

# 14 FAH-1 H-620

## INVENTORY REQUIREMENTS FOR DEPARTMENT AND FIELD OFFICES

*(CT:PPM-1; 08-11-2004)*  
*(Office of Origin: A/LM)*

### 14 FAH-1 H-621 GENERAL

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. Inventories are taken and reconciled on an annual basis. The inventory provides information on the physical existence, location, condition, and use of property items. Problem areas can be identified when the inventory reveals that:

(1) Property is not located, or not found at the location indicated on the property records;

(2) Property which has been damaged or is missing has not been reported;

(3) Alterations, and related costs, to property such as major equipment modifications have not been recorded on the property records; or

(4) Differences exist between quantities of items recorded during the inventory and those shown in the property records.

b. Upon completion of the reconciliation the principal custodial officer (PCO) prepares the Certification of Inventory Reconciliation (Part A, of Form DS-1875, Property Management Report). The certification is signed by the PCO and forwarded to the accountable property officer (APO), for signature. A copy is kept in the physical inventory and reconciliation file, and the original is submitted to the Logistics Management office (A/LM/PMP/BA/PM) in accordance with 6 FAM 239.

#### 14 FAH-1 H-621.1 Scheduling

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

**Notice to employees:** To minimize the disruptive influence on the office routine, the inventory should be announced in advance so that offices expect the inventory team. The notice should include the following:

- (1) The starting and projected completion dates of the inventory;
- (2) Movement of property between offices should be restricted during the inventory;
- (3) Property on loan to employees should be available and identified as a loan item; and
- (4) Privately owned property, demonstration-property, and leased-property items are to be identified as such.

## **14 FAH-1 H-621.2 Inventory Control**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

- a. Normally, the principal custodial officer (PCO) does not participate in the physical count but does coordinate the activities of the inventory team.
- b. The PCO should give the inventory team a definite time frame for taking the inventory.
- c. The inventory should be scheduled in time to ensure that the inventory will be completed and reconciled, inventory shortages are reported, and property record adjustments approved, before the March 15 reporting deadline.
- d. Accountable property received while the inventory is in progress should not be counted. The receiving reports for this property should be entered in the nonexpendable property application (NEPA) data base after the inventory process has been completed.

## **14 FAH-1 H-621.3 Pre-Inventory Meeting**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

The principal custodial officer (PCO) should hold a pre-inventory meeting with the area custodial officers (ACOs) to:

- (1) Discuss property locations. Review the layout of areas to be inventoried and establish an orderly movement through locations to avoid property being overlooked;
- (2) Discuss procedures, including the starting and completion dates;
- (3) Identify a contact to resolve any questions;

(4) Discuss follow-up procedures which may be required if any areas are restricted to the inventory team;

(5) Instruct that leased property is to be inventoried and identified as such;

(6) Discuss property-condition codes used and how to apply them. Because the condition of the property is important for the replacement process, the inventory team should appraise the condition of each item counted. If it is obvious that the item is in excellent or good condition, no condition code need be recorded. If the property is in a lesser condition, an appropriate code should be recorded in the scanner. Either of the two groups of condition codes indicated in 14 FAH-1 Exhibit H-621.3 may be used. If the codes in Group 1 are used, appraise the item for utility using the terms “fair” and “poor,” then select one of the fair or poor condition codes in the exhibit; and

(7) Ensure that all data on the property records is current.

## **14 FAH-1 H-621.4 Reconciliation**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. When discrepancies are found between the physical inventory and the property records, the principal custodial officer (PCO) takes action to reconcile these discrepancies. The process may necessitate recounting and/or checking acquisition documents, receiving reports, disposal reports or other action-related documents to determine whether incorrect entries or omissions have been made to the property records. The PCO will determine whether a recount is necessary. The value of the property involved should justify the time and expense of recount and reconciling action.

b. During the reconciliation process, the following nonexpendable property application (NEPA) reports will assist in resolving problems encountered during the inventory:

(1) The Comprehensive Report provides a review of the entire inventory;

(2) The Inventory Completion Report will list property in problem areas (i.e., missing, unrecorded, displaced, and any manual entries recorded on the scanner) and will identify the specific report to be used in taking corrective action;

(3) The Unrecorded Property Report will identify items which were inventoried but are not recorded in NEPA;

(4) The Visual Report identifies any manual entries made to the scanner. The PCO should question all manual entries;

(5) The Displaced Property Report will identify items which were found but are not in the location indicated in NEPA. When reviewing this report, the PCO decides whether the property remains at its current location or is returned to its recorded location; and

(6) The Inventory Coverage Report is used to confirm that property at all locations has been inventoried.

