Customer Service at [service@astm.org](mailto:service@astm.org). For *Annual Book of ASTM Standards* volume information, refer to the standard's Document Summary page on the ASTM website.

**ASTM 2453** is under the jurisdiction of ASTM Committee E53 on Asset Management and is the direct responsibility of Subcommittee E53.03 on Financial Management. Current edition approved July 15, 2013. Published July 2013.

**NOTE:** It is important to check ASTM International (<http://www.astm.org>) for the latest version of the standard.

This standard describes how to establish a process consensus model for determining the life cycle cost of assets within an asset management system.

**ISO 55000:2014** – ISO 55000 series is comprised of three standards:

- ISO 55000 provides an overview of the subject of asset management and the standard terms and definitions to be used.
- ISO 55001 is the requirements specification for an integrated, effective asset management system.
- ISO 55002 provides guidance for the implementation of an asset management system.

The development of these standards was achieved by ISO Committee PC251, with 31 countries participating. The standards were approved in January 2014 and are available from ANSI.

The standards address:

- Leadership
- Planning
- Support
- Operation
- Performance Evaluation
- Improvement

## **VII. Asset Management Terminology**

In order to ensure we are speaking a common language, we must first define some common terms and agree upon those definitions. Frequently used terms and their definitions can be found in Chapter 5 of this guide.

For the purposes of this guide, there is a hierarchy that will help you to determine which definition to use.

- Definitions come first from the FMRs under the purview of the GSA.
- This is followed by FAR definitions.
- Agency and VCS definitions may be used in the absence of federal definitions.

## **CHAPTER 1 – ASSET MANAGEMENT SYSTEM**

### **I. Purpose of Asset Management Activities**

The purpose of any asset management activity is twofold: First, the agency must manage and control the assets of the agency. Second, the agency must provide the technical support and assistance needed to carry out the mission of the asset management activities served and do so in a manner that reflects the appropriate balance between cost effectiveness and responsiveness.

For the purpose of this guide, an asset management activity is defined as an agency component that has responsibility for the management and utilization of accountable assets. In general, the term "asset management activity" refers to the agency's asset management functions; however, the guide can also be used to review smaller asset management activities or sub-systems of an asset management activity.

### **II. Asset Management Principles**

The principles of asset management that this guide is based on include:

- Maximize the return on your investment.
- Manage the inventory effectively.
- Minimize the cost of your management systems.
- Make excess the first source of supply.
- Maximize reuse.
- Meet national disposition objectives.
- Enhance recycling and energy conservation efforts.
- Ensure asset managers are well trained.

### **III. Asset Management System**

In order to have a comprehensive Asset Management Program, an agency must have a complete Asset Management System in place. An "asset management system" is a set of interrelated and interacting elements of the agency, whose function is to establish the asset management objectives, policy, and the processes, needed to achieve those objectives.

**ISO 55000:2014**, Asset Management is the only ISO standard that provides an overview of asset management and asset management systems (not to be confused with asset "accounting" systems.) The standard relates to a management system for asset management which is referred to as an "asset management system" throughout the three standards. The standard can be used in combination with any relevant Governmentwide, agency or VCS asset management standards and technical specifications. (Which means it does not supersede the FMRs, but can be used to complement them.)

The standard comes in three parts:

- ISO 55000 Asset Management — Overview, principles and terminology
- ISO 55001 Asset Management — Management systems — Requirements
- ISO 55002 Asset Management — Management systems — Guidelines for the application of ISO 55001

The four primary components of an asset management system are:

- Asset management policy – Governmentwide, agency, or VCS.
- Asset management objectives – Normally contained in the agencies Business Plan.
- Strategic Asset Management Plan (SAMP) - Documented information that specifies how agency objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives.
- Asset Management Plans - Documented information that specifies the activities, resources, and timescales required for an individual asset, or a grouping of assets, to achieve the agencies asset management objectives. An asset management plan is derived from the SAMP.

#### **IV. Asset Life Cycle Management**

In general terms, an asset refers to a useful and valuable item that is owned or leased and is being used or is available for use in performance of an agencies mission.

- An “asset” is something that has potential or actual value to an agency. Value can be tangible or intangible, financial or non-financial.
- For most agencies, physical assets (personal property) usually refers to equipment, inventory, and properties owned by the agency.
- Physical assets are the opposite of intangible assets, which are non-physical assets such as leases, brands, digital assets, use rights, licenses, intellectual property rights, reputation, or agreements.
- Physical assets may be accountable, non-accountable, and/or capitalized.
- The asset type determines the recording of the asset in the agencies asset accounting system and reporting to finance when the asset is capitalized and reported as excess and/or disposition.
- All of an agencies assets must be managed.
- An "asset life cycle" includes all the “stages” that an asset experiences over its "asset life".
- An “asset life cycle stage” is an identifiable segment of an “asset life cycle”. The asset life cycle stages are determined by the agency. Since there is no federal policy that dictates the stages in an assets life cycle, this guide uses the stages defined in VCS **ASTM Standard E2453-, Standard Practice for Determining the Life-Cycle Cost of Ownership of Personal Property.**

- ASTM Standards E2279 and E2453 break down the life cycle of an asset into three stages. Acquisition, utilization, and disposition.
- Acquisition can include any or all of the following:
  - Identifying the need for an asset
  - Budgeting
  - Funding
  - Design development
  - Purchase
  - Receipt
  - Identification
  - Recording the receipt on the accountable record
- Utilization can include any or all of the following:
  - Setting up the asset
  - Training personnel in the use
  - Contractor Control (when applicable)
  - Maintenance, calibration, and repair
  - Movement and Storage
  - Physical Inventories
  - Reports of Survey or Loss, Damaged, or Destroyed (LDD) Report
  - Determination of asset being unrequired
  - Internal agency transfers of unrequired assets
- Disposition can include any or all of the following:
  - Report of Excess
  - Approval to Disposition
  - Disposition Determination
  - Performing Final Disposition
  - Costs Incurred for Disposition
  - Recording Final Disposition
  - Reporting Final Disposition Action

## **V. Financial Requirements**

**The Federal Managers' Financial Integrity Act (FMFIA) of 1982 as codified in 31 U.S.C. 3512** addressed internal controls in the Federal government, including both program management and financial controls.

FMFIA of 1982 requires agencies to maintain a system of internal controls to ensure that property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation. It further requires that accurate financial records and statistical reports are maintained.

**OMB Circular A-123** was issued under the authority of the FMFIA. The circular directs federal agencies to establish and maintain internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Agencies must consistently apply the internal control standards to meet each of the internal control objectives and to assess internal control effectiveness. When assessing the effectiveness of internal control over financial reporting and compliance with financial-related laws and regulations, management must follow the assessment process contained in Appendix A of the circular.

Agencies must provide assurances on internal control in its Performance and Accountability Report on an annual basis, including a separate assurance on internal control over financial reporting, along with a report on identified material weaknesses and corrective actions.

**The Chief Financial Officers Act of 1990 (PL 101–576), or CFO Act**, was intended to improve the government's financial management by outlining standards of financial performance and disclosure. Through the years, the CFO Act served as one of the principal pieces of management reform legislation seeking to improve government accountability.

**The Government Management Reform Act of 1994** expanded on the CFO Act by requiring 24 federal agencies to have audited financial statements.

**The Federal Financial Management Improvement Act of 1996** added more specific financial system, financial management standardization, and internal control standard requirements to the previous acts.

More recently, the Federal Funding Accountability and Transparency Act of 2006 added new transparency and accountability requirements to federal financial management.

Tied to the CFO Act is the **Government Performance and Results Act of 1993**, which was recently updated and enhanced by the **Government Performance and Results Modernization Act of 2010**. These Acts focus on government results, service quality, and customer satisfaction; integrate budget, financial, and performance measurement; and call for a strategic planning process, annual performance plans, and annual performance reports.

On their own, these pieces of legislation have significantly improved critical aspects of federal financial management. Taken together, they have changed the landscape for managing government financial information, internal controls, and systems and changed the way federal agencies implement asset management systems.

## **VI. Accountability of Assets**

Accountable assets normally have a useful life expectancy of 2 years or more, (3 or more years for administrative assets), do not lose identity when placed in service, and normally cost \$5,000 or more. Each agency sets its own threshold criteria.

Assets are identified as “capitalized” if they meet the agencies capitalization criteria. The determination of the capitalization threshold is based on the total cost to develop and place the asset into service, or in some cases the average total expected cost of each specific system.

All capitalized assets must be recorded in the agencies financial system.

***All Capitalized Assets are Accountable, but not all Accountable Assets are Capitalized!!!***

Capitalization results in creating an asset record in the financial management system at full cost which will gradually be expensed through depreciation over its useful life.

When a federal agency disposes (retires) of a capitalized asset, the transaction must be recorded in the agencies financial system to be included in the period’s financial statements.

## **CHAPTER 2 – MANAGEMENT AND PERFORMANCE INDICATORS**

### **I. Background**

Management and performance indicators are used to measure the:

- Quality of the activity's asset management system;
- Productivity of the asset management activity;
- Effectiveness of agency management;
- Appropriateness of asset management activity placement within the agency;
- Adequacy of checks and balances within the asset management activity.

Management indicators are factors that describe the ability to accomplish the asset management function and guide personnel in it rather than the ability to operate the hands-on asset management process. The following are examples of management indicators:

- Adequacy of policies and procedures;
- Staffing and grade levels of asset management personnel;
- Placement of the asset management operations within an activity;
- Performance review and program improvement;
- Control and reporting of accountable assets

Performance indicators, on the other hand, are direct operations issues such as:

- Asset records accuracy rate;
- Asset utilization rate;
- Inventory completion rates;
- Reports of Survey (ROS) or Lost, Damage, or Destroyed (LDD) completion rate;
- Excess disposition rate.

### **II. Activity Management Performance Indicators**

#### **A. Activity and Management**

##### **I. Policies and Procedures**

Objective: To assure that appropriate policy and procedural guidance has been provided to staff involved in asset management the agency must ensure that:

- All employees are aware of, and know where to find federal government policies and regulations;
- Formal procedures are established and followed for development, publication, and updating of local directives;



- Voluntary Consensus Standards (VCS) are used when no federal policy exists, and
- A library of asset management-related publications is maintained

**NOTE:** The head of the asset management activity should designate someone to maintain the library.

Federal property laws, rules, regulations, and policies are based on fiduciary responsibility. Fiduciary usually means monetary. Fiduciary responsibility can be defined as a legal or ethical relationship of trust when a person or an agency has agreed to act in the capacity of a caretaker (steward) of another's rights, assets, or well-being. The federal government asset manager's fiduciary responsibility requires acting as a caretaker for the public's assets.

The responsibility for assuring the availability and understanding of the appropriate operating policies and procedures, including agency and government-wide requirements, as well as any necessary subcomponent and local supplements, rests with the management of the agency and the asset management activity within the agency.

Agencies can use government-unique standards or VCS; except when they are inconsistent with applicable law or otherwise impracticable. The increased use of VCS is driven by both internal government reinvention and reform efforts and by Federal laws.

**Public Law 104-113, the “National Technology Transfer and Advancement Act of 1995,”** was enacted, in part, to encourage the use of VCS in lieu of government-unique standards by federal agencies except when inconsistent with applicable law or otherwise impractical.

OMB issued **OMB Circular A-119, Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities**, [http://www.whitehouse.gov/omb/circulars\\_a119/](http://www.whitehouse.gov/omb/circulars_a119/) to provide additional guidance.

