

**SUBJECT: DEPARTMENT OF ENERGY PERSONAL PROPERTY MANAGEMENT  
PROGRAM**

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1. OBJECTIVES. To set forth the following:
  - a. Standards, practices, and performance expectations for the management of personal property owned by the Department of Energy (DOE). (Terms and definitions used in this Order can be referenced in the Guide, DOE G 580.1-1, *Department of Energy Personal Property Management Guide*, dated 12-7-05.)
  - b. Responsibilities for development, administration, application, and oversight of the DOE personal property management program.
2. CANCELLATIONS. None.
3. APPLICABILITY.
  - a. DOE Elements. This Order applies to all DOE elements with personal property management responsibilities (see Attachment 1 for a complete list of DOE elements) including the National Nuclear Security Administration (NNSA). This Order automatically applies to DOE elements created after it is issued.

The NNSA Administrator will ensure that NNSA employees and contractors comply with their respective responsibilities under this Order.
  - b. DOE Contractors.
    - (1) The Contractor Requirements Document (CRD), Attachment 2, sets forth requirements of this Order that will apply to DOE contractors whose contracts include this CRD.
    - (2) This CRD must be included in those management and operating contracts that contain the property clause of Title 48 Code of Federal Regulations (CFR) 970.5245-1.
  - c. Exclusions.
    - (1) The equipment capitalization criteria listed in the DOE Accounting Handbook has no bearing on the application of the requirements of this Order.
    - (2) High Risk Property, Motor Vehicle Management and Energy Related Laboratory Equipment (ERLE) guidance is excluded from this Order and remain in Title 41 CFR 109, the DOE Property Management Regulations.

4. REQUIREMENTS.

- a. Acquisition. Excess Government personal property must be used to the maximum extent possible to reduce operational costs.
- b. Borrowing Personal Property. Government personal property may be borrowed from within DOE or other Federal agencies when the following conditions apply.
  - (1) It is practical and economical.
  - (2) The property is required for short periods of time (typically 1 year or less; longer period when justified by program officials).
  - (3) The terms of the borrowing arrangement are included in a written agreement and controls are established to ensure the prompt return of the property to the lender.
- c. Loaning Personal Property.
  - (1) Government Personal Property may be loaned provided the loan is—
    - (a) For use in performing research, studies, and other efforts that result in benefits to both the U.S. Government and the borrower and provided that the DOE mission is not affected.
    - (b) To another DOE organization, contractor, Government agency, or organization that has a valid Federal contract, grant, treaty, international or collateral agreement, or other documentation substantiating that the loaned property will be used only for official purposes.
    - (c) To local agencies in support of military operations or health, safety, or security requirements upon appropriate Departmental notification of emergency conditions.
    - (d) Documented and approved using DOE Form 4420.2, U.S. Department of Energy Personal Property Loan Agreement.
  - (2) Domestic Loans may be approved for one loan period of up to 3 years with annual assessments of verifiable need.
  - (3) Foreign Loans.
    - (a) May be approved by the appropriate local DOE official for 1 year with provisions for 1 year extensions (loan period not to exceed 5 years).

- (b) Requires DOE site review and concurrence and approval by the DOE property executive.

d. Identification and Marking.

- (1) Equipment, sensitive and administratively controlled property must be identified and marked as U.S. Government property (or U.S. DOE if space is limited) except for items, such as stores inventories, that by their nature cannot be marked.
- (2) Metals and metal products must be identified and marked in accordance with applicable Federal standards. Additional markings not covered by Federal standards should be used to show special properties, corrosion data, or test data as required. While it is preferred that the marking be done during the manufacturing process, it may be applied by suppliers, when circumstances warrant, or waived when—
  - (a) it is necessary to procure small quantities from suppliers not equipped to do the marking,
  - (b) marking would delay the delivery of emergency orders, or
  - (c) procurement is from DOE or other Federal agency excess.
- (3) Equipment and sensitive items must be numbered for control purposes and must be marked legibly, conspicuously, and securely using media such as bar code labels, decals, and stamping. Administratively controlled property may be marked and recorded as determined by the organizational property management officer (OPMO).
- (4) Identification markings must be removed to the extent practical before disposal of property outside of DOE. If removal of the markings is impractical, additional permanent markings must be added to the property to indicate its disposal.

e. Records.

