

LOGISTICS MANAGEMENT PROCEDURES

1. PURPOSE: To issue changes to Department of Veterans Affairs (VA) Handbook 7002, Logistics Management Procedures, dated July 10, 2009.

2. BACKGROUND: Several policy updates to the original version of Handbook 7002 were identified, necessitating the early release of these changes to the handbook.

3. Summary of Changes: The following is a list of pages (with explanation of the change) which are attached to this transmittal sheet that must be inserted into Handbook 7002 to replace the original pages:

- a. Page 9 – Eliminated “Supply Through Storage and Issue” determination.
- b. Page 15 – Changed scope of the Chief Logistics Officer’s responsibility by eliminating Acquisition requirements.
- c. Pages 17 and 18 – Changed “CAAD” to OAB (Operation and Analysis Branch).
- d. Page 21 – Changed the requirement for the Accountability Officer (AO) or designee to participate in Pharmacy audits from compulsory to “when possible and feasible to do so.”
- e. Page 29 – Changed the use of automated turn-in packages for equipment items from compulsory to utilize when possible.
- f. Pages 37 and 41 – Changed the requirement of not allowing refrigerators and microwave ovens to be purchased for employee use with appropriated funds, to may be purchased in accordance with VA Financial Policy Vol. V, Chapter 10B.
- g. Pages 44 and 45 – Added guidance about exceptions to replacement standards.
- h. Page 50 – Provided further clarification as to where and by whom the last inventory results for Controlled Substances would be maintained on file.
- i. Page 50 – Eliminated the requirement for 25 percent of a facility’s Equipment Inventory Listings (EIL) to be inventoried quarterly.
- j. Page 52 – Changed paragraph regarding use of “inventory by exception” to clarify when to use and interpret this process.

k. Page 52 – Changed the use of the Federal Supply Classification on a bar code label from compulsory to a recommendation.

l. Page 53 – Provided further clarification regarding the use of EIL numbers in Automated Engineering Management System/Medical Equipment Reporting System, or AEMS/MERS, at time of disposal.

m. Page 56 – Eliminated the NOTE stating “extensions” would not offset a delinquent status.

n. Page 64 – Provided clarification concerning the monthly report to be provided by VA Police. This requirement was also coordinated with the VA Central Office Security and Law Enforcement and will be incorporated into the VA Handbook 0730.

o. Page 71 – Provided clarification when to use an adjustment voucher regarding the report of survey process.

p. Page 75 – Added references relating to filing VA Form 0887 chronologically.

q. Page 77 – Changed “Asset Manager” to “IT EIL Custodial Officer.”

r. Page 84 – Eliminated requirement for AO training regarding the Supply Fund.

s. Pages 88 – Changed procurement information and eliminated size requirements pertaining to universal serial bus drives.

4. Responsible Office: The Office of Acquisition and Logistics Programs and Policy, Logistics Policy Division (001AL-P2A), Department of Veterans Affairs.

5. Related Directive: VA Directive 7002, Logistics Management Policy, dated July 10, 2009.

6. Rescissions: Only noted pages in VA Handbook 7002, Logistics Management, dated July 10, 2009.

CERTIFIED BY:

**BY DIRECTION OF THE
SECRETARY OF VETERAN AFFAIRS:**

/S/
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/S/
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PART 1. PERSONALLY-OWNED PROPERTY. VA Form 2235 will be used for personally-owned property placed in official/unofficial use. Employees are required to obtain approval from their supervisors and advising the facility AO prior to bringing a piece of personally-owned property to a VA facility or placing it in use. A written policy for privately-owned property will be established at the local level which will inform employees of the following:

1. Official Use. Personally-owned property placed in use for the convenience of the government. The government is responsible for loss, service, or repair of property placed in use for the convenience of the government. Excluded from this authorization are personally-owned vehicles.

2. Unofficial Use. Personally-owned property placed in use for the convenience of the employee. The government is not responsible for loss, service, or repair of property placed in use for the convenience of the employee. Exception: devices needed to assist an employee due to a disability or impairment. The facility AO or designee will ensure Engineering Service and Safety is aware of all personally-owned property placed in use (e.g., radios, cup warmers, etc.) for the purposes of ensuring a safety inspection is performed. And, if appropriate, also ensure space and utilities are available to properly accommodate the item in accordance with safety and Joint Commission (JC).