Subsequently, the National Property Management Association (NPMA) and ASTM, entered into an agreement to develop VCS for asset management activities. ASTM currently has 53 Standards that relate to Asset Management. ASTM also sponsored the US Technical Advisory Group to ISO 55000, Asset Management, the first ISO standard written specifically for asset management.

If agencies choose to use government-unique standards, they must report this in accordance with **OMB Circular A-119, Section 6**.

Wherever there is an apparent inconsistency between a VCS and law or regulation, federal agencies are required to follow the provisions in title 40 of the United States

Code, applicable Federal Accounting Standards, the FMR, and FPMR instead of the provisions in the VCS.

## **2. Staffing and Training**

Objective: To develop staffing levels and expertise that meet the needs of the agency, including personnel properly trained to carry out functional responsibilities. The ultimate effectiveness of an asset management activity is, for the most part, attributable to the quality and commitment of its staff.

Asset management staff should be well qualified and trained to carry out their responsibilities. Insufficient training can lead to poor performance; customer dissatisfaction; faulty implementation of laws and regulations; and, in the worst case, waste and mismanagement.

## **3. Placement, Structure, and Responsibilities**

Objective: To establish the management of assets at an appropriately elevated agency level with a competitive grade structure to attract a highly skilled, professional, and motivated staff. The asset management function must be placed sufficiently high in the activity that it serves to assure continuing visibility from, and access to, senior management within the agency.

## **4. Performance Review and Improvement Program**

Objective: To develop a program to monitor, evaluate, document, and improve the quality of the agency performance in asset management and to ensure the maintenance of sufficient checks and balances in asset management activities.

## **5. Control and Reporting of Accountable Assets**

Objectives:

- a. To develop the capability to control accountable asset functions including requirements planning, use of assets, record maintenance, physical inventories, disposition of excess assets, and to retrieve, assemble, and disseminate asset management information required for use in sound decision making by personnel in operations and management;
- b. To have a chain of custody identifying persons designated as answerable for control of accountable assets from receipt through final disposition, and
- c. To utilize accounting procedures that promote an accurate application of financial resources to asset management operations and provide a check and balance of the asset accounts.

## **6. Cost of Asset Management Operations**

Objective: To minimize the cost of asset management while achieving the expected level of performance and customer service.

## **7. Effective Use of Labor**

Objective: To ensure that personnel assignments provide the asset management activity with sufficient expertise and adequate numbers of personnel; to ensure that the staff structure provides the expected level of performance in response to customers' needs without requiring excessive overtime; and to ensure that the physical layout of the asset management activity and other working conditions support the efficient use of labor.

## **B. Operating Practices**

### **1. Requirements Planning**

Objective: To determine the quantities and types of assets needed to economically and effectively support the missions and goals of an activity. Requirements planning include forecasting asset needs that arise from changes in workload and functions as well as replacing worn and obsolete assets.

### **2. Acquisition**

Objective: To ensure that the appropriate sources are used for the acquisition of assets in accordance with the requirements of FAR 8.001, Required Sources of Supplies and Services <https://acquisition.gov/far/current/html/FARTOCP08.html>.

### **3. Receiving**

Objective: To ensure that all assets delivered to users or received by the asset management activity is promptly and accurately inspected, labeled with a proper barcode, recorded, and reported (if appropriate) to the agencies finance office.

### **4. Control of Accountable Assets**

Objective: To maintain strict control over and accountability, including safeguards against theft, abuse, misuse, or loss for all accountable assets from acquisition, through use, and final disposition.

## **5. Customer Service**

Objective: To ensure the effectiveness of asset management functions to those to whom goods and services are provided and who are the direct benefactors of the work output. An effective customer service environment should include the following elements:

- Information - Determining who the customers are, both internal and external, their needs and expectations;
- Feedback - An ongoing dialogue between an activity and its customers regarding the quality of the goods and services provided, whether their needs and expectations are consistently met, the process is documented and regularly evaluated, etc.;
- Assistance - Services are tailored to meet the specific needs of each customer, and;
- Focus - The customer is the primary reason for an activity's existence and without meeting or exceeding the customer's expectations the asset management function has little intrinsic value to the activity.

## **6. Storage**

Objective: To operate a responsive cost effective system for the storage of accountable assets; to safeguard the inventory from damage, loss or theft; and to establish procedures that provide for efficient use of resources.

## **7. Utilization and Disposition**

Objective: To use excess assets as the first source of supply; to identify, process, report, and transfer excess assets among federal activities; and, to disposition surplus assets through donation, sale, recycling, or destruction.

## **8. Assets in the Hands of Contractors, Cooperative Agreements, and Grantees**

Objective: To operate an asset management system that provides for the control of government assets held by contractors, cooperative agreements and/or grantees in accordance with regulatory provisions and guidance of the activity contracting and/or grants management officer.

### **III. Asset Management Performance Indicators**

The managers of each asset management activity should monitor the activity's performance using the indicators described in this section together with any additional performance indicators considered relevant by the managers of the activity. Each asset management activity should establish appropriate standards to be met for each performance indicator.

#### **A. Inventory Reconciled Rate**

Each Agency should have an established policy that requires the periodic inventory of all accountable assets. Inventories can be used to indicate inaccuracies in asset accountability records and will quickly identify internal control shortfalls pertaining to the custody and management of government assets.

The inventory reconciled rate is calculated as follows:

$$\frac{\text{Total Number of Assets Reconciled During the Accountability Period}}{\text{Total Number of Asset Records}} \times 100\%$$

The objective of this measure is to determine if the activity maintains adequate control over their accountable assets. A low inventory completion rate can result in poor control of accountable assets and lower accountability system accuracy. The objective is to have a 100 percent inventory completion rate for all accountable assets at the end of the period. Many agencies have accountability cycles from one to three years and may use statistical sampling or other criteria to inventory their assets.

#### **B. Asset Record Accuracy Rate**

The objective of the asset record accuracy rate is to validate the accuracy of the asset record keeping system. The accuracy rate has a direct impact on general ledger reconciliation, reports of survey, and the inventory completion rate. If the information on the accountability record is inaccurate, difficulties in reconciling the asset records with the financial general ledger can be experienced. A high accuracy rate indicates that controls are in place to assure changes in the status of accountable assets are being input to the asset management system in a timely manner.

Asset record accuracy is not limited to inventory losses. It includes inventory gains, condition changes, and location changes. A high accuracy rate indicates that controls are in place to assure that changes in the status of accountable assets are input to the system in a timely manner.

The asset record accuracy rate is determined as follows:

$$\frac{\text{Number of Accurate Asset Records at Time of Physical Inventory} \\ \text{(number of records - number of changes including new records)}}{\text{Total Number of Asset Records}} \times 100\%$$

**C. Asset Utilization Rate**

This measure indicates the percentage of assets that are reused within the activity. Utilization allows activities to fill needs without the delay and expense associated with using the procurement process. A high property utilization rate indicates that assets are being used to the maximum extent possible and that an activity has controls in place to prevent unnecessary procurement actions.

The objective of this measure is to enable asset managers to calculate cost avoidance that has been achieved due to utilization of assets.

The excess asset utilization rate is determined as follows:

$$\frac{\text{Acquisition Value of Utilized Accountable Assets}}{\text{Acquisition Value of all Accountable Assets Declared Excess}} \times 100\%$$

**NOTE:** Total Dollar Value of Utilized assets include transfers between custodial areas.

**D. Reports of Survey (ROS) or Lost, Damaged, or Destroyed (LDD) Completion Rate**

The objective of this measure is to ensure that all ROS actions are completed in a timely manner.

**NOTE:** This measure may be omitted if an activity has another method of handling lost, missing, or damaged assets.

ROS are required in the case of loss or theft of government assets. They can be initiated as a result of losses discovered during physical inventories or from other losses of government property.

The ROS requires the Survey Officer or Board of Survey investigate the circumstances involving the loss of government assets. The Board of Survey must determine whether punitive or pecuniary (financial) liability exists regarding the ROS action on assets subject to the Board of Survey's investigation.

ROS completion rate measures timeliness of completion, but measuring the ratio of lost assets gives a better measure of how well we are managing and is consistent with our stewardship role and VCS on LDD which provides metrics on acceptable ratios. The LDD ratio vice timeliness of completion in the past year is determined as follows:

$$\frac{\text{Number of Assets with LDD Actions During FY}}{\text{Number of Assets}} \times 100\%$$

**E. Excess Asset Disposition Rate**

The objective of this measure is to document the timeliness achieved in the disposition stage of the asset management life cycle. This measure has a direct impact on how much it costs an activity to perform its asset management function. Excess assets that are retained for more than 180 days will ultimately cost an activity more to maintain and safeguard than assets that are reported as excess in a timely manner.

The report of excess process may take up to 120 days to identify, report, screen, transfer, donate, sell, or otherwise disposition excess assets. After notifying GSA of the availability of excess assets an activity is responsible for assuring that the assets are transferred to another activity, donated, sold, recycled, or otherwise disposed of within 120 days. This measure provides an asset manager with an indicator of how well the activity manages its reporting, utilization, and disposition process.

The percentage of excess assets disposed on time is determined as follows:

$$\frac{\text{Total Number of Excess Assets Disposed of Within 120 Days in the Last Fiscal Year}}{\text{Total Number of Excess Assets Disposed of in the Last Fiscal Year}} \times 100\%$$

## **CHAPTER 3 – ON-SITE REVIEW**

### **I. Purpose of the On-Site Review**

The purposes of the on-site review are to:

- Ensure that established regulations, directives, and orders are accomplished in a compliant, effective, efficient, and timely manner.
- Identify and ultimately prevent deficiencies within those directives and orders.
- Through the use of quality control and quality achievement principles and tools, establish a method of continuous improvement in the activity's asset management system.
- Assure internal management control and surveillance requirements are met and performed in an effective manner.

### **II. Overview**

The evaluation performed during the On-Site Review may or may not include all asset management functions applicable to normal operations of the asset management activity visited. An On-Site Review Team cannot be expected to examine every activity, decision, document, or process that occurs within an agency. Circumstances may necessitate the examination of only one issue or may include all the asset management activities functions.

### **III. Responsibilities of the Review Team**

Staffing of the Review Team must include employees with the trained functional expertise needed to perform a thorough review. Review Teams may consist of approved contractor personnel in lieu of government employees.

A Review Team Leader must be designated and will be responsible for the coordination of all data inquiries, entrance/exit interviews, and reports.

The Review Team Leader will request a meeting with the head of the agency, or their designee, prior to the visit, to receive background information regarding the site, required protocols, and any additional information that may need special attention during the visit.