- (1) The following types of personal property control records must be established for DOE-owned personal property.
  - (a) Individual property control records must be established and maintained for—
    - 1 equipment and
    - 2 sensitive property.

- (b) Perpetual inventory records must be established and maintained for the following.
- 1 Precious metals (to the nearest gram). However, records for custodian holdings, by type, each having a value of \$250 or less may be waived by the OPMO.
  - 2 Stores inventories. Sub-stores inventory records must be integrated with central stock records so that the total amount of any item at all locations is known.
  - 3 Stock records.
    - a Stock record accounts must be maintained for personal property items under stock control for more than 90 days.
    - b Stock records must be maintained when shop, bench, cupboard, or site stock items are not consumed or do not turn over in a reasonable period of time (i.e., 90 days).
  - 4 Potable alcohol. Records of potable alcohol must be maintained on total quantities of 1 quart and above.
- (c) Formal property control records are not required for administratively controlled items and for information technology that is past its defined service life (as provided in the DOE Accounting Handbook) and not subject to High Risk or sensitive item controls. However, the following types of records, where applicable, are useful in managing these types of property.
- 1 Calibration records.
  - 2 Maintenance records.
  - 3 Tool crib records.
  - 4 Equipment pool records.
  - 5 Property passes.
- (2) Property control and/or financial accounting records must include the following basic information.
- (a) Contract number or equivalent code designation.
  - (b) Acquisition document number and date.

- (c) Asset type.
- (d) Property control number.
- (e) Description of item [nomenclature, serial number, Federal stock group or national stock number (if available)].
- (f) Manufacturer.
- (g) Model number.
- (h) Unit acquisition cost (including delivery and installation cost, when appropriate).
- (i) Depreciated value.
- (j) Unit of measure.
- (k) Quantity received, fabricated, issued, or on hand.
- (l) Individual and organization accountable for the property.
- (m) Location of property.
- (n) Use status (active, storage, excess, etc.).
- (o) High Risk designation.
- (p) Any other data required by contract.
- (q) Disposition document reference and date.
- (r) Condition code.

f. Physical Inventories.

- (1) DOE organizations may use the ASTM International voluntary consensus standard for physical inventories, E 2132-01, Standard Practice for Physical Inventory of Durable, Moveable Property.
- (2) Physical inventories of personal property must be performed at the following frequencies (or more frequently when determined necessary for specific items or for effective accounting, utilization, or control at a given location).
  - (a) Equipment—biennially.
  - (b) Sensitive items—annually.

- (c) Stores inventories—annually.
  - (d) Precious metals—annually, with the following authorized exceptions.
    - 1 Precious metals, by type, each valued between \$250 and \$500 with no consumption may be certified in writing by the custodian.
    - 2 Precious metals, by type, each valued at \$250 or less may be treated as consumed or expended.
  - (e) Administratively controlled items and information technology that is past its defined service life (as provided in the DOE Accounting Handbook) and not subject to High Risk or sensitive item controls are inventoried as determined by the OPMO based on local management needs or as part of a wall-to-wall inventory.
- (3) The following methods will be used.
- (a) The wall-to-wall inventory method is required for weapons, ammunition, military property, and at contract completion or within a 5-year cycle, whichever comes first. A wall-to-wall inventory may be performed for all other types of personal property when determined necessary by the OPMO.
  - (b) The following alternative methods may be used for the types of personal property indicated when they are fully documented and approved by the OPMO.
    - 1 Inventory by exception method—equipment and sensitive items.
    - 2 Statistical sampling method—stores inventories, equipment, and sensitive items.
    - 3 Electronic inventory method—information technology that is connected to a network that permits use of this method.
  - (c) The statistical sampling method is only acceptable if it is statistically valid and it produces acceptable results. If it does not produce acceptable results, the wall-to-wall method will be used to complete the physical inventory.
  - (d) Personnel other than the property custodians must perform the physical inventories. Excluding weapons, ammunition, and military property, inventories of property by the custodians, with

follow-on sample verification by property management organizations, may be authorized where—

- 1 approved by the OPMO and
- 2 strict individual custodial accountability is enforced.