**c. Discrepancies:**

(1) Documenting overages: Property found during the physical count which is not recorded on the property records is an overage. Overages are added to the property records. Examples of this might be new property received earlier but not added to the NEPA database, or property that has been removed from the records as a result of a disposal action, but has not yet been physically removed from the premises. Inventory overages do not offset shortages. The receiving files should be reviewed in an effort to locate the original acquisition document and receiving report for information to establish a property record. If these documents cannot be found, Form DS-127, Receiving and Inspection Report, is prepared, listing the property and stating that the property was discovered during the physical inventory;

(2) Reporting shortages:

(a) The PCO prepares Form DS-310, Property Survey Report, listing all shortages. A statement explaining actions taken to resolve shortages and adjust the property records should be included on the Form DS-310. The PCO retains a copy and forwards the original to the accountable property officer (APO). After APO action is complete, the original is returned to the PCO with appropriate comments/instructions;

(b) When property survey board action is required, the APO includes comments to the board, signs, dates, and forwards the original to the property survey board. After property survey board action is complete, the secretary of the board returns the original to the APO. The board should address relief from responsibility and records adjustments in its comments;

(3) In cases where theft is suspected, the APO shall notify the Office of the Inspector General, Office of Investigations (OIG/INV) immediately;

(4) Form DS-310, Report of Survey, preparation:

(a) The data fields on the following preparation instructions for Form DS-310, covering an inventory shortage, correspond to the data field numbers on 14 FAH-1 Exhibit H-621.4:

**[1] Office Symbol**

The symbol of the office to which the property was assigned.

**[2] Room**

The room to which the property was assigned. If this is a multiple-line item report, leave blank.

**[3] Building**

Enter the building identification in which the property was assigned.

**[4] Report Number**

The area custodial officer (ACO) obtains the number from the principal custodial officer (PCO).

**[5] Date of Report**

The date the report was prepared.

**[6] City and State**

The name of the city and state where the property was located.

**[7] Item Number**

Enter the line-item number. Each line on the report should be listed numerically in consecutive order.

**[8] Property Number**

Enter the NEPA property number.

**[9] Description**

Use the description on NEPA.

**[10] Quantity**

If this is nonexpendable property on NEPA, leave blank.

**[11] Unit of issue**

If this is nonexpendable property on NEPA, leave blank.

**[12] Unit Cost**

The acquisition cost of the item.

### **[13] Total Cost**

The total line-item cost.

### **[14] Circumstances**

This field is not relevant to this kind of action. It is generally used when a survey report is submitted on damaged or missing property.

### **[15] Custodial Officer**

Enter a statement explaining that this is an inventory shortage. Indicate what actions were taken to resolve discrepancies, request relief from responsibility, and ask for authorization to adjust property records.

### **[16] Accountable Officer**

APO actions and decisions or comments to the property survey board are recorded here.

### **[17] Board of Survey Findings Decision**

When the board of survey is involved, the board's comments and decision are recorded here.

### **[18] Finance Office**

The finance office does not become involved in reports for inventory shortage.

### **[19] Accountable Officer Final Comments**

After disposition of the case has been made, the APO includes final comments here. Relief of responsibility for the ACO and record adjustment are included in final comments.

### **[20] Principal Custodial Officer**

This field is used by the PCO to confirm that records adjustment was made.

(b) When the report contains multiple-line items, offices may attach a copy of the NEPA Missing Property Report to Form DS-310, Property Survey Report, in lieu of listing the property individually on Form DS-310;

(c) A Physical Inventory and Reconciliation File containing copies of any Form DS-127, Receiving and Inspection Report, documenting overages and any Form DS-310, Property Survey Report, documenting shortages, plus copies of the NEPA Inventory Coverage Report, Comprehensive Report, Visual Report, Automatic Adjustment Report, Missing Property

Report; and a copy of Form DS-1875, Property Management Report, is kept on file for three complete fiscal years.