In order to meet Management and Performance Indicators discussed in Chapter 2, the Review Team must:

- Review copies of internal policy and procedural documents for adequacy and necessity. They should not conflict with higher-level directives, nor should they



merely repeat guidance from others. *Those that do not add value should be noted in the Report of Findings.*

- Review the types of training completed by the employees of the asset management activity and determine whether the training is appropriate for the duties and levels of responsibilities of the employees.
- Determine whether management of the asset management activity has been placed at an appropriate level to adequately monitor and review asset management practices. *If not, that should be reflected in the Report of Findings.*
- Determine whether objectives have been established to ensure:
  - improvement of overall asset management practices;
  - a program has been developed for the performance of self-evaluation of internal operations;
  - interactions with all activities with asset management responsibilities, including GSA, procurement, and finance, are effectively maintained to meet asset management priorities within the agency; and
  - all required asset reports are submitted to GSA.
- Analyze prior management reviews to provide a basis for selecting specific areas that may need to be reevaluated to determine whether problems found earlier still exist. *Long-term existence of the same or similar problems indicates a deficiency.*
- Review copies of any asset management review or audit reports have been provided and assess them to determine whether any of the recommendations involve areas currently under review. *If so, the Review Team must review those areas and note compliance/noncompliance with the recommendations.*
- Determine whether the asset management activity maintains an effective system for the storage, preservation, and protection of government assets including: adequate storage facilities (e.g., sufficient aisle width, overhead space); controlled access; use of generally accepted storage practices and principles; and reviews of stored assets to justify for retention.
- Determine whether the asset management activity has established a program for the acquisition, management, and control of its accountable assets.
- Determine whether the asset management activity maintains an effective and operational system for the utilization and disposition of excess and surplus assets; identifies and reports excess assets and dispositions surplus assets in accordance with regulations and in a cost-effective and timely manner.
- Determine whether the asset management activity operates an active and effective excess asset acquisition program.

- Determine whether the contractor/grantee asset systems are appraised, asset acquisitions assessed and approved, capital asset holdings included in financial/asset accounts, and excess assets are promptly reported and disposed in accordance with applicable regulations.
- Determine whether the contractor/grantee asset management systems follow established asset management practices for all assets that have been loaned or acquired under a contract/grant.
- Identify as a weakness each instance where an appropriate standard has not been established for the performance indicators described in Chapter 2 of this Guide.
- Identify potential systemic weaknesses through a review of all deficiencies and recommend policy and/or procedural changes to rectify systemic deficiencies.
- Recommend development and/or application of systemic corrections for implementation.

#### **IV. Request for Data**

At least 30 days prior to the On-Site Review, the Review Team Leader should contact the agency Head or their designee and request data for the team to review prior to the site visit. This may include copies of policies, regulations, agency supplements, VCS references, and/or asset listings or samples (see Section VII for an explanation of sampling techniques).

#### **V. Entrance Interview**

The on-site review normally begins with an entrance interview with the head of the activity or a designated representative. The Review Team Leader should:

- Introduce the team;
- Briefly describe the purpose and methods of the review;
- Confirm working arrangements;
- Meet the point of contact for the site;
- Provide a listing of the files and documents needed by the Review Team that were not requested or provided previously;
- Discuss any responses to the Request for Data that were not clear or complete;
- Explain the Review Team approach to the On-Site Review; and
- Describe the reports that will be provided to the agency Head at the conclusion of the review.

Any problem areas identified during the Review Team's analysis of the responses to the Request for Data should be addressed. The activity should be asked if it has any concerns or special items that it wants the Review Team to know about or to review.

## **VI. On-Site Review Checklist**

The On-Site Review Checklist provides the basic requirements for sampling documentation and obtaining other relevant information during the on-site review. The results of the on-site documentation review, together with the information obtained prior to or during the on-site review in response to requests for data will be used to create the Report of Findings.

Exhibit 3-1 contains a detailed On-Site Review Checklist for each major functional area of an asset management activity. The questions have been designed to ensure that the asset management activity being evaluated has formally documented all of its processes. When using the review guide questions, appropriate examples, samples of assets records, and visual inspection of asset barcodes, etc. should be cited in the responses.

From time to time the checklist will be revised to reflect changes in regulations and policy.

## **VII. Statistical Sampling Techniques**

For each question in Exhibit 3-1, Review Checklist, that indicates the need to review a sample of the asset management activity's documentation/records or to interview a sample of the asset management activity's staff members, the Review Team will select a representative sample of the assets under review and use that sample to analyze the activity's performance.

Sampling economizes the collection and measurement of data. Ideally, the sample will be a scale image and thus representative of the population from which it was selected. (A population is a set of objects or individuals ("subjects"), about whom it is desired to, ascertain characteristics.) The objective in a sample selection is to choose the smallest number that still represents the total population. While we can never be absolutely certain that a sample is exactly representative of the population, we should select a sample that has a high probability of accurately representing the overall population.

Simple random samples, statistical random samples, stratified random samples, and judgmental samples are discussed below:

### **A. Simple Random Samples**

The simplest, and often most appropriate, sampling technique is the random sample. A simple random sample is one in that every element in a population has an equal chance of being selected. A simple random sample is appropriate for elements that are similar in nature (homogeneous). Two main steps must be followed in performing a random sample: determining a sample size, and selecting the sample.

## **1. Determining Sample Size**

The Review Team will want results that are acceptably close to the total population's performance.

To ensure such results requires a tradeoff between accuracy and cost. Large samples yield more accurate statistics than small samples but cost more to collect and process. The sample size the team chooses for its review then, directly affects both the cost of performing the review and the accuracy of the results.

## **2. Selecting the Sample**

After the Review Team determines the size of the sample, it must select the sample subjects in a way that is as "random" as possible. That means it must follow a procedure that reduces any natural and human bias.

It is essential that the sample selection procedure followed be designed so that subjects are not selected for review on the basis of expediency or other biasing factors. The team must make every attempt to locate and review the subjects selected for the sample. If, for any reason, a subject is missing or is otherwise not available, the team should select a replacement randomly.

## **B. Statistical Random Sampling (SRS).**

The SRS method reduces the total population of assets to be inventoried to a statistically reliable and manageable sample size. To ensure statistical validity, the table below provides the random sample size based on the total property population. To conduct this method, use the following steps to determine the list of randomly generated items to inventory:

1. Determine the random sample size from the total population of the assets being inventoried. For example, if the property inventory list shows 1535 assets, then choose the next highest (2000) population; the sample population is 333 assets to be inventoried of the 1535 assets listed.
2. Choose a number between 1 and 10, this number becomes the element or selection number. For this example, 5 is the number chosen.
3. Next, you would choose on page one, item number 5 and then select incrementally thereafter, 10, 15, 20, and so on until you are at the end of the inventory report list or you have accounted for your 333-sample population.

**NOTE:** The error rate in the table below represents a ‘5’ five percent error rate for each population sample chosen. If the error rate is equal to five percent or less, then the inventory is completed for that inventory cycle. However, for some assets, the error rate is Zero; for example, weapons and controlled museum property. The agency policy determine types of personal property that has a Zero error rate. Some agencies may have a more stringent error rate; such as 3 percent, then the table would need to be adjusted accordingly.

**Statistical Random Sample Table\***

Population	Sample Size	Maximum Error Rate	Population	Sample Size	Maximum Error Rate
10	10	1	400	200	10
20	19	1	450	212	11
30	28	1	500	222	11
40	36	2	600	240	12
50	45	2	700	255	13
60	52	3	800	267	13
70	60	3	900	277	14
80	67	3	1000	286	14
90	74	4	1500	316	16
100	80	4	2000	333	17
125	95	4	3000	353	18
150	109	5	4000	364	18
175	122	6	5000	370	19
200	134	7	10000	384	19
250	154	8	20000	392	20
300	172	9	50000	397	20
350	187	9	100000	398	20

\* Research Randomizer: <http://www.randomizer.org/form.htm>.

### **C. Stratified Random Samples**

Occasionally a sample selected by a simple random method will have some unique characteristic; for example, the same individual might receive all items in a sample. If the population is truly homogeneous, that characteristic should make no difference. If, however, you have information that the population contains subgroups that have distinct characteristics of interest, the population is heterogeneous and you will obtain better results from a stratified random sample.

A stratified random sample differs from a simple random sample in the way the sample is selected.

To select a stratified random sample, the Review Team selects elements in the sample to reflect the relative importance of subgroups (or strata) that it has identified. The Review Team then randomly draws sample elements in proportion to each subgroup. The Review Team should not create a stratified sample unless the characteristics of the subgroups are relevant to the study.

#### **D. Judgmental Samples**

For those areas that the Review Team identifies as potential problems, additional sample items should be selected on a judgmental basis to further explore particular areas of concern. The findings from these additional reviews should be used to confirm or reject the initial indications of problems.

An agency may request inclusion of a specific subject that it would like to have the Review Team evaluate. This review would be done in addition to samples selected by the Review Team.

### **VIII. RATINGS**

#### **A. SCALE**

For the purpose of this Guide, the following rating scales apply:

1. **Initial Rating.** The following rating criteria will be used for performance assessment and assistance. A separate rating will be given to each specific process reviewed. Ratings must be objective and supported by facts.
  - a. **Excellent** (numeric value is 5): This rating applies when, based on the Review Team's assessment, the asset management activity is judged to be in compliance with all the applicable requirements included in the On-Site Review Checklist.
  - b. **Good** (numeric value is 4): This rating is given when the Review Team's assessment substantiate a high degree of compliance. It applies when the asset management activity is in compliance with most of the applicable requirements reviewed and only a few requirements were not satisfied. These departures are considered to represent isolated exceptions in an otherwise effective asset management program.
  - c. **Fair** (numeric value is 3): This rating applies when, based on the Review Team's assessment, several exceptions to applicable requirements are noted that are more than anomalies and reflect weaknesses in the design and/or implementation of the asset management function in question.
  - d. **Inadequate** (numeric value is 2): This rating applies when, based on the Review Team's assessment, significant exceptions to applicable requirements are

noted and there is evidence of the absence of key components of required programs, departures from established criteria, or lapses in the asset management program implementation.

e. Unacceptable (numeric value is 1): This rating applies when, based on the Review Team’s assessment, many exceptions to applicable requirements are noted that include significant departures from established criteria, an absence of required programs, and/or prolonged inattention to the resolution of previously identified compliance or liability issues.

2. Overall Average Score.

a. If the lowest rating of no more than one process area is “inadequate (2)” or “unacceptable (1)”, the ratings for all process areas inspected will be averaged to determine the overall rating of the activity. If a process area was not rated, it will not be included when calculating the overall average. The average score range will result in the overall ratings noted below:

<b>Average Score</b>	<b>Overall Rating</b>
0.00 – 1.49	Unacceptable (1)
1.50 – 2.49	Inadequate (2)
2.50 – 3.49	Fair (3)
3.50 – 4.49	Good (4)
4.50 – 5.00	Excellent (5)

b. If two or more process areas are rated as “inadequate (2)” or “unacceptable (1)”, the overall rating will not be higher than “inadequate (2)” regardless of the numerical scoring average. If an overall rating of “inadequate (2)” or lower is anticipated at any time during an On-Site Review, the agency Head must be notified immediately.

## **EXHIBIT 3-1 ON-SITE REVIEW CHECKLIST**

### **General Instructions:**

The reviewer must discuss with appropriate officials of the activity each response to the Request for Data that was recorded as "Unacceptable, Inadequate, or Fair." If the discussions produce additional information that causes the Review Team to conclude that the response is now "Good or Excellent", the Review Team must re-score the response and attach a summary of the additional information provided by the activity. If a question does not apply then the response should be recorded as N/A (Not Applicable).

The Review Team should continue the on-site review by addressing the additional questions that follow. The sampling techniques described in section III of this chapter should be used to provide responses to questions addressing asset management records or documentation.

