SUBJECT: Personal Property Management and Accountability

References: (a) Administrative Instruction No. 94, “Personal Property Management and Accountability,” November 6, 1996 (hereby canceled)
(b) Sections 101, 102, 524, 549, and 550 of title 40, United States Code
(d) DoD Instruction 5000.64, “Accountability and Management of DoD-Owned Equipment and Other Accountable Property,” November 2, 2006
(e) through (j), see Enclosure 1

1. REISSUANCE AND PURPOSE

This Administrative Instruction (AI):

1.1. Reissues Reference (a) to implement procedures and assign responsibilities for the personal property owned by the Office of the Secretary of Defense (OSD) and those activities served by the Defense Facilities Directorate (DFD) of the Washington Headquarters Services (WHS).

1.2. Integrates the requirements of Reference (b) into overarching property accountability procedures and practices; assists DoD property managers (PMs) and other officials in understanding their roles and responsibilities relating to property accountability.

1.3. Provides a framework for DoD-owned equipment and administrative PMs, accounting and financial officers, and other officials in understanding their roles and responsibilities relating to property accountability and management of equipment and administrative property.

1.4. Includes in detail all types of transactions for expendable and nonexpendable personal property within DFD, Property Management Branch (PMB), excluding information technology. The transactions include, but are not limited to, requisitions for equipment and supplies,
acquisition deliveries, receipts, transactions through Government Purchase Cards according to AI 105 (Reference (c)), property relocations, surplus, transfers, issues and turn-ins, and the moving of property, according to Reference (b) and DoD Instruction 5000.64 (Reference (d)).

2. **APPLICABILITY AND SCOPE**

   This AI:

   2.1. Applies to all OSD civilian and military employees, DoD Field Activities, and other organizations serviced by DFD/WHS.

   2.2. Does not cover property and materiel for which accountability and inventory control requirements are prescribed in DoD 4140.1-R and DoD 4000.25-2-M (References (e) and (f)). All references to “personal property” throughout this AI shall mean equipment, furniture, furnishings, and other accountable property.

3. **DEFINITIONS**

   The terms used in this AI are defined in Enclosure 2.

4. **POLICY**

   It is OSD policy that the Heads of the DoD Components are accountable for, and manage, all property acquired and appoint Accountable Property Officers (APOs) according to Reference (d). This program shall adhere to all Federal and DoD policies, regulations, and guidelines. The property management function shall be accomplished within WHS, using the Defense Property Accountability System (DPAS) and other related software approved by the PM.

5. **RESPONSIBILITIES**

   5.1. The **Director, DFD**, under the authority, direction, and control of the Director, WHS, shall:

      5.1.1. Provide oversight of the WHS Property Management function and ensure the Head of each activity shall appoint a property custodian in writing.

      5.1.2. Develop procedures, guidance documents, and performance measures for implementing policy according to Reference (d) and ensure WHS property management procedures and operations conform to policy.

   5.2. The **Branch Chief, PMB**, under the authority, direction, and control of the Director, DFD, shall:
5.2.1. Ensure all Hand Receipt Holders and Sub-Hand Receipt Holders have an understanding of DoD property accountability regulatory guidelines to ensure property accountability and success of the program according to Reference (d).

5.2.2. Issue furniture, furnishings, or other nonexpendable property in response to a completed and justified request form. The request must indicate approval by the OSD Component’s administrative officer.

5.2.3. Require a separate method of issuance to the requesting activity.

5.2.4. Convey estimated delivery date after submission of:

5.2.4.1. Funded purchase request.

5.2.4.2. OSD warehouse stock request.

5.2.5. Contact the requesting activity to arrange a delivery time.

5.2.6. Transfer nonexpendable property and equipment.

5.2.7. Submit requests for turn-in of excess property.

5.2.8. Arrange for relocation moves and provide moving materials.

5.3. The PMs, under the authority, direction, and control of the Branch Chief, PMB, shall:

5.3.1. Establish effective and efficient accountability procedures for the procurement, utilization, and property accountability process to ensure employees are in compliance with regulatory guidelines and directives, according to Reference (c).

5.3.2. Establish and maintain the records of a property accountability system, including a complete trail of all transactions, suitable for audit for items exceeding $500 according to DoD Directive 5015.2 (Reference (g)).

5.3.3. Monitor the acquisition, storage, utilizations, transfer, and disposal of property.

5.3.4. Ensure that property received and issued is properly and uniquely identified.

5.3.5. Maintain signature cards and/or hand receipts on all custodial officers and sub-custodians.

5.3.6. Issue custody and/or hand receipts to assign responsibility for all accountable property, exceeding the amount of $500, in use and in storage, as well as all P1 category executive furniture (regardless of dollar amount) and expendable items in storage. Monitor accountable property that is subject to theft, such as sensitive and pilferable items (regardless of dollar value), and identify, account for, secure, and handle property to ensure their safekeeping.
5.3.7. Evaluate culpability when property is reported lost, damaged, misused, or stolen; report and recommend appropriate action and assist in investigations, as required; process survey reports according to Reference (d) and Volume 12 of the Financial Management Regulation (Reference (h)).