## **14 FAH-1 H-622 REPORTING LOST OR DAMAGED PROPERTY**

### **14 FAH-1 H-622.1 Principal Custodial Officer (PCO)**

#### **Action**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. To obtain relief of accountability for lost or damaged property, the area custodial officer (ACO) prepares Form DS-310, Property Survey Report. The report is submitted to the principal custodial officer (PCO). To facilitate control, the ACO obtains a report number from the PCO, at the time of form preparation. The PCO will need to establish a numbering system for use with survey actions; for example, the prefix SR for survey report could be used in conjunction with the fiscal year (e.g., SR/2002-1 SR/2002-2, etc.).

b. **Form preparation:** The ACO prepares Form DS-310, Property Survey Report, retains a copy and forwards the original and one copy to the PCO.

c. In 14 FAH-1 Exhibit H-621.4, the numbers of the data field preparation instructions match the numbers of the data fields on Form DS-310.

d. The PCO keeps a copy of Form DS-310, Property Survey Report, and forwards the original to the accountable property officer (APO).

### **14 FAH-1 H-622.2 Accountable Property Officer (APO)**

#### **Action**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. The facts as reported should be verified and any necessary actions to strengthen operating procedures or management controls to avoid a repetition should be taken.

b. On reports involving property costing \$1,000 or more per item, reports covering program property regardless of cost, and where theft is suspected regardless of cost, the accountable property officer (APO)

includes comments to the property survey board (14 FAH-1 Exhibit H-621.4), keeps a copy and forwards the original to the property survey board.

c. On those reports handled by the APO, where the decision goes against the employee and the employee wishes to appeal, the APO keeps a copy of the report and forwards the original to the secretary of the property survey board.

d. After the property survey board has examined the evidence, conducted any inquiry necessary, and made a decision, the board secretary keeps a copy of Form DS-310, Property survey Report, and copies of any related documents for the property survey board's files. The original of Form DS-310 and any related documents are returned to the APO who notifies the employee of the decision.

## **14 FAH-1 H-623 EMPLOYEE LIABILITY**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. In certain circumstances, an employee might be held liable for damaged or missing property. For example, property on loan to an employee may be damaged or stolen while in the possession of the employee. If negligence or misuse in allowing this to happen is established, the employee might be required to pay for the value of the property, or for repairs to damaged property.

b. The accountable property officer (APO) or property survey board, as appropriate, should take into consideration the fact that damage to U.S. Government property incurred in the course of an employee's official duties is property chargeable to the U.S. Government **not** the employee, except in cases of **neglect** or **misuse**. Before charging the loss to the U.S. Government, however, the property management officer (PMO) should be certain that the loss was clearly incurred in the course of official duties.

### **14 FAH-1 H-623.1 Establishing Liability Amount**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

#### **Missing or destroyed property:**

(1) The amount of liability for damaged, missing, or destroyed property is based on the depreciated value (using straight-line method) of the item. Minimum liability is set at 10 percent of the acquisition cost of the item, except for antiques, works of art, and cultural heritage objects that are not depreciated. If a deliberate or preventable action, such as unauthorized



repair, results in diminished or negated value, the employee may be assessed up to the fair market value;

(2) To establish depreciated value, first calculate the accumulated depreciation based on a straight-line method (i.e., the incremental reduction of an item's value in equal segments over the years of useful life). Start by establishing the item's estimated useful life and annual depreciation rate. An item with a \$2,000 acquisition cost and an expected useful life of 10 years, for example, would have an annual depreciation rate of \$180 (\$2,000, minus 10 percent representing the scrap value, divided by 10 years). If the acquisition cost is not recorded on the property records, estimate the cost at the time acquired;

(3) The 14 FAH-1 Exhibit H-213, Replacement Cycles for Personal Property, may be used for determining the useful-life period of an item. However, the cycles indicated in the exhibit are averages and each office is encouraged to establish its own estimated life cycle for the property. When estimating useful life, consider such factors as physical wear and tear and technological change that bear on the economical usefulness of the item; and

(4) The depreciated value is determined by subtracting accumulated depreciation from acquisition cost. The accumulated depreciation is determined by multiplying the annual depreciation by the age of the item. For example, if the above example is six years old, the accumulated depreciation would be \$1,080 (\$180 times six).

