

ETA Property Management Handbook No. 359

CHAPTER VI

PROPERTY MANAGEMENT

1. **Property Title.** The following describes the possibilities concerning property titles that might appear on a Department of Labor/Employment and Training Administration (DOL/ETA) contract. Titles to Federal Government property are not altered when attached to property not owned by the Federal Government.
 - a. DOL/ETA may provide Federal property to contractors for use under its contracts. Title to this DOL/ETA Administration property remains vested in the Federal Government.
 - b. DOL/ETA contractors may acquire property from Federal Excess for use under its contracts. This property is Federal property at the time of acquisition. Title to this property is vested in DOL/ETA upon receipt by the contractor, and remains vested in the Federal Government.
 - c. Commercial entities or individuals may donate property to the Federal government. With prior DOL written approval, the contractor may accept such donations for the Federal government. Title to this property is vested in DOL/ETA upon receipt by the contractor, and remains vested in the Federal Government.
 - d. Property acquired with DOL/ETA funds under any form of DOL/ETA contract (e.g., Fixed Price, Cost-Reimbursement, Incentive, Time-and-Materials, etc.) that is charged as a direct cost to the contract and reimbursed by Department of Labor/Employment and Training Administration as an approved/allowable cost is Federal property. The title to this property is vested in the Department of Labor/Employment and Training Administration upon receipt by the contractor.
 - e. Property that the DOL/ETA contractors acquire, which is not directly billed to the contract, (e.g., that is an indirect cost of the contractor) is generally not the property of the Federal Government, and for purposes of this handbook shall be treated as contractor property, not Federal property.
2. **Property Records.** DOL/ETA contractors are required to maintain separate systems of property records for expendable and non-expendable property. Contractors may use their own systems to track property, such as an approved Bar-Coding or Inventory Control system, provided the systems meet the requirements stated in 29 Code of Federal Regulations Part 95 or Part 97 as applicable and have the approval of the National Property Officer.
3. **Expendable Property System.** By its very nature, expendable property is difficult to track and manage. Individual items are usually small, easily concealable, and prone to disappearance and subsequent conversion to personal use. Therefore, the contractor must exercise due diligence and control over such property to maximize its use and minimize the potential for theft and conversion to personal use.

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4. **Non-expendable Property System**. The approved Property Management System provides a method of property accountability. Although primarily an *accountability* system, it can also provide a subset of reports for internal accounting purposes that include meeting annual reporting requirements of the Federal Management Regulations.
5. **Hand Receipt Procedures**. Contractors must establish a hand receipt system for temporary transfers of property. They may use either a manual or an automated system to generate hand receipts. The system is subject to the approval of the appropriate Department of Labor Property official. A sample Hand Receipt form is shown in Figure B-3 in the Appendix B. Use of this sample form is optional; however, **use of a form** is mandatory.
6. **Repair Log**. Contractors must maintain a logbook for documenting property sent out for repair. (Figure B-9 in the Appendix B is a sample of a logbook form.) The log must be maintained in a central location, and must be available to auditors and/or property review personnel upon request. Logbooks must be maintained manually - **logbooks may not be maintained as computer files**.
7. **Physical Inventory Requirements and Procedures**. Inventory, as used here, includes sighting, tagging or marking, recording, reporting, and reconciling (Figure C-2) the actual count with property records.
 - a. **Requirements**. The following requirements are mandatory for all Department of Labor/Employment and Training Administration contractors.
 - (1) Physical inventories **must** be performed quarterly, and the results must be reconciled to the Property Management System Inventory Master file. An inventory and certification must be conducted upon contract initiation, and at the start of each subsequent quarter, corresponding with the annual contract date.
 - (2) Physical inventories **must** be performed and reconciled to the Property Management System Inventory Master file upon contract completion or termination.
 - (3) Physical inventories **must** also be performed whenever circumstances dictate. For instance, whenever property custodians change, when major moves of property occur (e.g., the entire "Location Code" is moved to a new physical location such that the Property Management System need not be changed, but the property has been physically moved), whenever a burglary is known to have occurred or a theft is discovered, etc. [**The quarterly inventory requirement is not to be deemed an excuse for not conducting inventories when they are otherwise needed.**]
 - (4) Contractors must label all non-expendable Federal property whether owned, loaned, or rented with Department of Labor property decals upon receipt. Periodically, at least annually in conjunction with the annual inventory, the contractor **must** examine each item of non-expendable personal property, and if the label is worn, missing, or unreadable, a new label must be affixed. The

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Department of Labor no longer provides property labels to the contractors. New property labels must be pre-approved by the Department of Labor's National Property Officer before procurement. Government property may also be etched or stenciled into Department of Labor owned property — loaned and rented property may not be etched or stenciled. Such labels must be removed before the contractor excesses or disposes of the property. [The required information is "U.S. Department of Labor," and the item's serial number (if not otherwise permanently affixed), if applicable.]