5.3.8. Certify that property assigned to a unit or organization is properly inventoried; perform an inventory when updating and/or transferring an organization’s property; properly execute and sign the required documentation in acceptance of inventory.

5.3.9. Make inventory adjustments to the property records when required (e.g., loan, loss, damage, disposal, transfer, excess, or sale) according to References (d) and (h).

5.3.10. Schedule annual physical inventories or perform inventories when there is a change in PMs or Major Hand Receipt Holder(s).

5.3.11. Be responsible for all property acquired, leased, or otherwise obtained throughout an item’s lifecycle, from initial acquisition and receipt through accountability and custody, until formally relieved of accountability by authorized means (disposition or via a complete evaluation and investigation for lost, damaged, or destroyed property).

5.3.12. Ensure that all persons entrusted with Government property are responsible for its proper care and stewardship.

5.3.13. Provide training in property accountability and control procedures to all Hand Receipt Holders when policy or procedures change.

5.3.14. Maintain inventory records for WHS property through DPAS electronic accountability methods. Ensure that records include specific characteristics and identification codes and identify the Hand Receipt Holder.

5.3.15. Provide the Director, DFD, an annual report on the status of the property management function, assets, and annual audit report.

5.3.16. Ensure that information is shared as broadly as possible (except where limited by law or security classification) and that data assets produced as a result of the assigned responsibilities are visible, accessible, and understandable to the Department of Defense as appropriate.

5.4. The Heads of the DoD Components serviced by WHS shall:

5.4.1. Establish implementing regulations and procedures, including the assessment and reporting of its overall property management process maturity level; implement effective and meaningful performance measures consistent with this Instruction and Reference (d).
5.4.2. Appoint, in writing and consistent with standards established in Reference (d), Major Hand Receipt Holders and Sub-Hand Receipt Holders.

5.4.3. Be accountable for and manage all property acquired, leased, or otherwise obtained throughout an item’s lifecycle, from initial acquisition and receipt through accountability and custody, until formally relieved of accountability by authorized means (disposition or via a completed evaluation and investigation for lost, damaged, or destroyed property).

5.4.4. Ensure those persons entrusted with Government property are aware of their responsibilities for proper care and stewardship.

5.5. The Major Hand Receipt Holder, under the authority, direction, and control of the PM, shall:

5.5.1. Establish and maintain the records of a property accountability system, including a complete trail of all transactions, suitable for audit according to Reference (f) and subparagraph 5.3.1.

5.5.2. Ensure designated Sub-Hand Receipt Holders are identified within their respective accountable areas before conducting any transactions.

5.5.3. Ensure that all persons entrusted with Government property are responsible for its proper care and stewardship.

5.5.4. Monitor the acquisition, storage, utilization, transfer, and disposal of property.

5.5.5. Ensure that property received and issued is properly and uniquely identified according to References (c) and (h) and DoD 4100.39-M (Reference (i)).

5.5.6. Ensure that hand receipts are issued for all property assigned to an individual and/or organization.

5.5.7. Evaluate culpability when property has been reported lost, damaged, misused, or stolen; report and recommend appropriate action and assist in investigations, as required; process survey reports according to procedures established in References (d) and (h).

5.5.8. Certify that property assigned to a unit or organization is properly inventoried; perform an inventory when updating and/or transferring an organization’s property; properly execute and sign the required documentation in acceptance of inventory.

5.5.9. Make inventory adjustments to the property records when required (e.g., loan, loss, damage, disposal, transfer, excess, and sale) according to References (d) and (h).

5.5.10. Schedule physical inventories and assist in their completion per Reference (d).
5.6. The Purchase Card Holders, under the authority and direction of the Heads of the DoD Components serviced by WHS, shall ensure that all purchases of personal property by the Government-wide Commercial Purchase Card Program are treated as other personal property in accordance with Reference (c).

6. PROCEDURES

Refer to the Property Management Branch Standard Operating Procedures (SOP) Guide for Personal Property Management and Accountability\(^1\) issued for the PMB under the delegated authority of DFD.

7. EFFECTIVE DATE

This AI is effective immediately.

Enclosures - 2
E1. References
E2. Definitions

\(^1\) Contact the Property Management Branch Chief for copies of the SOP Guide.
E1. ENCLOSURE 1

REFERENCES, continued

(j) Chapter 2775 of title 10, United States Code
E2. ENCLOSURE 2

DEFINITIONS

E2.1. **Acceptance.** A formal certification that the goods or services have been received and conform to the terms of the contract.