### **A. ACTIVITY AND MANAGEMENT**

#### **1. POLICIES AND PROCEDURES**

- 1.1. Has a focal point been formally established to ensure development, control, and dissemination of asset management instructions, policies, and guidance?
- 1.2 Is a formal procedure used for the development, control, and updating of directives?
- 1.3 Are internal operations reviewed to identify areas in policy or guidance needed and are those needs transmitted to appropriate officials to ensure that the required policy or guidance is obtained?
- 1.4 Do locally developed directives supplement, rather than duplicate, higher-level directives?
- 1.5 Are the locally developed directives current?
- 1.6 Are directives disseminated promptly to subordinate activities?
- 1.7 Are resources available (updated asset management regulations, directives, and applicable guidance such as the FMR; FAR; OMB Circulars; Activity Accounting Regulations; VCS; and all internal policies, directives, and operating procedures)?

#### **2. STAFFING AND TRAINING**

- 2.1 Are personnel resources assigned to the asset management functions sufficient to meet the workload requirements?



2.2 Are performance indicators used to evaluate and improve performance? (Cite examples)

2.3 Have career development plans been established for asset management professionals?

2.4 Have training needs been met for the asset management staff including initial logistics training courses for new members and periodic refresher or advanced training for existing personnel?

2.5 Is management taking full advantage of available training courses including professional asset management certifications?

2.6 Have internal training programs been conducted for asset management personnel? (review training schedules, course content, and rosters)

2.7 Do users of assets receive training on their responsibilities for asset management and utilization?

### **3. ACTIVITY PLACEMENT, STRUCTURE, AND RESPONSIBILITIES**

3.1 Have all asset management functions been officially assigned throughout the activity and evidenced by documentation such as an activity chart or functional statement?

3.2 Does the structure of the asset management program support the size, type, and level of the activity being reviewed?

3.3 Has the activity's head appointed an Asset Management Officer, in writing, to be responsible for the activity's asset management program?

3.4 Are the duties and responsibilities of the asset management staff specifically spelled out and documented by functional statements of duties?

3.5 Where asset management functions have been divided among subordinate activities, i.e., Bureaus, Centers, Institutes, etc., has a system of coordination between these activities been established?

3.6 Has an accountable officer(s) been designated by the Asset Management Officer?

3.7 Is supervision and policy guidance available to perform management functions such as planning, directing, and controlling?

3.8 Does the activity structure provide checks and balances, i.e., segregation of duties, throughout the asset's life cycle?

3.9 Have asset management personnel roles and responsibilities been designated in writing by the Asset Management Officer?

#### **4. PERFORMANCE REVIEW AND IMPROVEMENT PROGRAM**

4.1 Have management improvement objectives and plans been established to improve the quality of asset management practices?

4.2 Have the critical asset management processes been analyzed (e.g., flow charted, and diagrammed) to look for areas for improvement and to enable new personnel to follow the flow of information/decision cycles?

4.3 Does the asset management office perform and document self-evaluations of their own operations?

4.4 Is there a successful working relationship between the asset management staff and the program, procurement, and finance activities? (Conduct personal interviews)

4.5 Are users of the asset management system contacted periodically to solicit their opinions and ideas on how to improve the system?

4.6 Is a management information system maintained that is capable of providing information and data on the asset management operations of activity elements?

4.7 Are asset management reports and information used by management for analysis and decision-making?

4.8 Does the assets accountability office review and approve physical inventory adjustments of assets prior to entry into the financial records?

4.9 Are required asset management reports submitted in a timely fashion?

4.10 Have corrective actions been taken in response to self-evaluation findings or recommendations?

4.11 Are the findings and recommendations of Boards of Survey acted upon in a reasonable period of time?

## **B. OPERATING PRACTICES, CONTROL, AND REPORTING**

### **1. REQUIREMENTS PLANNING**

- 1.1 Does the asset management activity provide input into the budget preparation or planning cycle with respect to asset needs?
- 1.2 Is a want list of items developed based on budget plans?
- 1.3 Is a determination of need performed prior to the acquisition of an asset?
- 1.4 Is borrowing of assets considered for short-term needs?
- 1.5 Are requirement documents reviewed by responsible supervisory staff prior to submitting orders?

### **2. ACQUISITION**

- 2.1 Do procurements include pertinent justifications reviewed by the assets activity?
- 2.2 Is a determination made as to whether requirements for office furniture and other assets can be met through the utilization of already owned items?
- 2.3 Do procurement methods assure internal screening for available excess assets held for future projects in lieu of new procurements?
- 2.4 Is there coordination between ordering groups (users), purchasing personnel, and those who are knowledgeable as to the availability of excess assets?
- 2.5 Is a suspense file maintained for assets that have been ordered?
- 2.6 Is screening performed to ensure that the required assets are not available within the activity?
- 2.7 Is any record kept of assets reutilized in lieu of procurements to indicate cost avoidance effectiveness?
- 2.8 Are leased assets offered to other activity components prior to release when accumulated credit toward purchase option would be lost?
- 2.9 Have local use standards for assets been established?

### **3. RECEIVING**

- 3.1 Are receiving documents sent to the shipping and receiving activity in advance of incoming shipments?
- 3.2 Are all incoming shipments required to clear receiving unless waived by special arrangements?
- 3.3 Are receiving areas clearly established?
- 3.4 Is the receiving area secured from unauthorized entry?
- 3.5 Are work areas and walkways kept free of scrap and salvage materials?
- 3.6 Is the receiving operation arranged to allow the orderly movement of assets through the facility?
- 3.7 Is material handling equipment stored in a safe manner when not in use?
- 3.8 Are assets physically protected and safeguarded while in the receiving area?
- 3.9 Has responsibility for receipt of sensitive assets been established?
- 3.10 Are controls established to ensure assets have been documented as being received and located?
- 3.11 Are receiving reports numerically controlled and recorded in a control register?
- 3.12 Are receiving reports signed by an authorized employee(s)?
- 3.13 Are receiving reports promptly distributed to accounting and purchasing functions to permit the timely processing of invoices for payment?
- 3.14 Does documentation indicate that the receiving official has checked quantity, condition, and type of assets received?
- 3.15 Are accessories listed on the receiving report and physically checked as well as the basic item?
- 3.16 Are accountable assets not received through the normal receiving dock tagged and recorded in the proper control account?
- 3.17 Are receiving reports annotated to indicate the following:
  - a. Date received.
  - b. Names of personnel checking shipment.

- c. The date on that the assets was released from the receiving area.
- d. Physical count.
- e. Overages, shortages and damaged shipments (external and internal damage).
- f. Serial Number(s)
- g. Decal/Barcode Number(s)

3.18 Have physical controls been established to handle:

- a. Defective or damaged assets;
- b. Substituted items of assets;
- c. Misrouted shipments; and
- d. Rejected items of assets?

3.19 Is prompt action taken by receiving in:

- a. Processing claims for damage;
- b. Recording overages and shortages;
- c. Return of defective items;
- d. Return of incorrect items; and
- e. Adjustment of overcharge of freight bills?

3.20 Are assets promptly delivered to users?

#### **4. CONTROL OF ACCOUNTABLE ASSETS**

4.1 Do policies, instructions; guidance, and operating procedures for the management and control of accountable assets address the following:

- a. Official use;
- b. Loan;
- c. Borrowing;
- d. Identification marking;
- f. Physical protection of assets;
- g. Retirement/replacement;
- h. Assets belonging to others, i.e., contractors, etc.;
- i. Employee participation and responsibility?

4.2 Is an asset custodian system in place?

- a. Is the information on custodians and custodial areas current?
- b. Are changes in custodians and locations promptly reported to the asset management office?
- c. Have custodians been designated in writing and advised of custodial responsibilities?

4.3 Is there in place an employee clearance procedure to ensure that all assets in the employee's possession are accounted for?

#### **ACCOUNTABLE ASSETS CONTROL SYSTEM**

4.4 Is the asset record system automated?

4.5 Does the system integrate all functions, e.g., control, financial accounting, accountability?

4.6 Is the system capable of interchanging data with other activity asset management activities?

4.7 Does the system cover leased and rented assets?

4.8 Does the system provide for current reporting of status, e.g., in use, idle, storage, loan, excess, etc.?

4.9 Does the accountable assets information system provide the:

- a. Decal/barcode number;
- b. Item description;
- c. Serial number;
- d. Manufacturer;
- e. Model number;
- f. Custodial code;
- g. Acquisition cost;
- h. Acquisition date;
- i. Purchase order number;
- j. Estimated life;
- k. Cumulative depreciation;
- l. Monthly depreciation;
- m. Object classification;
- n. Federal stock classification;
- o. Receiving activity;
- p. User name;
- q. Assets custodian code;
- r. Location information;
- s. Transaction date;
- t. Transaction code;
- u. Appropriation/Common account number (CAN);
- v. Condition code;
- w. Lease cost (annual);
- x. Lease expiration date;
- y. Warranty expiration date;
- z. Maintenance contract code;

aa. Status:

- (1) Pool;
- (2) Reserved;
- (3) Storage;
- (4) Inactive (in place);
- (5) Excess;
- (6) Surplus (to Government);
- (7) Disposition processing;
- (8) Active; and
- (9) Loaned?

#### **ACCOUNTABLE ASSETS SUBSYSTEMS**

4.10 If any control subsystems are used, i.e., subordinate units or programs, do subsystem records interface with the primary accounting system?

4.11 Do asset management custodians maintain, on a current basis, subsystem information relative to assets in their custody?

4.12 Do asset management custodians report changes in equipment status promptly?

#### **ACCOUNTABLE ASSETS RECORDS- UPDATING**

4.13 Are asset management custodian officers provided listings showing the current status of their custodial account as it appears in the accountability records?

4.14 Upon receipt of an updated listing, does the asset management custodian annotate changes and bring discrepancies to the attention of the asset management activities accountable officer?

4.15 Are asset records updated when assets are moved from one location to another?

4.16 Are the book values of larger assets increased when accessory items are installed?

4.17 Are the book values of larger assets reduced when accessory items are removed?

4.18 Are accountable assets that are fabricated in-house included in accountable asset records?

4.19 Are assets that are sensitive identified as sensitive in the accountable assets records?

4.20 Are subsidiary assets records reconciled with the general ledger on a monthly basis?

## **ACCOUNTABLE ASSETS RECORDS - SUPPORTING DOCUMENTATION**

4.21 Are asset records supported by properly certified documents to record receipts, issues, adjustments, and dispositions?

4.22 Are accessory items that are part of larger items included in the historical file?

## **PHYSICAL INVENTORIES - PHYSICAL COUNT**

4.23 Have procedures been developed for the performance of physical inventories of accountable assets?

4.24 Does a review of the last physical inventory reflect compliance with the established inventory schedule?

4.25 Are accountable assets physically inventoried at least every three years?

4.26 Are physical inventories observed by independent representatives as necessary?

4.27 Does the inventory procedure provide for immediate marking or tagging of otherwise unidentified assets?

4.28 Are changes in asset management custodians and/or location noted?

4.29 Are labor saving systems such as inventory by exception, statistical sampling, and bar coding used where applicable?

4.30 Are cut-off dates established, if applicable, for shipping and receiving?

## **PHYSICAL INVENTORIES RECONCILIATION**

4.31 Does the reconciliation process include?

- a. Prompt action to locate assets missing as a result of the physical count;
- b. Investigations of abnormal adjustments taking into consideration value, criticality, and sensitivity;
- c. Preparation of supporting records for adjustments;
- d. Compliance with the Activity's requirements of the ROS Process;
- e. Review and approval of reconciliation actions and supporting records by a responsible official, at least one supervisory level above the official preparing such records;
- f. Adjustments made to the financial control accounts as a result of physical inventories?