- (e) Precious metal quantities must be reconciled to the nearest gram.
- (f) High Risk personal property must be managed in accordance with the Department of Energy Property Management Regulation (41 CFR 109).

g. Sensitive Items.

- (1) As determined by the OPMO and/or the contracting officer, a list of those items of personal property that are considered sensitive must be developed and maintained by each DOE element.
- (2) The list must consist of—
  - (a) items, regardless of value, that require special control and accountability because of susceptibility to unusual rates of loss, theft, or misuse or due to national security and export control considerations. Items include, but are not limited to, weapons, ammunition, explosives, classified property, laptops, computers, personal digital assistants, other information technology equipment and removable components with memory capability, unless the OPMO and/or contracting officer determines, with concurrence of the property executive or designee, that a specific item should not be included, and
  - (b) other items that the OPMO and/or contracting officer determines to need special control and accountability.
- (3) Items of equipment that are designated as sensitive items must be controlled both as sensitive items and as equipment.
- (4) Written procedures must address the following.
  - (a) Establishment of the appropriate supervisory levels for approval of purchase requisitions or issue documents.
  - (b) Establishment of controls in the central receiving and warehousing department, such as extraordinary handling and physical protection, and the maintenance of a current listing of sensitive items.

- (c) Use of memorandum receipts or custody documents at the time of assignment or change in custody.
- (d) Establishment of custodial responsibilities describing the requirement for—
- 1 appropriate physical and administrative controls, especially for items assigned for general use within an organizational unit, and
  - 2 reporting changes in custody.
- h. Controlled Substances, Hypodermic Needles, Syringes and Potable Alcohol. These types of items must be managed and physically controlled, from receipt to the point of use, to prevent improper or illegal use. Controls must include supervisory approval for issue, storage in locked repositories, and rendering items useless before disposal. Controls of potable alcohol must be maintained on total quantities of 1 quart and above.
- i. Returnable Containers. Containers furnished by vendors must be controlled administratively and physically to ensure their prompt return to the vendors for credit after they have served intended use.
- j. Administratively Controlled Items.
- (1) Appropriate control techniques must be used to minimize waste and to prevent loss, theft, unauthorized removal, and abuse of administratively controlled items.
  - (2) Techniques must include use and review of—
    - calibration and maintenance schedules,
    - tool crib check controls,
    - loss and theft reports,
    - property pass systems,
    - memoranda records,
    - check-out procedures for transferring or terminating employees,
    - perimeter fencing, and
    - gate checks.
- k. Stores Inventory Turnover Ratio. Investment in stores inventories will be compared to annual stores to ensure minimum inventory levels are maintained.



- (1) Comparisons may be expressed either as turnover ratios (the dollar value of issues divided by the dollar value of inventory) or as average number of months supply on hand.
- (2) Turnover ratios or number of months supply will be calculated only on current-use inventory.
- (3) Performance goals, (e.g., a 6-month investment or a turnover ratio of 2.0) will be established for each stores inventory user activity.

l. Official Use of DOE-Owned Personal Property.

(1) General.

(a) Personal property will be used in the performance of official work of the U.S. Government, except—

1 in emergencies threatening loss of life or property, as authorized by law, or

2 as otherwise authorized by law and approved by the Director, Office of Administration, Headquarters; heads of field organizations; or the contracting officer for contractor-held property.

(b) Written procedures will document the prohibition against use, for other than official purposes, and the penalties for misuse of personal property.