Non-expendable personal property belonging to the contractor, the contractor's employees, and/or the contractor's clients that is being used on a temporary basis on a Government facility must be tagged with an alternative label that will identify it as not being owned, loaned, or rented by Department of Labor.

- b. Procedures. The Contractor must follow generally acceptable inventory methods and procedures in the conduct of periodic inventories of Department of Labor property. The following guidelines are directed:
- (1) A property movement freeze will be instituted during the inventory performance period. No property movement between custodial areas should be permitted. If new property is received while the inventory is in progress, it should be inventoried in its receiving location. If a contractor must dispose of property during the inventory period, (e.g., because of previous commitments), the entries for the property should be lined through on the inventory list and supporting documentation must be attached.
 - (2) The Property Management System Inventory Master (by Item Code or Location Code as in Figure C-3 and C-4) should be divided, and each custodian should be given a location/area to inventory which is not his own. No custodian should be assigned his/her own area for inventory. However, each custodian should be present during the inventory of his/her own area.
 - (3) Each room within the location code should be inventoried in a standard manner (e.g., always proceed in a clockwise direction around the room).
 - (4) Attempt to find the property decal on each item. If you cannot find a decal on the item, prepare a decal and affix it to the item. Attempt to find the item (by item code and serial number) on the Inventory Master list for the location. If found and serialized, follow some other standard method to mark the list to so indicate. If the item is found and not serialized, annotate the listing to show the quantity found beside the item code. If not found on the list (within the location code), write the item code, serial number, and description on a separate sheet of paper (titled, "Additional Items Found").
 - (5) As each item is completed, affix a removable sticker of some type to the item to indicate that it has been inventoried.

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- (6) After all Location Codes have been inventoried; the custodians should meet to reconcile any discrepancies. The following steps are directed for reconciliation:
- (a) Ascertain whether serialized items listed on the “Additional Items Found” sheets are actually items missing from other locations. If an item is listed on the Property Management System Inventory in a different location code, the item can be scratched off the “Additional Items Found” sheet, and marked off on the Inventory Master as found.
 - (b) Resolve non-serialized items. The process is identical to that in (a) above, except that the items cannot be uniquely identified by serial number, but can only be identified by item code number.
 - (c) After all additional items that were actually undocumented transfers have been resolved, the remaining property on the “Additional Items Found” lists must be added to the inventory in the correct locations.
 - (d) After completion of transfers from the “Additional Items Found” lists, search all locations for the remaining “Not Found” property, and search disposition documents to determine if the items have been disposed but not removed from the inventory on a timely basis. Disposed and found items can be marked off on the Inventory Master list as found.
 - (e) Property not previously known to be missing must be handled in accordance with procedures for lost, stolen, damaged, or destroyed property described in Chapter VII of this Handbook.

8. **Annual Certification Requirement**. All contractors are required to conduct, reconcile, and certify their inventory on an annual basis.
- a. Form ETA 3-94, Contractor’s Inventory Certificate, must be used for the certification. Figure B-10 in the Appendix B is a copy of a form ETA 3-94.
 - b. The certification form must contain the signature of an official within the contractor’s organization with legal authority to contractually bind the contractor, such as the Contracting Officer or the Job Corps Center Director. A clean copy and a working copy of the Property Management System Inventory Master List for the contract must accompany the Form ETA 3-94.
 - c. All supporting documentation that is currently pending.

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9. **Annual Report of Excess Obtained.** All contractors must submit an annual report of all excess Federal property acquired for use on their contract under the auspices of Department of Labor/Employment and Training Administration.
 - a. The Department of Labor must receive the Annual Report of Excess Obtained by October 15th of each year.
 - b. The Annual Report of Excess must be grouped by Federal Supply Group and indicate the acquisition cost of excess obtained within each group.