## **RECORDING OF PHYSICAL INVENTORIES**

4.32 Does the system provide for recording, investigating, and resolving ownership of unrecorded assets found during the physical inventory?

4.33 Are all major accessories or system components recorded in asset management record systems?

4.34 Do the recording procedures include checks and balances (e.g., separation of responsibilities to prevent manipulation by a single individual)?

4.35 Are physical inventory records retention schedules sufficient to preclude loss of information that might happen between date of destruction of the old records and the taking of a new physical inventory?

4.36 Are records established to document adjustments resulting from circumstances other than those discovered during physical inventories?

4.37 Are adjustments to asset records made promptly?

4.40 Is the financial office notified promptly of necessary adjustments to financial control (general ledger)?

4.41 Are adjustments to the asset and financial records approved by designated management personnel?

4.42 Are ROS/LDD initiated when assets are lost, damaged or destroyed?

## **SURVEY OFFICER/BOARD OF SURVEY**

4.43 Is a Survey Officer or a Board of Survey convened in a timely manner?

4.44 Does a review of documentation confirm that accountable officers have not been assigned as a Survey Officer or a member of the Board of Survey?

4.45 Have the Survey Officer or Board of Survey prepared findings that summarize the facts and circumstances for each case of reported loss, damage, or destruction of government assets?

4.46 Have ROS/LDD been signed by the determining authority?

## **SENSITIVE ASSETS**

- 4.47 Is a current list maintained of sensitive assets requiring special controls?
- 4.48 Is guidance provided to receiving personnel to ensure ready identification and physical protection of sensitive assets?
- 4.49 Are sensitive assets identified or tagged?
- 4.50 Are memorandum receipts or custody documents used at time of assignment or changes in custody?
- 4.51 Is a prompt and thorough investigation of losses conducted?
- 4.52 Is there an employee clearance procedure in place to ensure that all sensitive assets in the employee's possession are accounted for?
- 4.53 Are walk-through inspections conducted every two years to identify idle and unneeded assets?

## **POOLED EQUIPMENT**

- 4.54 Are asset pools established where practicable?
- 4.55 Are asset pools physically placed and organized to achieve maximum participation?
- 4.56 Are surveys of asset holdings conducted periodically to determine those items that are suitable for pooling?
- 4.57 Are records maintained to evaluate pool utilization and cost effectiveness?
- 4.58 Are obsolete and worn out assets or assets no longer required removed from the asset pool?
- 4.59 Are pooled items calibrated, in working condition, and ready for immediate use?
- 4.60 Do records include accurate information on user location and current custodian?
- 4.61 Are available asset listings maintained and disseminated to potential users?
- 4.62 Are long-term loans held to a minimum?
- 4.63 Is the pool provided funding to replace worn out or obsolete assets and maintain an inventory of state-of-the-art equipment?
- 4.64 Are customer satisfaction surveys performed?

## **LOANED ASSETS**

4.65 Are loans recorded on an Assets Loan Record or similar form?

4.66 Based on a sample, do the loan agreements contain:

- a. Name/activity of the borrower;
- b. Period of loan;
- c. Authorized signature of management official;
- d. Loan extensions;
- e. Government contract numbers and/or borrowing activity, where applicable;
- f. Description of the assets, including identification numbers and original acquisition cost;
- g. Statement that under no circumstances may the holder of loaned assets further loan that asset to third parties without written prior approval of the asset management office; and
- h. A cancellation or recall clause?

4.67 Is there a system in place for the tracking of loaned assets?

- a. Is the system monitored?
- b. Is the status of all loans up-to-date?

4.68 Is action taken to have loaned assets returned upon expiration of the loan?

4.69 Are requests for foreign loans coordinated with the asset management office and the program office prior to approval?

4.70 Where required, are export licenses for foreign loans obtained?

## **MAINTENANCE AND REPAIR**

4.71 Has a maintenance program been established?

4.72 Is routine preventive maintenance scheduled for assets?

4.73 Is warranty coverage checked prior to requesting repairs?

4.74 Are records of maintenance and repair orders maintained?

4.75 Do equipment maintenance files contain:

- a. Maintenance manuals;
- b. Operating manuals;
- c. Drawings and diagrams as appropriate;
- d. Warranty provisions?

## **CALIBRATION**

4.76 Have formal calibration procedures been established to ensure the proper correction factors for special instruments?

4.77 Are decals and/or seals used to identify instrumentation calibration status?

4.78 Does such status marking show the calibration expiration date?

4.79 Are calibration services performed at regular intervals?

4.80 Are calibration intervals subject to adjustment on the basis of performance history?

4.81 Are calibration, maintenance, and repair data and costs recorded and made part of historical information?

## **REPORTING OF LOSS, DAMAGE, OR DESTRUCTION (LDD)**

4.82 Is provision made for prompt notification to the asset management officer of the loss, damage, or destruction of government assets?

4.83 Are missing assets reported to the Security Office and law enforcement officials?

4.84 Do the reports contain the following information?

- a. Full description, including control number where applicable;
- b. Acquisition value;
- c. Circumstances that may have contributed to the incident;
- d. Names of persons involved;
- e. Statements of persons involved?

4.85 Is a process in place to ensure that the asset management activity office automatically receives a copy of the loss and theft report of government assets from the Security Office or law enforcement agencies?

## **INVESTIGATION OF LOSS, DAMAGE, OR DESTRUCTION**

4.86 Is a follow-up made relative to the status of investigative efforts of security and law enforcement officials?

4.87 Are results of investigations documented and made a part of resulting survey actions?

4.88 Is the investigative effort commensurate with the value of assets involved?

4.89 Are investigations commenced promptly on receipt of notice of lost, damaged or destroyed (LDD) assets?

4.90 Are periodic analyses conducted to identify trends in assets losses, e.g., lack of administrative control, particular types of items, particular locations, etc.?

## **REMOVING ASSETS**

4.91 Is an Assets Pass, Hand Receipt, or similar form or data system used to control assets that are temporarily removed from its authorized location?

4.92 Do asset management custodians retain copies of the passes for assets removed from their areas?

4.93 Is the signature authority for those authorizing the removal of assets limited to supervisory administrative officials?

## **5. CUSTOMER SERVICE**

5.1 Have the customers of the asset management activity been identified?

5.2 Are the services that the asset management activity provides to its customers identified?

5.3 Are customers surveyed to get their opinions on the quality and timeliness of asset management services?

5.4 Are the customers' complaints analyzed to identify problems with asset management activity services?

5.5 Do customer panels or groups provide feedback to the asset management activity on services on a regular basis?

5.6 Have methods of communication been established to provide customers with easy ways of contacting the asset management activity? (e.g. hotlines, web pages. E-mail, etc.)

5.7 Have service goals been established and communicated to all employees for the asset management activity?

5.8 Have the managers and employees of the asset management activity been advised of the service goals?

5.9 Have procedures been established to measure the effectiveness of the asset management activity in achieving its service goals?

## **6. STORAGE FACILITIES**

6.1 Do storage facilities protect assets against theft, fire, flood, weather, or other types of loss or damage?

6.2 Is the physical security of storage areas sufficient to prevent theft or unauthorized access?

6.3 Are storage areas clean and free of crating and scrap materials?

6.4 Are fire prevention and control devices installed?

6.5 Are periodic safety inspections conducted? (Cite inspection records)

6.6 Is the facility well lit?

## **STORAGE PRACTICES**

6.7 Is an individual assigned to manage the storage operations?

6.8 Are measures taken for control of corrosion for assets in storage?

6.9 Are assets stored safely and according to prescribed guidelines?

6.10 Are special provisions made for the storage of contaminated assets?

6.11 Are assets segregated according to classification, such as test equipment, spares, excess, etc.?

6.12 Do the storage methods provide for easy location and identification of assets through use of labels and locator files?

6.13 Are items identified to show:

- a. Who stored the asset;
- b. Period of storage;
- c. Purpose of storage; and
- d. Description of asset stored?

6.14 Are stored assets periodically reviewed to determine if there are assets that have exceeded storage periods and a follow-up made to justify continued storage?

## **STORAGE RECORDS**

- 6.15 Do the records list accessories as well as the primary assets stored?
- 6.16 Is a copy of the record attached to the stored assets for identification purposes?
- 6.17 Does the record system reflect timely follow-up and review action on stored assets?
- 6.18 Are movements in and out of storage documented?

## **MATERIALS HANDLING EQUIPMENT (MHE) AND TECHNIQUES**

- 6.19 Are materials handling, cables, slings, hoists, and other equipment periodically inspected to assure safe operations?
- 6.20 Are MHE properly maintained and maintenance records kept?
- 6.21 Have Occupational Safety and Health Administration (OSHA) standards for MHE been reviewed and implemented if applicable?
- 6.22 Are MHE operators properly trained in operation of MHE?

## **EQUIPMENT HELD FOR FUTURE PROJECTS (EHFFP)**

- 6.23 Do the operating procedures provide coverage for the management and control of EHFFP?
- 6.24 Are records of EHFFP maintained?
- 6.25 Is the decision to retain equipment as EHFFP justified in writing?
- 6.26 Has the retention of EHFFP been reviewed annually to ensure the original justification remains valid?
- 6.27 Has EHFFP retained for periods longer than three years been approved by the activity head or designee?

## **7. UTILIZATION AND DISPOSITION DIRECTIVES**

- 7.1 Have written directives for the utilization and disposition of unrequired, excess and surplus assets been issued?
- 7.2 Are assets items identified as idle or unneeded utilized internally or declared excess, in accordance with directives?
- 7.3 Is cannibalization of equipment conducted in accordance with activity policy?

## **ACQUISITION OF EXCESS ASSETS**

7.4 Is there a system for screening unrequired assets available internally within the activity and excess assets from other federal agencies?

7.5 Is the GSA or activity screening system effectively utilized?

7.6 Is a want list maintained and updated during the year?

7.7 Prior to requisitioning excess assets, has consideration been given to the following factors:

- a. Nature and cost of any repairs;
- b. Duration of the job on that equipment will be used;
- c. Handling and transportation costs?

7.8 Are acquisitions of excess capitalized assets recorded in the general ledger?

## **UTILIZATION OF EXCESS ASSETS**

7.9 Are excess assets reported to GSA in a timely fashion?

7.10 Is the condition of excess asset determined by personnel familiar with its operation?

7.11 Are the condition codes corrected when they are found to not represent the actual condition of assets?

7.12 To the extent practicable and economical, has notification of excess assets been made available within the agency?

7.13 Does concurrent screening of excess assets within the activity and in other Federal agencies take place?

7.14 Are transfers of excess assets made to other federal agencies documented on a SF-122, Transfer Order Excess Assets or electronically?

7.15 Are handbooks, maintenance logs, and spare parts for major items of equipment forwarded with the assets?

7.16 Are prompt shipments made after receipt of shipping instructions?

7.17 Are identification tags and asset numbers removed prior to shipment?



## **DISPOSITION OF SPECIAL ITEMS**

7.18 Are excess and surplus assets containing hazardous materials handled in accordance with the FMR 102-40 governing the disposition of hazardous material?

7.19 Are excess Information Technology (IT) and other Federal Electronic Assets (FEA) handled in accordance with GSA Bulletin B-34?

7.20 Is sensitive data and commercial software removed from IT assets before the asset is reported as excess?

## **DONATIONS**

7.22 Are donations of surplus assets to State Agencies for Surplus Property and Public Airports included in the annual utilization and disposition report? (Confirm by reviewing reports.)