(2) Motor vehicles. Vehicles must be managed in accordance with the Department of Energy Property Management Regulation (41 CFR 109).

m. Loss, Damage, Destruction, or Unauthorized Use of Personal Property.

- (1) DOE organizations may use the ASTM International voluntary consensus standard, E 2131-01, Standard Practice for Assessing Loss, Damage, or Destruction of Property. If the ASTM standard is used, the acceptable loss, damage and destruction ratios listed in the standard apply unless Departmental performance expectations require the use of different ratios. This ASTM International standard does not apply to DOE High Risk or sensitive property, which requires 100% accountability.
- (2) DOE Federal employees will be responsible and may be financially liable for loss, damage, destruction, and unauthorized use of personal property in their possession and control. Liability of DOE Federal employees will be governed by Title 18 United States Code Section 641 and Title 5 CFR Section 2635.704.

- (3) All instances of loss, damage, destruction, or unauthorized use of personal property must be reported, documented, and investigated. As a minimum, this will include the following.
  - (a) Notifying appropriate DOE offices and, when necessary, law enforcement organizations as soon as possible but no later than 24 hours after the property loss becomes known.
  - (b) Determining the circumstance or cause.
  - (c) Determining responsibility and financial liability for repair, replacement, or unauthorized use.
  - (d) Identifying actions taken to prevent—
    - 1 further loss, damage, destruction, or unauthorized use of property and/or
    - 2 recurrence of the same or similar incidents.

n. Retirement of Property.

- (1) A retirement work order must be used to list Government property that is worn out, lost, stolen, destroyed, abandoned, or damaged beyond economical repair. When property is lost, stolen, damaged, or destroyed, a full explanation of the circumstances and investigation results, when applicable, will be provided to the appropriate DOE officials.
- (2) The initiating official must sign the retirement work order and an official at least one supervisory level above the initiating official must review and approve it.

o. Disposal of Property.

- (1) DOE excess personal property must be screened for Departmental reutilization using the Energy Asset Disposal System (EADS). Property not selected for DOE use that is eligible for further screening is automatically screened Government-wide in GSAXcess.
- (2) Nuclear-related property must be screened within DOE, however, not reported to General Services Administration (GSA). Proliferation sensitive property, identified as High Risk, must be screened within DOE but not reported to GSA.
- (3) Hazardous or suspected hazardous personal property must be checked for contamination by environmental, safety, and health officials. Contamination-free personal property will be tagged with a certification

tag authorizing release of the property. Contaminated personal property will be retained by the program office for appropriate disposal action.

- (4) DOE organizations must establish surplus personal property sales operations when heads of field organizations determine sales operations are in the best interest of the Government. OPMOs and appropriate program officials must oversee these surplus sales to ensure personal property requiring special handling and/or certification is processed and sold in accordance with applicable regulations.
- (5) DOE Federal employees may acquire surplus Government personal property provided they certify in writing before the sale award that they have not, directly or indirectly—
  - (a) obtained information about the property not available to the general public or
  - (b) participated in—
    - 1 the decision to dispose of the personal property,
    - 2 the preparation of the personal property for sale, and
    - 3 the determination of the method of sale.
- (6) Specially fitted clothing and other articles of personal property, acquired for the exclusive, personal use of an individual Federal employee that cannot be used by anyone else without substantial modification, may be sold to the employee when the property is no longer required or the employee is terminated.

## 5. RESPONSIBILITIES.

- a. Secretary of Energy is responsible for acquisition, management, and disposition of personal property held by the Department for official use by its employees and contractors. The Secretary has delegated this responsibility for DOE activities through the Director, Office of Management, Budget and Evaluation, to the Director, DOE Office of Procurement and Assistance Management, and for NNSA activities, through the Under Secretary for Nuclear Security to the Director, NNSA Office of Acquisition and Supply Management.
- b. The Director, DOE Office of Procurement and Assistance Management and the Director, NNSA Office of Acquisition and Supply Management are the senior procurement executives (SPEs) for their respective organizations, and are responsible for the development and administration of an effective and efficient personal property management program for the acquisition, management, and disposition of personal property held by the DOE/NNSA for official use by

employees and contractors. The SPEs are responsible for notifying contracting officers regarding which contracts are affected by this Order.