## **14 FAH-1 H-623.2 When Employee Is not Held Liable**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. In cases where an employee is involved in a survey action but is found to be not liable for damaged or missing property, the APO provides the employee with a photocopy of the final Form DS-310, Property Survey Report.

b. If an employee, other than the employee responsible for the loss or damage, has signed Form DS-584, Nonexpendable Property Transaction, covering property on loan, that employee should also receive a photocopy of the final Form DS-310.

## **14 FAH-1 H-623.3 When Employee Is Held Liable**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. When it is determined that an employee is financially liable for damaged or missing property, the accountable property officer (APO) provides the employee with a copy of the final Form DS-310, Property Survey Report, and copies of any other documents which contain the findings of the APO or the property survey board. The APO keeps all originals until reimbursement is made. Provided reimbursement has been made by the employee, all documents may be disposed of three years after the loss or disposal of the property.

b. The copy of Form DS-310 sent to the employee should be accompanied by a memorandum containing instructions that payment is to be made (in cash or by check payable to the Department of State) to the APO. Payment of such a billing does not convey title of the property.

## **14 FAH-1 H-624 EMPLOYEE APPEAL**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

See 6 FAM 238.4

## **14 FAH-1 H-625 REIMBURSEMENT BY EMPLOYEE**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

When payment for damage or loss is received, the accountable property officer (APO) keeps a copy of Form DS-310, Property Survey Report, and forwards the original to the Bureau of Resource Management (RM) with instructions that deposit is to be made to the appropriate account, and that Form DS-310 is to be completed and returned to the APO, who includes any final comments and returns it to the principal custodial officer (PCO). The copy is discarded.

## **14 FAH-1 H-626 PRINCIPAL CUSTODIAL OFFICER (PCO) FINAL ACTION**

*(CT:PPM-1; 08-11-2004)*  
*(Domestic State Only)*

a. Upon receipt of the final Form DS-310, Property Survey Report, from the accountable property officer (APO), the pending copy is discarded. If adjustments are made to the property records, the principal custodial officer (PCO) completes the final field on Form DS-310 (14 FAH-1 Exhibit H-621.4).

b. A copy of the final Form DS-310 is made and forwarded to the area custodial officer (ACO).

c. The ACO maintains a file on all documents relating to the case for three fiscal years. The documents may be disposed of at that time, providing that reimbursement has been made by the employee.

## **14 FAH-1 H-627 THROUGH H-629 UNASSIGNED**

## 14 FAH-1 Exhibit H-621.3 PROPERTY-CONDITION CODES

*(CT:PPM-1; 08-11-2004)*  
*(State Only)*

**Either of the following two code groups may be used.**

### **Code Description**

#### **Group 1**


N1	New or unused property in excellent condition
N2	New or unused property in good condition
N3	New or unused property in fair condition
N4	New or unused property in poor condition
01	Used property in excellent condition
02	Used property in good condition
03	Used property in fair condition
04	Used property in poor condition
E1	Used property, renovated, in excellent condition
E2	Used property, renovated, in good condition
E3	Used property, renovated, in fair condition
E4	Used property, renovated, in poor condition
R1	Used property, repairs required, in excellent condition
R2	Used property, repairs required, in good condition
R3	Used property, repairs required, in fair condition
R4	Used property, repairs required, in poor condition
X	Salvage

#### **Group 2**

ACC	Acceptable
RFB	Refurbish
REP	Replace

# 14 FAH-1 Exhibit H-621.4 FORM DS-310, REPORT OF SURVEY

(CT:PPM-1; 08-11-2004)

 U.S. Department of State <b>PROPERTY SURVEY REPORT</b>				REPORT NO. ④	
				DATE OF REPORT (mm-dd-yyyy) ⑤	
OFFICES SYMBOL ①		ROOM ②	BUILDING ③	CITY AND STATE ⑥	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
⑦	⑧ ⑨	⑩	⑪	⑫	⑬
				TOTAL	
1. CIRCUMSTANCES Explain circumstances causing reported status of property (attach separate statement if necessary). ⑭  I certify that the foregoing is accurate and complete to the best of my knowledge. _____ <span style="float: right;">Signature of Responsible Party      Date (mm-dd-yyyy)</span>					
2. CUSTODIAL OFFICER (Statement and Recommendations) ⑮    _____ <span style="float: right;">Signature of Custodial Officer      Date (mm-dd-yyyy)</span>					
3. ACCOUNTABLE OFFICER (Statement and Recommendations) <input checked="" type="checkbox"/> Custodial office recommendation approved.      ⑯ <input checked="" type="checkbox"/> Referred to Property Survey Board.  _____ <span style="float: right;">Signature of Accountable Officer      Date (mm-dd-yyyy)</span>					