7.23 Are donations to foreign governments made in accordance with applicable regulations?

## **DISPOSITION BY SALE**

7.24 Are all surplus assets reported to GSA or other authorized Federal Asset Sales Center for sales action?

7.25 Do files pertaining to sales contain copies of all documents necessary to provide a complete record of the transaction?

7.26 Are identification tags and assets numbers removed prior to disposition?

## **DISPOSITION OF SCRAP AND SALVAGE**

7.27 Are construction, wrecking, dismantling and other projects that might produce scrap or material for recycling or sale reviewed for potential economic returns to the Government?

7.28 Is scrap material protected from corrosive effects of weather when necessary?

7.29 Is scrap data recorded to provide a basis for control by weight or other unit of measure?

7.30 Is there documentation to record shipment of scrap from the site, including authority, date, weight tickets, etc.?

## **DISPOSITION BY ABANDONMENT OR DESTRUCTION**

7.31 Has the component head designated an official to make determinations concerning the abandonment or destruction of assets?

7.32 Prior to abandonment or destruction, has a written determination been made by the designated official that the assets has no commercial value, or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale?

## **DISPOSITION OF HAZARDOUS ASSETS**

7.33 Have efforts been made to reduce the level of contamination of excess assets prior to utilization or disposition?

7.34 Are scrap materials that are contaminated with hazardous substances disposed of in accordance with applicable regulations?

7.35 Has hazardous assets been disposed of in accordance with DOT, OSHA or EPA (Environmental Protection Agency) regulations?

7.36 Is assurance made that off-site receivers of hazardous assets have the proper license to safely handle or transport the material?

## **UTILIZATION AND DISPOSITION OF ASSETS PURSUANT TO EXCHANGE/SALE AUTHORITY**

7.37 Are required records maintained of transactions subject to exchange/sale provisions? (FMR 102-39)

7.38 Is exchange/sale under FMR 102-39 considered for assets that are being replaced?

## **8. MOTOR VEHICLE MANAGEMENT**

8.1 Are U.S. Government Certificates (SF-97) issued to obtain title to a motor vehicle:

- a. Signed only by the component head or someone officially delegated such authority; and
- b. Controlled to prevent blank copies from being obtained by unauthorized persons?

## **9. CONTRACTOR AND GRANTEE-HELD ASSETS**

### **CONTRACTS**

- 9.1 Is the asset management staff involved in pre-award acquisition planning?
- 9.2 Are unrequired and excess assets used as the first source of supply in fulfilling the contract requirement to provide government assets before initiating contracting action?
- 9.3 Has a contract Property Administrator (PA) been designated in writing for every contract with Government Furnished Property (GFP)?
- 9.4 Does the PA maintain a listing of contracts with assets?
- 9.5 Are contract asset issues coordinated with the PA?
- 9.6 Is title to assets transferred to contractors only when statutory or regulatory authority exists for such action?
- 9.7 Do requests for contracts indicate whether GFP will or will not be included in the contract and coordinated with the Assets Office?
- 9.8 Do contracts contain the appropriate Government Property clauses?
- 9.9 Are assets authorized under a contract, including assets transferred, listed in the original contract or in contract modifications?
- 9.10 Is the financial office notified promptly of contractor acquisitions and disposition actions for posting to the general ledger?
- 9.11 Is GFP in the hands of a contractor labeled and properly identified?
- 9.12 Are cost reimbursement contractors authorized to use government sources of supply, such as excess assets or GSA, where it is cost-effective and permitted?
- 9.13 Does a review of the files indicate that the contractor's asset management systems have been approved by the awarding or other government activity?
- 9.14 Do contractor assets control systems contain the following essential elements?
- a. Assets records;
  - b. Identification;
  - c. Segregation;
  - d. Physical protection;
  - e. Physical inventories;
  - f. Care, maintenance and use;

- g. Control of sensitive items or specialized assets;
- h. Flow down of requirements to subcontractors;
- i. System ensures that equipment used only for official purposes;
- j. Positive preventive maintenance program; and
- k. Procedures for the disposition of Government-furnished assets?

9.15 Are asset inventory lists submitted by contractors reconciled with official records?

9.16 Is there a simultaneous transfer of financial and asset management records of GFP when contracts are transferred to another component?

## **MOTOR VEHICLES**

9.17 Are contractors normally required to furnish the motor vehicles needed for performance of the contract?

9.18 When motor vehicles are provided to a contractor, is contracting officer approval for the vehicles in writing?

9.19 Does a review of files indicate that the contractors have adhered to the following motor vehicle requirements?

- a. Acquisition;
- b. Selection of vehicle type;
- c. Identification;
- d. Utilization;
- e. Maintenance;
- f. Disposition; and
- g. Reporting

9.20 Are current records maintained of the individual assignments of U.S. Government/Activity tags that identify the contract to that assigned?

9.21 Does the contract permit the use of a government motor vehicle between residence and place of employment by contractor personnel?

9.22 Does the contract asset file contain the contractor's established rules for the use of Government motor vehicles between residence and place of employment, including sanctions for misuse, similar to those established for Federal employees in FMR 102-5?

## **UTILIZATION AND DISPOSITION**

9.23 Are contractor inventories disposed of properly in accordance with the following prescribed priorities, subject to contractual provisions:

- a. Contractor retention at cost;
- b. Return to suppliers;
- c. Screening within the Government unless a waiver has been authorized
- d. Donation;
- e. Sale and
- f. Destruction, abandonment or donation to public bodies?

9.24 Do contractors routinely request disposition action for assets no longer required for contract performance?

9.25 Do contractors apply required disposition procedures to government assets in the possession of subcontractors?

9.26 Are written determinations supporting abandonment or destruction of government assets made by the PA and approved by the contracting officer?

9.27 Do assets that are no longer usable or required for continued contract performance include a certification that it is free from contamination?

## **CONTRACTOR REPORTS**

9.28 Does the contractors' assets control system provide financial accounts for government-owned assets in the contractor's control or possession?

9.29 Are losses of assets reported by contractors as soon as the facts become known, reviewed, and contractor liability determined?

9.30 Is action taken by the PA to resolve any discrepancies in the physical inventory reports?

## **CONTRACT CLOSEOUTS**

9.31 Upon contract completion, do contractors submit assets inventory lists?

9.32 Are contractors provided disposition instructions for non-reportable assets upon contract completion?

9.33 Are contractor requests for disposition instructions responded to in a timely manner?

9.34 Is contractor relief from responsibility for government assets withheld until?

- a. Consumed or expended assets have been verified;
- b. Lost, damaged or destroyed assets are properly accounted for;
- c. Assets have been removed from the contractor's possession in accordance with directions from the contracting officer or PA; or
- d. The activity has received consideration for assets that are to be retained by the contractor?

9.35 Is a Report of Accountable Assets or similar form, used to record the final inventory of government assets?

9.36 Is a final review and closeout of contract asset issues conducted in accordance with the FAR and all asset-related documents retained by the PA furnished to the contracting officer?

9.37 Is contractual authorization or contracting officer approval obtained to transfer government assets from a completed contract for use on other contracts or for retention of idle assets (except contractor's purchase or retention at cost of contractor-acquired assets)?

9.38 Have inventory adjustments, liability determinations, and all other asset issues been resolved before closing out the contract?

9.39 Is the financial office promptly notified of closeout actions that affect the general ledger?

## **GRANTS AND COOPERATIVE AGREEMENTS**

9.40 Do grant or asset management records document that grantees have systems that include the following elements? (OMB Circulars A-110, A-122, and/or A-133)

- a. Assets records that describe the item, manufacturer, model number, serial or identification number, acquisition date, cost and location of each asset;
- b. Procedures to inventory at least once every two years to verify current utilization, condition, and that the asset exists;
- c. A program to keep the equipment in good condition, and safeguarded to prevent loss, damage, and/or theft;
- d. Pertinent information on the ultimate transfer, replacement, or disposition of the assets; and
- e. Where assets is to be sold, that the federal government has a right to all or part of the sales proceeds?

9.41 Are violations of the requirement to establish an asset control system identified and reported to the grants management officer?

9.42 Has prior approval been obtained from the grant management officer in advance of any assets acquisition exceeding \$25,000 by for-profit grantees, other than SBIR (Small Business Innovative Research) grantees?

9.43 Has a review been conducted to ensure that another federal activity or an eligible third party cannot use unused supplies and/or assets with a unit acquisition cost of \$5000 or more? (OMB Circular A-110)

9.44 If GFP is damaged beyond repair, lost or stolen, has a determination been made regarding the grantee's liability?

9.45 Has a review been conducted to ensure that assets acquired by states, municipalities, and federally recognized Indian tribes, with grant funds is not used to compete unfairly with private companies unless permitted by statute?

9.46 Is GFP no longer needed by a grantee handled as any other unrequired assets and utilization or disposition action taken?

## **CHAPTER 4 – FINDINGS, DEFICIENCIES, AND REPORTS**

### **I. Recording Deficiencies**

Review Team members will record all significant deficiencies from established directives and regulations as formal deficiencies. Deficiencies will be brought to the attention of the Review Team Leader as soon as possible. The opportunity to discuss and challenge any deficiency will be provided to the agency head or their designee during the exit interview.

Each deficiency should include the reference, specific directive, or regulation involved, the probable root cause for the deficiency, a recommended corrective action, and the estimated completion date.

All corrective actions should be designed to correct the deficiency as well as prevent the recurrence of the problem. Deficiencies corrected during a visit will be recorded with the statement the finding was corrected. This will provide documentation in case there are repeat findings of the same nature uncovered in future visits.

The Review Team Leader must discuss with appropriate officials of the activity each response to the Request for Data and deficiency that was recorded as “Unacceptable, Inadequate, or Fair”. If the discussions produce additional information that causes the Review Team Leader to conclude that the response is now "Satisfactory," the Review Team Leader must re-score the response and attach a summary of the additional information provided by the activity. If a question does not apply then the response should be recorded as N/A (Not Applicable).

### **II. Report of Findings**

The failure of an activity to establish a standard for any of the required Asset Management Performance Indicators automatically results in the activity being rated as not meeting the standard for that specific indicator. Deficiencies found where there is no activity Asset Management Performance Indicator standard must be considered an administrative weakness.

Failure to meet the expected standard for any Asset Management Performance Indicators standard established by the activity must be recorded in the Report of Findings. The Observation Report (Exhibit 4-1) can be used to record an “observation” that may be a minor deficiency, but could indicate that the practice needs management attention and review. An Informal Observation Report provides the activity an opportunity to resolve a minor discrepancy. The observation is documented, but not considered a finding for that review, however, on the next review, if the same observation is discovered by the review team; then it may become a finding.

To determine whether activity Asset Management Performance Indicator standards are appropriate, the managers of the activity must be able to explain and document the basis



for the standard. Carefully consider any unique characteristics of the asset activity, location, type of inventory, etc., in reviewing the standards established by the activity.

In addition, consider any failure to achieve the established standards (in the absence of an acceptable explanation) as an anomaly that requires corrective action.

A deficiency will not be given in instances where the deficiency is not substantiated by directive or regulation. In these situations, the Review Team will record the assessment and associated deficiencies on a Report of Findings but will not calculate a measurement or score.

The Review Team should attempt to consolidate closely related deficiencies into a single Report of Findings.