- c. Property Executive. The Director, Office of Resource Management for DOE, and the Director, Office of Procurement and Assistance Management for NNSA, are designated property executives.
- (1) Develop, administer, and oversee the Department-wide personal property management program.
  - (2) Establish policies, standards, and guidance in accordance with applicable laws, regulations and sound personal property management practices and standards.
  - (3) Advise and provide staff assistance to Headquarters and field organizations that perform personal property management functions.
  - (4) Establish performance-based personal property management objectives, measures, and expectations.
  - (5) Evaluate Federal and contractor personal property management systems, functions, operations, procedures, and self-assessment programs.
  - (6) Serve as—
    - (a) career manager for establishing and administering the personal property management career development program,
    - (b) Departmental motor equipment fleet manager responsible for developing and implementing DOE motor equipment policy and for conducting oversight of the DOE motor equipment program,
    - (c) DOE National Utilization Officer responsible for promoting acquisition and utilization of excess personal property, and
    - (d) DOE precious metals recovery program monitor.
- d. Director, Office of Administration.
- (1) Establishes a personal property management program for all DOE direct operations located in the Washington, D.C. metropolitan area, except for the Federal Energy Regulatory Commission (FERC).
  - (2) Appoints an OPMO who is responsible for the organization's personal property management program.

- (3) Approves, conditionally approves, or disapproves contracted property management systems for all DOE direct operations located in the Washington, D.C., metropolitan area except for FERC.
- e. Director, Office of Headquarters Procurement and Assistance Management and the Heads of Field Organizations.
- (1) Establish a personal property management program for their respective organizations.
  - (2) Appoint OMPOs responsible for personal property management program in their respective organizations.
  - (3) Approve, conditionally approve, or disapprove contractor personal property management systems. The approval authority may be redelegated to the contracting officer or the contracting officer's designee.
  - (4) Conditional approval and disapproval authority cannot be redelegated.
- f. Organizational Property Management Officers establish and administer personal property management programs within their organizations consistent with applicable laws, regulations, practices, and standards and provide for the following.
- (1) Planning, acquisition, control, management, and disposal of personal property in the custody of DOE offices.
  - (2) Making DOE employees aware of their responsibilities for the protection of Government property in their possession and their potential liability for its loss, damage, destruction, or unauthorized use.
  - (3) Conducting continuous oversight and periodic management reviews of DOE personal property management activities to ensure—
    - (a) personal property management program expectations are met and
    - (b) applicable policies, procedures, practices, and standards are followed.
- g. Contracting Officers appoint a property administrator for each contract and ensure the following.
- (1) Contracts that involve personal property contain the applicable property contract clause.
  - (2) Contractor personal property management systems are reviewed, appraised, and approved.

- (3) Contractors implement the applicable provisions of the Federal Management Regulation, Federal Property Management Regulations, DOE Property Management Regulations, and this Order.
- h. Property Administrators, as authorized representatives of the contracting officer, are responsible for the following.
- (1) Performing delegated contract administration functions for contract requirements relating to Government personal property.
  - (2) Developing and applying an oversight program, resolving property administration issues, and making recommendations concerning the acceptability of contractor personal property management systems.
  - (3) Advising contracting officers and OPMO of any contractor noncompliance with approved procedures, or other significant problems that cannot be resolved, and recommending appropriate action.