## Continuation—14 FAH-1 Exhibit H-621.4

<b>4. BOARD OF SURVEY FINDINGS AND RECOMMENDATIONS</b>		
All of the available evidence and testimony having been examined, it is recommended:		
(17)		
	_____ Signature	_____ Date (mm-dd-yyyy)
	_____ Signature	_____ Date (mm-dd-yyyy)
	_____ Signature	_____ Date (mm-dd-yyyy)
<b>5. DISPOSITION OF PROPERTY</b>		
Article(s) listed on the reverse side has/have been:		
_____ Date (mm-dd-yyyy)	_____ Signature	_____ Title
<b>6. FINANCE OFFICER</b>		
Receipt is acknowledged of _____ received from _____ and has been deposited as follows:		
(18)		
_____ Date (mm-dd-yyyy)	_____ Signature, Finance Officer	
<b>7. ACCOUNTABLE PROPERTY OFFICER</b>		
Comments:		
(19)		
_____ Date (mm-dd-yyyy)	_____ Signature, Accountable Property Officer	
<b>8. CUSTODIAL OFFICER</b>		
I certify that the necessary entries have been made to adjust the property records. (20)		
_____ Date (mm-dd-yyyy)	_____ Signature, Custodial Officer	

## **Continuation—14 FAH-1 Exhibit H-621.4**

### **Data Field Preparation Instructions for Form DS-310**

The data field numbers below correspond to the data field numbers on the form.

#### **Data Field**

##### **[1] Office Symbol**

Enter the symbol of the office to which property was assigned.

##### **[2] Room**

The room number in which property is or was located.

##### **[3] Building**

Identify the building in which property is or was located.

##### **[4] Report Number**

The area custodial officer (ACO) obtains the number from the principal custodial officer (PCO).

##### **[5] Date of Report**

The date the report is prepared.

##### **[6] City and State**

The names of the city and state where the property is or was located.

##### **[7] Item Number**

Enter the line item number. Each line on the report should be listed numerically in consecutive order.

##### **[8] Property Number**

If the item was on property records, enter its nonexpendable property application (NEPA) property number.

##### **[9] Description**

Enter the description of the property involved, including any model or serial number. If the property is accountable, the description on the property records may be used. If the report involves property damage, provide an explanation of the damage and the cost to repair.

## **Continuation—14 FAH-1 Exhibit H-621.4**

### **[10] Quantity**

The quantity of lost or damaged items.

### **[11] Unit**

Enter the unit of issue.

### **[12] Unit Cost**

The unit acquisition cost.

### **[13] Total Cost**

The total line item cost.

### **[14] Circumstances**

The individual, to whom the property is assigned, completes this field explaining the circumstances involved. If the property is or was in common use, the unit supervisor completes this field.

### **[15] Custodial Officer**

The ACO includes a statement reporting any knowledge of the circumstances. If the case involves damaged property, the ACO should survey the property or, if technical property is involved, arrange for the property to be surveyed by a technical expert and, based on the survey, recommend whether the property will have further usefulness after justifiable repairs or whether the property should be disposed of. An estimate of the cost of repairs should also be included.

### **[16] Accountable Officer**

Accountable property officer (APO) actions and decisions (for example, employee liability and relief of accountability if the APO handled the case) or comments to the property survey board are recorded here.

### **[17] Board of Survey Findings and Decision**

When the board of survey is involved, the board's comments and decision are recorded here. For example, employee liability, and relief of accountability for the ACO and authorizing property records adjustment for the PCO.



## **Continuation—14 FAH-1 Exhibit H-621.4**

### **[18] Finance Office**

When an employee is required to reimburse the U.S. Government for property loss or damage, the finance office will confirm that payment has been received and recorded appropriately.

### **[19] Accountable Officer Final Comments**

After disposition of the case is made and the decision and comments recorded, the APO includes final comments in this field (e.g., instructions on property records adjustment and disposition of the property).

### **[20] Principal Custodial Officer**

When the property involved is recorded on the property records, this field is used by the PCO to confirm that the property record adjustment was made. If the property is to be or was repaired and returned to service, that information would also be appropriate for this field.