- (2) Conducting inventory maintenance and documentation; and
- (3) Disposing of unrequired/excess property.

c. The AO will mandate the use of all official automated inventory systems at their facilities. The AO will ensure the usage and implementation of a VA approved and authorized inventory system for all inventory functions. The AO will ensure that action is taken to populate and maintain these automated inventory systems for both expendable and nonexpendable items. The AO will make sure that use of the standardized EIL department numbers, Category Stock Numbers (CSN), and NSNs are utilized appropriately in each inventory system.

d. The AO will minimize long supply and eliminate unofficial expendable inventories by monitoring the inventories in the official inventory system.

e. The AO will comply with VA Handbook 7348, "Utilization, Sale, Abandonment or Destruction of Personal Property." This includes the screening of excess property listings, electronic or physical, circulated by other VA activities, the General Services Administration (GSA), and other Federal agencies in order to fill required requisitions at their facility in lieu of acquisition whenever possible.

10. General Scope of CLO Mandate and Required Review Process. Within VHA, the CLO will ensure that the following managerial and oversight functions are accomplished as follows:

- a. Provide policy guidance and compliance responsibility over inventory management and property management;
- b. Ensure training for key personnel is obtained and provided as required;
- c. Monitor logistics performance measures and initiate corrective action to address out-of-line situations;
- d. Ensure compliance with federal and VA regulations and procedures;
- e. Coordinate corrective actions identified in reviews, audits, or inspections;
- f. Serve as point of contact for logistics matters within their sphere of responsibility;
- g. Review medical center, regional office, or cemetery (as appropriate) logistic plans and objectives;
- h. Indirectly monitors and establishes reporting requirements for each facility logistics officer; and

PART 3. CLASSIFICATION OF PROPERTY. This part provides VA property managers with a resource for the proper classification of property items. Within VA, property is further classified as personal (both expendable and nonexpendable) or real (i.e. buildings/land and building service equipment).

1. Categories.

a. **Personal Property.** All property other than real property and all property on Federal compounds that is disposed of as trash (reference Handbook 7348 for further guidance on this subject). Items in the personal property category are further classified as expendable or nonexpendable. The classification of property into these categories provides the basis for:

- (1) Segregation of equipment assets from operating supplies.
- (2) Data collection to support a planned maintenance and replacement program.

b. **Real Property.** Buildings, land, structures, and building service equipment (e.g. equipment that is permanently installed in, or attached to, buildings and structures which when installed, becomes an integral part of real property for the purpose of rendering the building or structure usable or habitable such as heating and light fixtures, elevators, fire alarms, and air conditioning systems).

2. Classification.

a. The Operations and Analysis Branch (OAB) classifies property with either a NSN for supplies, or a CSN for equipment.

b. Except as stated in paragraph e. of this section, the DAS/OAL (001AL), in conformance with the policy in paragraphs c. and d. of this section, shall determine the classification of standard items (or categories of items) in accordance with the Federal supply cataloging system.

c. The OAB will consider the following criteria when classifying property:

(1) Expendable

(a) Has a life expectancy when put to use of less than 2 years.

(b) When put to use, becomes an integral part of another item, thereby losing its individual identity.

(c) Is purchased for permanent release to beneficiaries. (Prosthetics and Sensory Aids Service usually orders items for beneficiaries.)

(2) Nonexpendable

(a) Normally has, but is not limited to, an acquisition cost of \$300 or more (an item classified as nonexpendable may cost less than \$300, i.e. refrigerators, microwave ovens, toasters, some typewriters, printers).

(b) Has a life expectancy of 2 years or more.

(c) Is of a sensitive nature which requires accountability/control regardless of cost, life expectancy, or maintenance requirements.

(d) NOTE: Sensitive property is defined as property, regardless of acquisition cost, that by its nature, is subject to theft, loss, conversion to personal use, or for some other reason, must be subjected to more stringent controls than other property (see Part 8, Inventory of Equipment in Use for a listing of sensitive items).

d. Personal Property (expendable/nonexpendable) classifications, once established, will not be revised as a result of price fluctuations reflected in subsequent purchases unless authorized by the DAS/OAL (001AL).

e. Personal property, which may come into being as a result of fabrication and/or the assembly of parts or components, will be reclassified by the facility to correctly identify the unit as a whole.

f. A nonexpendable item will have a CSN assigned; nonexpendable items with assigned CSNs will be found in VA Catalog Number 3, section V. When requested, the CAAD will assign a CSN to new nonexpendable items. VA Form 0886 will be used by field activities when requesting to change an item from nonexpendable to expendable.

g. Expendable items will have a NSN assigned by the OAB in accordance with Public Law 82-436 and FPMR 101-30.202. In addition, the OAB is responsible for assisting in the standardization of personal property within VA.