6. REFERENCES.

- a. Title 40 United States Code (U.S.C.) 471 et seq., Federal Property and Administrative Services Act of 1949, as amended.
- b. Executive Order 13148, Greening the Government through Leadership in Environmental Management.
- c. 41 CFR 101, Federal Property Management Regulations.
- d. 41 CFR 102, Federal Management Regulation.
- e. 41 CFR 109, Department of Energy Property Management Regulation.
- f. 48 CFR 970.5245-1, Property.
- g. P.L. 106-65, Title XXXII, National Nuclear Security Administration Act.
- h. DOE O 361.1A, *Acquisition Career Development Program*, dated 4-19-04.
- i. DOE G 580.1-1, *Department of Energy Personal Property Management Guide*, dated 12-7-05.
- j. DOE Accounting Handbook.
- k. DoD 4160.21-M-1, Defense Demilitarization Manual.
- l. ASTM International Standard E 2132-01, Standard Practice for Physical Inventory of Durable, Moveable Property.

- m. ASTM International Standard E 2131-01, Standard Practice for Assessing Loss, Damage, or Destruction of Property.
  - n. ASTM International Standard E 2135-02, Standard Terminology for Property and Asset Management.
  - o. ASTM International Standard E 2221-02, Standard Practice for Administrative Control Property.
  - p. ASTM International Standard E 2279-03, Standard Practice for Establishing the Guiding Principles of Property Management.
  - q. ASTM International Standard E 2306-03, Standard Practice for Utilization and Disposal of Personal Property.
7. CONTACT. Questions regarding this Order should be addressed to the Office of Resource Management at 202-287-1563.

BY ORDER OF THE SECRETARY OF ENERGY:



CLAY SELL  
Deputy Secretary

**DOE ELEMENTS TO WHICH DOE O 580.1 IS APPLICABLE**

Office of the Secretary  
Departmental Representative to the Defense Nuclear Facilities Safety Board  
Energy Information Administration  
National Nuclear Security Administration  
Office of the Chief Financial Officer  
Office of the Chief Information Officer  
Office of Civilian Radioactive Waste Management  
Office of Congressional and Intergovernmental Affairs  
Office of Counterintelligence  
Office of Economic Impact and Diversity  
Office of Electricity Delivery and Energy Reliability  
Office of Energy Efficiency and Renewable Energy  
Office of Environment, Safety and Health  
Office of Environmental Management  
Office of Fossil Energy  
Office of General Counsel  
Office of Hearings and Appeals  
Office of Human Capital Management  
Office of Inspector General  
Office of Intelligence  
Office of Legacy Management  
Office of Management  
Office of Nuclear Energy, Science and Technology  
Office of Policy and International Affairs  
Office of Public Affairs  
Office of Science  
Office of Security and Safety Performance Assurance  
Secretary of Energy Advisory Board  
Southeastern Power Administration  
Southwestern Power Administration  
Western Area Power Administration



**CONTRACTOR REQUIREMENTS DOCUMENT**  
**DOE O 580.1, DEPARTMENT OF ENERGY PERSONAL PROPERTY**  
**MANAGEMENT PROGRAM**

Regardless of the performer of the work, the contractor is responsible for compliance with the requirements of this Contractor Requirements Document (CRD) and flowing down CRD requirements to subcontractors at any tier to the extent necessary to ensure contractor compliance.

1. The contractor must do the following.
  - a. Establish, implement, and maintain a written personal property management system that—
    - (1) provides for the efficient, life-cycle management (from acquisition to disposition) of DOE-owned personal property accountable to its contract;
    - (2) incorporates the uniform principles, policies, standards, guidance, and performance expectations of the DOE personal property management program; and
    - (3) is consistent with the terms and conditions of the contract and prescribed Federal statutes and regulations.
  - b. Present its written personal property management system, and any proposed significant revisions to an already approved system, for review and written approval by the cognizant DOE contracting officer.
  - c. Establish a personal property holdings baseline, either by conducting a complete physical inventory or by accepting the previous contractor's records (new contractors only).
  - d. Perform assessments of its personal property management systems, in accordance with directions provided by DOE, to determine whether the systems meet DOE personal property management program expectations, reporting assessment results to the cognizant DOE property management function and taking corrective action when weaknesses are identified.
  - e. Ensure that its subcontractors efficiently manage the DOE-owned personal property that is furnished to them.
2. The contractor personal property management system must address the following.
  - a. Acquisition. Excess Government personal property must be used to the maximum extent possible to reduce operational costs.