Review Team members may also record commendable actions.

The Review Team Leader will consult with the Review Team members prior to rendering the final Summary of Findings Report based on the individual Report of Findings reports.

A sample Report of Findings form is found at Exhibit 4–2.

### **III. Summary of Findings Report**

Review Team members will assist the Review Team Leader in preparing the Summary of Findings report to include all actions and milestones for approval by the Review Team Leader.

The Review Team Leader:

- is responsible for ensuring all deficiencies and reports of the visit are completed;
- will determine if any additional actions are warranted based on the rating achieved and other factors as he/she may deem appropriate; and
- will include copies of the Report of Findings with the Summary of Findings Report detailing deficiencies.

A rating of less than 4 for findings having a regulatory impact will warrant a follow up report within 180 days after the validation visit date.

Where controls, procedures, directives, and regulations to preclude non-compliance do not exist, the Review Team Leader will provide assistance to the asset management activity to establish them to preclude problem recurrence.

The asset management activity retains the responsibility to implement corrective actions.

The Summary of Findings report will be sent to the asset management activity site within 30 days after the first day of the visit by electronic media, followed by an official hard copy of the report. The format found at Exhibit 4-3 may be used.

#### **IV. Exit Interview**

The on-site review concludes with an exit interview with the head of the activity or a designated representative. The Review Team Leader should:

- discuss questions in Exhibit 3-1 that the reviewer did not receive a satisfactory response to;
- discuss all deficiencies;
- provide copies of the deficiencies that will be provided to the head of the agency;
- describe problem areas identified during the Review Team's analysis of the asset management activity; and
- provide the agency representative with an opportunity to respond to any findings.

This time should also be used to express the Review Team's appreciation for the support and assistance provided by the visited activity.

#### **V. Final Report**

The Final Report will consist of:

- Cover letter
- Summary of Findings Report
- Report of Findings

Only under unusual circumstances should any significant item appear in the final report that was not discussed during the exit interview.

A recommended cover letter format is listed below:

The name of the activity conducting the review, conducted a review of the (Name of the asset management activity) during the week of (Dates).

The review, under the direction of (Title of directing official) consisted of the following team members:

(Names and titles of Review Team)

The Asset Management Review Guide (Guide) was used as the review protocol. The Guide provides an objective and consistent evaluation of the agency asset management activities.

The review meets the requirements of an alternative management control review.

The review was based on:

§ An analysis of the responses to data supplied and on-site review questions appropriate to the asset management activity.

§ Supplemental information furnished by the (Name of the Asset management Activity.)

§ Interviews with officials responsible for the management and control of the inventory.

§ A review of applicable receiving, inventory, receipt, adjustment, and disposition records.

The following functional areas were included in the review:

A. Activity and Management

§ Policies and Procedures

§ Staffing and Training

§ Placement, Structures, and Responsibilities

§ Control and Reporting of Accountable Assets

§ Cost of Asset Management

§ Effective Use of Labor

B. Operating Practices

§ Requirements Planning

§ Acquisition

§ Receiving

§ Control of Accountable Assets

§ Customer Service

§ Storage

§ Utilization and Disposition

§ Assets in the Hands of Contractors, Cooperative Agreements, and Grantees

### C. Asset Management Performance Indicators

§ Inventory Completion Rate

§ Asset Record Accuracy Rate

§ Asset Utilization Rate

§ ROS/LDD Completion Rate

§ Excess Asset Disposition Rate

### Characteristics of the Asset Management Activity

*This section should describe the scope, extent, and nature of the asset management activity in terms of customers served, volume of activity, geographic service area, etc. Include any initiatives for improvement that have been undertaken by the asset management activity.*

### Management Indicators

*The discussion of individual management indicators in this section can be introduced using the following language:*

Management indicators have to do with managing the function and the people in it rather than operating the hands-on asset management process. They provide a means for measuring the quality of the agency's asset management activities, the professionalism and productivity of its staff, the effectiveness of its managers, the appropriateness of its activity placement, and the adequacy of its checks and balances.

The management indicators were evaluated against standards prescribed in the Guide. Based on the resulting score, each indicator was rated on a scale of 0 – 5 as described below:

<b>Average Score</b>	<b>Overall Rating</b>
0.00 – 1.49	Unacceptable (1)
1.50 – 2.49	Inadequate (2)
2.50 – 3.49	Fair (3)
3.50 – 4.49	Good (4)
4.50 – 5.00	Excellent (5)

*This should be followed by a discussion of the Review Team's findings in each functional area reviewed. Findings should be supported by statutory or regulatory citations where possible, and the impact of noncompliance or non-use of established business practices.*

*The extent of the deficiencies found should be indicated, e.g., whether a problem was found in one, or several, or all of the items reviewed. The report should also show balance in commending the asset management activity for practices that go beyond the standard in a positive direction.*

**EXHIBIT 4-1 OBSERVATION REPORT**

<b>OBSERVATION REPORT</b>	
Observation #:	Date of Review:
Asset Management Activity:	
Type of Observation: <i>(i.e. operational, procedural, material weakness)</i>	
Topic:	Significance:
Process:	
Review Team Member:	
Regulatory Citation:	Rating:
Is This a Repeat Observation: Yes ___ No ___	Estimated Completion Date:
Date Completed:	Status: Draft ___ Final ___ Closed ___
Action OPI:	Should Observation Have Been Identified in Last Review: Yes ___ No ___
If Yes, Which Questions:	
Was the Observation Identified in Previous Review: Yes ___ No ___	
Observation:	
Corrective Action Recommended:	
Corrective Action Taken:	

## **INSTRUCTIONS FOR COMPLETION OF THE OBSERVATION REPORT**

(Fields are mandatory unless otherwise indicated)

1. Enter the Observation #.
2. Enter date review performed (MM/DD/YYYY).
3. Enter name of the asset management activity being reviewed.
4. Identify type of observation (i.e. operational, procedural, material weakness)
5. Select topic from the list in the On-Site Review Checklist.
6. Select process from the list in On-Site Review Checklist.
7. Assign the significance (severity) of the finding:
8. Enter name of the Review Team member documenting the deficiency.
9. Enter regulatory reference or requirement.
10. Enter Rating for the deficiency as appropriate.
11. Check Yes or No as appropriate.
12. Enter estimated action completion date (MM/DD/YYYY)
13. If action was completed during audit to close the deficiency, enter action completion date (MM/DD/YYYY). This field is not mandatory.
14. Check Draft, Final, or Closed, as appropriate.
15. Enter office responsible or taking action to correct finding.
16. Check Yes or No, whichever is appropriate to answer the question. If answer is yes, reference the applicable question(s) of the On-Site Review Checklist that covers that topic.
17. Check Yes or No, whichever is appropriate.
18. Briefly explain the requirement and then identify the deficiency.
19. Identify recommended action to correct the deficiency. If applicable, indicate steps to be taken to ensure the same type deficiency does not recur.

20. If corrective action was taken during the On-Site Review, identify action that was taken to close the deficiency, date action was taken, and name of responsible person. This field is not mandatory.



**EXHIBIT 4-2 REPORT OF FINDINGS**

<b>REPORT OF FINDINGS</b>	
Finding #:	Date of Review:
Asset Management Activity:	
Type of Finding: <i>(i.e. operational, procedural, material weakness)</i>	
Material Weakness: High Impact _____ Low Impact _____	
Topic:	Significance: A B C ___ A – Immediate Action, ___ B- Action, ___ C - Commendable
Process:	
Review Team Member:	
Regulatory Citation:	Rating:
Is This a Repeat Finding: Yes _____ No _____	Estimated Completion Date:
Date Completed:	Status: Draft _____ Final _____ Closed _____
Action OPI:	Should Finding Have Been Identified in Last Review: Yes _____ No _____
If Yes, Which Questions:	
Was the Finding Identified in Previous Review: Yes _____ No _____	
Observation:	
Corrective Action Recommended:	
Corrective Action Taken:	

## INSTRUCTIONS FOR COMPLETION OF THE REPORT OF FINDINGS

(Fields are mandatory unless otherwise indicated)

1. Enter the Finding #.
2. Enter date review performed (MM/DD/YYYY).
3. Enter name of the asset management activity being reviewed.
4. Identify type of finding (i.e. operational, procedural, material weakness)
5. If Material Weakness, identify high or low impact
6. Select topic from the list in the On-Site Review Checklist.
7. Select process from the list in On-Site Review Checklist.
8. Assign the significance (severity) of the finding:
  - a. Type “A” – Requires immediate action. Deficiency reflecting non-compliance with a law; imminent threat to health, safety of the environment, or the mission and likely to cause adverse publicity. In addition, some administrative deficiencies can be categorized as type A.
  - b. Type “B” – Requires action. Deficiency reflecting non-compliance with FAA policy or procedure. Potential threat to human health, safety, the environment, or the mission if not addressed.
  - c. Type “C” – Commendable – Activity has exceeded all compliance requirements.
9. Enter the name of the team member documenting the deficiency.
10. Enter regulatory reference or requirement.
11. Enter Rating for the deficiency as appropriate:
12. Check Yes or No as appropriate.
13. Enter estimated action completion date (MM/DD/YYYY)
14. If action was completed during audit to close the deficiency, enter action completion date (MM/DD/YYYY). This field is not mandatory.
15. Check to indicate the status as Draft, Final, or Closed, as appropriate.
16. Enter office responsible or taking action to correct finding.

17. Check Yes or No, whichever is appropriate to answer the question. If answer is yes, reference the applicable question(s) of the On-Site Review Checklist that covers that topic.
18. Check Yes or No, whichever is appropriate.
19. Briefly explain the requirement, and then identify the deficiency.
20. Identify recommended action to correct the deficiency. If applicable, indicate steps to be taken to ensure the same type deficiency does not recur.
21. If corrective action was taken during the On-Site Review, identify action that was taken to close the deficiency, date action was taken, and name of responsible person. This field is not mandatory.

**EXHIBIT 4-3 –SUMMARY OF FINDINGS REPORT**

<b>SUMMARY OF FINDINGS REPORT</b>	
Site Visited:	
Names of Review Team:	
Team Leader: Team Member: Team Member: Team Member:	Persons Contacted:
Executive Summary:	
An Assessment of _____ was conducted on _____ . The overall rating for _____ is _____.	
There were _____ total findings documented as deficiencies reflecting non-compliance with existing laws, directives, or orders. Each area reviewed is summarized below: <i>(Provide a brief summary of the root cause(s) leading to component deficiencies)</i>	
There were _____ total deficiencies documented as materiel weaknesses reflecting non-compliance with existing laws, directives, or orders. Each area reviewed is summarized below: <i>(Provide a brief summary of the root cause(s) leading to component deficiencies)</i>	
Activity and Management:	
Operating Practices:	
Asset Management Performance Indicators:	
Closing Comments:	
Signature of Review Team Leader	

**INSTRUCTIONS FOR COMPLETION OF THE SUMMARY OF FINDINGS  
REPORT**

(Fields are mandatory unless otherwise indicated)

1. Enter Site Visited.
2. Enter Review Team Member names.
3. Enter name of site personnel contacted.
4. Enter the name of the site and the overall rating.
5. Enter the total number of findings identified as deficiencies.
6. Enter the total number of deficiencies identified as materiel weaknesses.
7. Summarize the findings for Activity and Management.