3. Special Classifications. For the purpose of accounting control, all government-owned personal property has been further classified as Supply Fund, Non-Supply Fund (Appropriated), Trust Fund, Compensated Work Therapy (CWT), Medical Care Collections Fund (MCCF), or Recyclable Fund property.

a. Supply Fund Property. This term is applied to all property procured by or donated to the Supply Fund and includes the following:

(1) Capital Leasing Equipment Program from OAL (see VA Directive and Handbook 7132).

(2) Expendable property issued from Supply Fund posted stock inventory that is turned in by the using divisions and returned to inventory accounts.

PART 4. ACCOUNTING REQUIREMENTS.

1. Property Voucher, Register, and File.

a. Documents for posted and un-posted receipts, services, nonexpendable receipts, transfers, and miscellaneous transactions (e.g., turn-ins, donations, excess documents, Reports of Survey, and inventory adjustments) will be assigned an individual unique control number or assigned computer-generated common numbers from a series obtained from the Logistics Services' computerized accountability system each fiscal year (currently this is the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement program). Common numbers assigned will be from the appropriation to which the transactions apply. Copies of posted Supply Fund receipts may be filed or maintained within Logistics Services' computerized accountability program, in accordance with the Department record control schedules. Copies of nonexpendable receipts will be filed with the appropriate EIL and will be maintained for 3 fiscal years (1 year active, 2 years inactive).

b. Posted Supply Fund issues will be assigned a sequential voucher number by Logistics Services' computerized accountability program on a monthly basis using a numerical prefix designating the month in which the transaction occurred. Completed vouchers will be filed in voucher number sequence, in accordance with the Department record control schedules.

c. The AO shall have oversight of all controlled substances (to include all Schedule II and III controlled substances) and will ensure that appropriate procedures are in place for their proper tracking. All Schedule II and III controlled substances are to be tracked by the Chief, Pharmacy Service, or designee for receipt and disposal actions. These items are ordered by pharmacy utilizing either an electronic or manual version of United States Department of Justice, Drug Enforcement Agency (DEA), Form DEA-222 (Official Order Form for Schedules I and II Controlled Substances). If the facility utilizes the following Web site (<http://www.deaecom.gov/>) to electronically order their controlled substances, the paper Form 222 is not necessary.

(1) The facility AO, or their designee, is required to be involved in the immediate receipt and inspection of all incoming shipments, and the turn-in and disposal processes of all controlled substances and narcotics.

(2) The AO, or designee, shall maintain an electronic file of invoice copies for all delivered controlled items.

(3) When possible and feasible to do so, the AO, or designee, should participate in audits with the facility controlled items inspection official/team and as a part of that process, shall compare the Logistics invoice copies against the invoice copies maintained by Pharmacy and reviewed by the inspection official/team.

(3) Supplies will not be issued directly to physicians or other personnel rendering service on a fee basis, nor will Government supplies be made available for their use, except in the performance of their official duties at VA installations.

e. Subsistence for Approved Programs. Subsistence required by other services for approved programs will be issued to the service involved in accordance with VHA Manual M-2, Part III, Paragraph 5.07.

f. Implantables. The AO will ensure that implantables (i.e. pacemakers, etc.) are being tracked and inventoried in the appropriate system. Implantable devices must be tracked throughout their life cycle (cradle to grave) in accordance with the Safe Medical Device Act.

13. Delivery of Nonexpendable Property. The Facility AO will establish an equipment record for all nonexpendable property in an approved VA automated inventory system. A receipt signature of the EIL Custodial Officer, or designee, will be obtained upon delivery of nonexpendable equipment utilizing a properly executed document. A property voucher copy of the receiving report may be used. Reference paragraph 2, subparagraph (a) of this Part.

14. Processed Stores/Office Supplies.

a. Logistics Services will ensure that a method of inventory control (preferably automated) is in place for all office supply items classified as processed stores. The inventory system will be used to maintain stock control data including inventory levels, receipts and issues, distribution worksheets (picking tickets), and auto generation for stock replenishment.

b. Processed Stores/office supplies may be sold to all VA activities.

15. General Turn-in Procedures. An automated turn-in package (i.e., the Equipment Request/Turn-In Package) should be utilized to the maximum extent possible for all nonexpendable property.

a. Expendable or nonexpendable property that is no longer needed by a using activity, or property that has become unserviceable through normal use, will be considered as unrequired. Unrequired property will be returned to Logistics Services utilizing VA Form 2237 in accordance with local turn-in procedures. Acknowledgment of receipt of the turned-in property will be furnished to the using activity.

b. Property turned-in to Logistics Services will be classified as Supply Fund, Non-Supply Fund or Trust Fund. Logistics Services will determine if turned-in personal property can be reutilized within the VA, disposed of by the VA, or replaced pursuant to the exchange/sale authority in accordance with FMR 102-39. Logistics Services must advertise/post unrequired property in accordance with VA Directive and Handbook 7348. When unrequired property cannot be reutilized within VA, it is then

PART 5. USE STANDARDS.