- b. Borrowing Personal Property. Government personal property may be borrowed from DOE or other Federal agencies when the following conditions apply.
- (1) It is practical and economical.
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  - (e) Description of item [nomenclature, serial number, Federal stock group or national stock number (if available)].
  - (f) Manufacturer.
  - (g) Model number.
  - (h) Unit acquisition cost (including delivery and installation cost, when appropriate).
  - (i) Depreciated value.
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    - 2 Statistical sampling method—stores inventories, equipment, and sensitive items.
    - 3 Electronic inventory method—information technology that is connected to a network that permits use of this method.
  - (c) The statistical sampling method is only acceptable if it is statistically valid and it produces acceptable results. If it does not produce acceptable results, the wall-to-wall method must be used to complete the physical inventory.
  - (d) Personnel other than the property custodians must perform the physical inventories. Excluding weapons, ammunition, and military property, inventories of property by the custodians, with follow-on sample verification by property management organizations, may be authorized where—
    - 1 approved by the contracting officer and
    - 2 strict individual custodial accountability is enforced.
  - (e) Precious metal quantities must be reconciled to the nearest gram.
  - (f) High Risk personal property must be managed in accordance with the Department of Energy Property Management Regulation (41 CFR 109).
- g. Sensitive Items.
- (1) As determined by the OPMO and/or the contracting officer, a list of those items of personal property that are considered to be sensitive must be developed and maintained by each DOE activity.
  - (2) The list must consist of—
    - (a) items, regardless of value, that require special control and accountability because of susceptibility to unusual rates of loss, theft, or misuse or due to national security and export control considerations. Items include, but are not limited to, weapons, ammunition, explosives, classified property, laptops, computers, personal digital assistants, other information technology equipment and removable components with memory capability, unless the

OPMO and/or contracting officer determines, with concurrence of the property executive or designee, that a specific item should not be included, and

- (b) other items that the OPMO and/or contracting officer determines to need special control and accountability.
- (3) Items of equipment that are designated as sensitive items must be controlled both as sensitive items and as equipment.
- (4) Written procedures must address the following.
  - (a) Establishment of the appropriate supervisory levels for approval of purchase requisitions or issue documents.
  - (b) Establishment of controls in the central receiving and warehousing department, such as extraordinary handling and physical protection, and the maintenance of a current listing of sensitive items.
  - (c) Use of memorandum receipts or custody documents at the time of assignment or change in custody.
  - (d) Establishment of custodial responsibilities describing the requirement for—
    - 1 appropriate physical and administrative controls, especially for items assigned for general use within an organizational unit, and
    - 2 reporting changes in custody.
- h. Controlled Substances, Hypodermic Needles, Syringes and Potable Alcohol. These types of items must be managed and physically controlled, from receipt to the point of use, to prevent improper or illegal use. Controls must include supervisory approval for issue, storage in locked repositories, and rendering items useless before disposal. Controls of potable alcohol must be maintained on total quantities of one quart and above.
- i. Returnable Containers. Containers furnished by vendors must be controlled administratively and physically to ensure their prompt return to the vendors for credit after they have served intended use.
- j. Administratively Controlled Items.
  - (1) Appropriate control techniques must be used to minimize waste and to prevent loss, theft, unauthorized removal, and abuse of administratively controlled items.