E2.2. **Accountability.** The obligation imposed by law, lawful order, or regulation and accepted by a person to keep accurate records and ensure control of property, documents, or funds, with or without physical possession. The obligation, in this context, refers to a person’s fiduciary duties, responsibilities, and obligations to protect the public interest, but does not necessarily impose personal liability upon that person.

E2.3. **Accountable Property.** A term used to identify property recorded in an established property management accounting system.

E2.4. **Accountable Property Officer (APO).** An individual responsible for ensuring that accurate recording, tracking, and auditing of property transactions are accomplished and meet established guidelines. Each DoD Component shall appoint an APO.

E2.5. **Acquisition**

   E2.5.1. Gain possession of; obtained through purchase or transfer.

   E2.5.2. Acquiring hardware, supplies, or services through purchase, lease, or other means, including transfer or fabrication, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.

E2.6. **Administrative Property.** A subcategory of personal property, used for grouping property that is operationally distinct from military and other equipment. Administrative property is typically less than mission critical. Examples include: desktop computers and peripherals, furniture, and office equipment.

E2.7. **Barcode.** Assigned number labeling system affixed to accountable property.

E2.8. **Contract.** Any enforceable agreement, including rental and lease agreements and purchase orders, between an agency and a business concern for the acquisition of property or services.

E2.9. **Controlled Inventory Items.** Those items designated as having characteristics that may require them to be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safekeeping and integrity. (See Reference (h).)

   **E2.9.1.** **Classified Items.** Items that require protection in the interest of national security.
E2.10. Sensitive Items. Items that require a high degree of protection and control due to statutory requirements or regulations (e.g., high value, highly technical, or a hazardous nature).

E2.11. Pilferable Items. Items that have a ready resale value or application to personal possession and that are, therefore, especially subject to theft.

E2.10. Custody. The physical possession of property.

E2.11. Equipment. Assets that are functionally complete for their intended purpose, durable, and nonexpendable. Equipment generally has an expected service life of 2 years or more; is not intended for sale; does not ordinarily lose its identity or become a component part of another article when put into use; and has been acquired or constructed with the intention of being used.

E2.12. Expendable Property. Personal property other than nonexpendable property. All activities will ensure adequate internal controls are established to safeguard expendable furniture assets.

E2.13. Hand Receipt. A receipt that serves as a record of personal property received and assigned to an Activity custodian.

E2.14. Heritage Assets. Real and personal property with importance at the national level due to significant historical, natural, cultural, educational, or artistic value. This designation can apply to any classification of property (i.e., real or personal). Heritage assets may include collections, art, archival records, memorials, and decorations.

E2.15. Internal Controls. The plan of an organization and all its methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

E2.16. Inventory. The quantity of goods and materials (personal property) on hand at any given period.

E2.17. Inventory Adjustments. Changes made to the accountable property record when the record and a physical count do not agree. All such changes require specific approval and documentation to support the adjustment, normally to include results of reconciliation efforts to determine and resolve the cause of such disagreement.

E2.18. Item. A generic term meaning any article produced, stocked, stored, issued, or used.

E2.19. Local Stock Number (LSN). A 13-digit stock number assigned when a National Stock Number is not present.
National Stock Number (NSN). The term used for the 13-digit stock number consisting of the four-digit Federal Supply Class and the nine-digit National Item Identification Number. Each NSN is assigned to identify an item of supply and equipment within the material management functions. Only one NSN is assigned to an item.

Nonexpendable Property. Personal property that retains its original identity and characteristics, has a useful life of more than 1 year, and has an acquisition cost of $500 or more.

Personal Property. All property (systems/equipment, materials, and supplies) except real property (facilities, structures, buildings) and records of the Federal Government.

Physical Inventories. The verification of the existence, location, and quantity of property items. The process may involve verifying additional information.

Property Manager. An individual responsible for the monitoring and control functions, charged with assuring that organizational processes related to the lifecycle of property support organization objectives; represent sound business practice; and are compliant with applicable standards, policies, regulations, and contractual requirements.

Property Management System. A subset of existing organizational processes related to the lifecycle management of property. These processes represent sound practice and are compliant with applicable standards, policies, regulations, and contractual requirements.

Receipt. A transmission or other acknowledgment made by a receiving DoD Component to indicate that messages, goods, and/or services have been satisfactorily received.

Receiving. The process of accepting and initiating the property accountability process. Its primary role is the validation of the item(s) with its accompanying support documentation (e.g., shipment notice, purchase order, or other document describing count, condition, damage, or other discrepancies).

Responsibility. An obligation for the proper custody, care, and safekeeping of property or funds entrusted to the possession or supervision of an individual.

Scrap. Property that has no value except for its basic metallic, mineral, or organic content.

Stock Items. Material maintained on hand at storage point (warehouse) to meet anticipated demands.

Transaction. Any act or event that affects the account(s) of an entity.

Valuation. The act of determining or estimating the value or worth; assigning a value to an item.