*Refer to Chapter 2, Section IIA, Asset Management Performance Indicators – Activity and Management, for discussion of established standards.*

8. Summarize the findings for Operating Practices.

*Refer to Chapter 2, Section IIB, Asset Management Performance Indicators- Operating Practices, for discussion of established standards.*

9. Summarize the findings for Asset Management Performance Indicators.

*Refer to Chapter 2, Section III, Asset Management Performance Indicators, for discussion of established standards.*

10. Enter Closing Comments.

*Extend thanks for any assistance rendered, areas of concern, and provide instructions on what to do next.*

11. Review Team Leader Signature.

## CHAPTER 5 - TERMS AND DEFINITIONS

**Abandon** - to give up all and any future claim to rights or interest in an asset.

**Abandonment or Destruction** – A process to dispose of assets that requires a written determination that it has no commercial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. §102-36

**Accountability** - means the ability to account for personal property by providing a complete audit trail for property transactions from receipt to final disposition. §102-35.20

**Accountable Asset** - includes nonexpendable personal property whose expected useful life is two years or longer and whose acquisition value, as determined by the agency, warrants tracking in the agency's property records, including capitalized and sensitive personal property. §102-35.20

**Acquire** - means to procure or otherwise obtain personal property, including by lease (sometimes known as rent). §102-39.20

**Acquisition** - means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. FAR Subpart 2.101

**Acquisition Cost** - means the original purchase price of an item. §102-35.20

**Agency head or head of the agency** - means the Secretary, Attorney General, Administrator, Governor, Chairperson, or other chief official of an executive agency, unless otherwise indicated, including any deputy or assistant chief official of an executive agency. FAR Subpart 2.101

**Asset** - Tangible or intangible items owned by the federal government that would have probable economic benefits that can be controlled or obtained by a federal government activity.

**Asset Custodian**– The individual who is responsible for the management and control of assets within a specific activity.

**Asset Pool** - Similar assets that singly may not represent a significant or material amount are grouped into an asset pool and capitalized as a single asset.

**Asset Accountability** - includes responsibilities for such tasks as tracking movement, recording changes in physical condition, and verification of physical counts. Asset managers exercise responsibility and maintain proper control over an activity's assets through record keeping, effective policies and procedures, and appropriate security controls.

**Asset Management** - means the system of acquiring, maintaining, using and disposing of the personal property of an organization or entity. §102-35.20

**Asset Management Officer** - An individual formally appointed by the head of an agency or an operating unit within an activity to serve as a focal point for asset management with the responsibility and authority to account for the effective control, acquisition, use, and disposition of assets for that operating unit.

**Asset Type** - The categories of assets as defined in SSFAS 6, Accounting for Assets, Plant, and Equipment.

**Bar Code** - 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 corresponding alphanumeric digits that are used to uniquely identify an asset. The asset's identification number is used as the basis for the inventory.

**Board of Survey** – An activity used to examine facts, determine responsibility, and establish liability for the loss, damage, or destruction of federal assets, and used to document the removal of assets from a formal account.

**Cannibalization** - means to remove serviceable parts from one item of equipment in order to install them on another item of equipment. FMR §102-37.25

**Capitalized Asset** - includes property that is entered on the agency's general ledger records as a major investment or asset. An agency must determine its capitalization thresholds as discussed in Financial Accounting Standard Advisory Board (FASAB) Statement of Federal Financial Accounting Standards No. 6 *Accounting for Property, Plant and Equipment*, Chapter 1, paragraph 13. §102-35.20

**Care and Handling** – includes completing, repairing, converting, rehabilitating, operating, preserving, protecting, insuring, packing, storing, handling, conserving, and transporting assets, and destroying or rendering innocuous assets that may be dangerous to the public health and safety.

**Condition** - The physical state of an asset. The condition of an asset is based on an evaluation of the physical status/state of an asset, its ability to perform as planned, and its continued usefulness.

**Custodian** - An individual designated in writing and located at the field operating unit level having physical custody and control over assets. The Custodian or their designee is responsible for the accuracy of the accountable inventory system of record. The Custodian may report to an Asset Accountability Officer or to the Asset Management Officer depending upon the size of the activity.

**Depreciation** - means a charge to current operations that distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner. It does not involve a process of valuation. Useful life refers to the prospective period of economic usefulness in a particular contractor's operations as distinguished from physical life; it is evidenced by the actual or estimated retirement and replacement practice of the contractor. FAR Subpart 2.101

**Disposition** - Any authorized method of permanently divesting of the control of and responsibility for an asset.

**Excess Personal Property** - any personal property under the control of any federal agency that is no longer required for that agency's needs, as determined by the agency head or designee. FMR §102-36.40

**Exchange**- means to replace personal property by trade or trade-in with the supplier of the replacement property. FMR §102-39.20

**Exchange/sale**- property not excess to the needs of the holding agency but eligible for replacement, which is exchanged or sold under the provisions of FMR 102-39 in order to apply the exchange allowance or proceeds of sale in whole or part payment for replacement with a similar item. FMR §102-36.40

**Expense** - To record and charge costs to the operating budget during the current period. Includes depreciation for the current period or the total costs for low-value, short-lived assets.

**Expensed Assets** - Non-expendable and expendable assets with an acquisition cost below a predetermined dollar value threshold.

**Facility** - Building, structure, utility system, or land.

**Federal agency** - means any executive agency or any establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, and the Architect of the Capitol and any activities under his/her direction). FMR §102-36.40



**Federal Asset Sales (eFAS)** - refers to the e-Government initiative to improve the way the Federal Government manages and sells its real and personal property assets. Under this initiative, only an agency designated as a Sales Center (SC) may sell Federal property, unless a waiver has been granted by the eFAS Planning Office in accordance with FMR 102-38.360. The eFAS initiative is governed and given direction by the eFAS Executive Steering Committee (ESC), with GSA as the managing partner agency. FMR §102-38.35

**Federal Asset Sales Planning Office (eFAS Planning Office)** - refers to the office within GSA assigned responsibility for managing the eFAS initiative. FMR §102-38.35

**Financial Management System** - The financial systems and the financial portions of mixed systems necessary to support financial management.

**Financial System** - An information system comprised of one or more applications used for collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting financial statement preparation.

**Government-Furnished Property (GFP)** - Government assets that a contracting officer authorizes a contractor to use in the performance of a government contract.

**Grant** - means a type of assistance award and a legal instrument which permits a federal agency to transfer money, property, services or other things of value to a grantee when no substantial involvement is anticipated between the agency and the recipient during the performance of the contemplated activity. §102-36.40

**Hazardous Material/Waste** - means property that is deemed a hazardous material, chemical substance or mixture, or hazardous waste under the Hazardous Materials Transportation Act (HMTA) (49 U.S.C. 5101), the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6901–6981), or the Toxic Substances Control Act (TSCA) (15 U.S.C. 2601–2609). FMR §102-36.40

**Information System** - The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual. Information systems include non-financial, financial and mixed systems.

**Information Technology (IT)** - Any equipment or interconnected system or subsystem 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 executive Activity. The term “information technology” includes computers, ancillary equipment, software, and firmware. FAR Subpart 2.101

**Intangible personal property** - means personal property in which the existence and value of the property is generally represented by a descriptive document rather than the property itself. Some examples are patents, patent rights, processes, techniques, inventions, copyrights, negotiable instruments, money orders, bonds, and shares of stock. FMR §102-36.40

**Inventory** - includes a formal listing of all accountable property items assigned to an agency, along with a formal process to verify the condition, location, and quantity of such items. This term may also be used as a verb to indicate the actions leading to the development of a listing. In this sense, an inventory must be conducted using an actual physical count, electronic means, and/or statistical methods. §102-35.20

**Lease** - An agreement conveying the right to use assets for a stated period of time.

**Maintenance** - The act of keeping assets in useable condition. It includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it provides acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve different needs than, or significantly greater than, those originally intended.

**Personal property** - means any property, except real property. For purposes of this part, the term excludes records of the Federal Government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines. FMR §102-36.40

**Physical Inventory** – The verification of the existence, location and quantity of assets including the verifying of additional information.

**Pool** – A sharing arrangement for a group of assets with a common purpose.

**Property** - Anything that may be legally owned. Property includes real and personal assets.

**Reconciliation** - The process of getting individual records contained in the asset management system fully consistent with the actual status of the assets including the physical location, actual acquisition cost, etc.

**Responsibility** - The obligation of an individual to ensure Government assets and funds entrusted to his or her possession, command, or supervision are properly used and cared for and that proper custody, safekeeping, and final disposition are provided.

**Sales Center (SC)** - means an agency that has been nominated, designated, and approved by the eFAS ESC and the Office of Management and Budget (OMB) as an official sales solution for federal property. The criteria for becoming a SC, the selection process, and the ongoing SC requirements for posting property for sale to the eFAS portal and reporting sales activity and performance data are established by the eFAS ESC and can be obtained from the eFAS Planning Office at GSA. The eFAS Planning Office may be contacted via e-mail at FASPlanningOffice@gsa.gov. SCs may utilize (and should consider) private sector entities as well as government activities and are expected to provide exemplary asset management solutions in one or more of the following areas: on-line sales; off-line sales; and sales-related value added services. SCs will enter into agreements with holding agencies to sell property belonging to these holding agencies. A holding agency may employ the services of multiple SCs to maximize efficiencies. FMR §102-38.35

**Salvage** - means property that has value greater than its basic material content but for which repair or rehabilitation is clearly impractical and/or uneconomical. FMR §102-36.40

**Scrap** - means property that has no value except for its basic material content. FMR §102-36.40

**Sensitive** – includes all items, regardless of value, that require special control and accountability due to unusual rates of loss, theft or misuse, or due to national security or export control considerations. Such property includes weapons, ammunition, explosives, information technology equipment with memory capability, cameras, and communications equipment. These classifications do not preclude agencies from specifying additional personal property classifications to effectively manage their programs. §102-35.20

**Software** - The application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system.

**State Agency for Surplus Property (SASP)** - means the agency designated under State law to receive Federal surplus personal property for distribution to eligible donees within the State as provided for in 40 U.S.C. 549. FMR §102-37.25

**State or local government** - means a State, territory, possession, political subdivision thereof, or tax-supported agency therein. FMR §102-38.35

**Steward/Stewardship** - The Federal Government's responsibility for the general welfare of the nation and its resources in perpetuity.

**Surplus Personal Property** - means excess personal property no longer required by the Federal agencies as determined by GSA. FMR §102-36.40

**System** - Two or more individual items (equipment components) that are part of a self-contained group, that are joined physically, electronically, or electromechanically, programmed or designed specially to rely on each other, and cannot function independently if separated, and cannot be easily disconnected and reconfigured to function with or within another unit or “system”.

**Threshold** - The dollar amount above that items must be accounted for in the asset management system.

**Unit cost** - means the original acquisition cost of a single item of property. FMR §102-36.40

**Unrequired Assets** –assets that are no longer required by the program or activity that it was acquired for.

**Useful Life** - The normal operating life (of an asset) in terms of utility to the owner.

**Utilization** - means the identification, reporting, and transfer of excess personal property among Federal agencies. §102-35.20

**Voluntary Consensus Standards (VCS)** - means common and repeated use of rules, conditions, guidelines or characteristics for products, or related processes and production methods and related management systems. VCS are developed or adopted by domestic and international voluntary consensus standard making bodies (*e.g.*, International Organization for Standardization (ISO) and ASTM-International). See OMB Circular A-119. FAR Subpart 2.101