- (2) Techniques must include use and review of—
  - (a) calibration and maintenance schedules,
  - (b) tool crib check controls,
  - (c) loss and theft reports,
  - (d) property pass systems,
  - (e) memoranda records,
  - (f) check-out procedures for transferring or terminating employees,
  - (g) perimeter fencing, and
  - (h) gate checks.
- k. Stores Inventory Turnover Ratio. Investment in stores inventories will be compared to annual stores to ensure minimum inventory levels are maintained.
  - (1) Comparisons may be expressed either as turnover ratios (the dollar value of issues divided by the dollar value of inventory) or as average number of months supply on hand.
  - (2) Turnover ratios or number of months supply will be calculated only on current-use inventory.
  - (3) Performance goals, (e.g., a 6-month investment or a turnover ratio of 2.0) will be established for each stores inventory user activity.
- l. Official Use of DOE-Owned Personal Property.
  - (1) General.
    - (a) Personal property will be used in the performance of official work of the U.S. Government, except in emergencies threatening loss of life or property, as authorized by law.
    - (b) Written procedures will document the prohibition against use, for other than official purposes, and the penalties for misuse of personal property.
  - (2) Motor vehicles. Vehicles must be managed in accordance with the Department of Energy Property Management Regulation (41 CFR 109).
- m. Loss, Damage, Destruction, or Unauthorized Use of Personal Property.
  - (1) Contractors may use the ASTM International voluntary consensus standard, E 2131-01 Standard Practice for Assessing Loss, Damage, or



Destruction of Property. If the ASTM standard is used, the acceptable loss, damage and destruction ratios listed in the standard apply unless Departmental performance expectations require the use of different ratios. This ASTM standard does not apply to DOE High Risk and sensitive property, which requires 100% accountability.

- (2) Contractors will be responsible and may be financially liable for loss, damage, destruction, and unauthorized use of personal property in their possession and control. Liability, if any, will be consistent with 48 CFR 970.5245-1, Property.
- (3) All instances of loss, damage, destruction, or unauthorized use of personal property, including property in the possession or control of subcontractors, must be reported, documented, and investigated. As a minimum, this will include the following.
  - (a) Notifying appropriate DOE offices and, when necessary, law enforcement organizations as soon as possible but no later than 24 hours after the property loss becomes known.
  - (b) Determining the circumstance or cause.
  - (c) Determining responsibility and financial liability for repair, replacement, or unauthorized use.
  - (d) Identifying actions taken to prevent—
    - 1 further loss, damage, destruction, or unauthorized use of property and/or
    - 2 recurrence of the same or similar incidents.

n. Retirement of Property.

- (1) A retirement work order must be used to list Government property that is worn out, lost, stolen, destroyed, abandoned, or damaged beyond economical repair. When property is lost, stolen, damaged, or destroyed, a full explanation of the circumstances and investigation results, when applicable, will be provided to the appropriate DOE officials.
- (2) The initiating official must sign the retirement work order and an official at least one supervisory level above the initiating official must review and approve it.

o. Disposal of Property.

- (1) DOE excess personal property must be screened for Departmental reutilization using the Energy Asset Disposal System (EADS). Property

not selected for DOE use that is eligible for further screening is automatically screened Government-wide by the General Services Administration's (GSA) in GSAXcess.

- (2) Nuclear-related property must be screened within DOE, however, not reported to General Services Administration (GSA). Proliferation sensitive property, identified as High Risk, must be screened within DOE but not reported to GSA.
- (3) Hazardous or suspected hazardous personal property must be checked for contamination by environmental, safety, and health officials.
- (4) Contamination-free personal property will be tagged with a certification tag authorizing release of the property. Contaminated personal property will be retained by the program office for appropriate disposal action.
- (5) Contractors must establish surplus personal property sales operations when heads of field organizations determine sales operations are in the best interest of the Government. The contracting officer and program officials must oversee these surplus sales to ensure personal property requiring special handling and/or certification is processed and sold in accordance with applicable regulations.
- (6) Contractor employees may acquire surplus Government personal property, provided they certify in writing before the sale award that they have not, directly or indirectly—
  - (a) obtained information about the property not available to the general public or
  - (b) participated in—
    - 1 the decision to dispose of the personal property,
    - 2 the preparation of the personal property for sale, and
    - 3 the determination of the method of sale.
- (7) Specially fitted clothing and other articles of personal property, acquired for the exclusive, personal use of an individual contractor employee that cannot be used by anyone else without substantial modification, may be sold to the employee when the property is no longer required or the employee is terminated.