1. General. In accordance with FPMR 101-25.301 (a), this part prescribes the Use Standards established for VA. Use Standards are the criteria used to determine when specific types of personal property are authorized for use. In authorizing specific items for use, it must be determined that the item benefits VA. Items shall not be put into use for the sole purpose of benefiting an individual or certain group of personnel (exceptions: safety considerations or handicapped persons).

2. Telephone Monitoring Devices. Telephone monitoring instruments, mechanical or electronic, are authorized for use by field facilities only in accordance with and under the controls applicable to the use and operation of the item(s) as outlined in MP-6, Part VII, Chapter 2.

3. Refrigerators.

a. Appropriated funds may be used to purchase refrigerators for employee use in accordance with the parameters contained in VA Financial Policy, Vol. V, Chapter 10B.

b. Only explosion proof refrigerators approved by Underwriters' Laboratories, or other nationally recognized testing laboratories will be used for storage of flammable and combustible liquids (i.e., solvents). Explosion proof refrigerators are those which are constructed to meet the requirement for class I, division I locations, as described in Article 500, National Electrical Code NAPA No. 70.

c. All regular household refrigerators, other than in personnel quarters, assigned for use at the facility will be distinctly labeled in a conspicuous place as follows: NOT FOR THE STORAGE OF FLAMMABLE LIQUIDS.

d. Refrigerators for specimens and reagents will be clearly labeled as: NOT FOR STORAGE OF CONSUMABLE FOOD PRODUCTS.

4. Flags and Reproduction of the VA Seal.

a. The United States flag, the VA flag, and a plastic or wood reproduction of the VA seal are authorized for display in the respective offices of administration heads, assistant secretaries, deputy assistant secretaries, other key officials, and facility directors and in auditoriums used and operated by VA. At installations where VA is the sole occupant of the building, and at Manila, Philippines, these flags and seals are also authorized for display in the main lobby. In addition, at Manila, Philippines, the Philippine flag is authorized for display with the United States flag. The directors of memorial service networks may authorize display of a VA flag in the administration building of the national cemeteries under their jurisdiction when such action is approved by the Under Secretary for Memorial Affairs.

b. Radio transmission equipment is authorized for use by field facilities only in accordance with and under controls applicable to the use and operation of the item as outlined in VA Manual MP-6, Part VIII, Chapter 5. All radio frequencies must be within the narrow band range in order to comply with Federal regulations.

8. Microwave Ovens.

a. Microwave ovens may be purchased for employee use utilizing appropriated funds in accordance with the parameters contained in VA Financial Policy, Vol. V, Chapter 10B.

b. Any use of microwave ovens must comply with VA Safety, Occupational Health, and Fire Protection Standards, as set forth in VA Manual MP-3, Part III, Appendixes 5H and 5N.

9. Reproduction Equipment.

a. Requests for approval will be forwarded to the Publications Service (001AL-97P), VACO, on VA Form 134, Combination Requisition and Shipping Ticket.

b. In accordance with the Government Printing and Binding regulations, Title 3, General Provisions, paragraph 30, VACO approval is required for the lease or acquisition of copiers meeting one or more of the following criteria:

- (1) Exceeds 65 copies per minute,
- (2) Costs more than \$10,000, or
- (3) Requires a dedicated operator.

c. All related commercial print shop capacity items, such as cameras (composing and process), composition devices, offset presses, paper cutters (power operated), paper drilling machines (power operated), collating machines (sheet and signature), and binding equipment (adhesive, perfect, wire or plastic, power operated), must have VACO approval.

overarching factors to be considered, and then there are sub-factors within each category. They are as follows:

(1) Function:

- (a) Obsolete or does not meet established standards i.e., safety.
- (b) New modality or need to support a new mission or program.
- (c) Improve customer service.

(2) Reliability/Regulating Compliance:

- (a) Age.
- (b) Excessive down time.
- (c) Parts and service no longer available.
- (d) Documented regulating deficiency i.e., JCAHO, OSHA, etc.

(3) Economy:

- (a) Payback period through reduced recurring cost.
- (b) Increased workload or productivity.
- (c) Sharing with other sites with potential to generate income.
- (d) Excessive repair costs.

b. Furniture (office, household, quarters, and institutional) shall not be replaced unless the estimated cost of repair or refurbishing (based upon GSA term contracts, including any transportation costs) exceeds 75 percent of the cost of a new item of the same type and class.

c. Replacement of motor vehicles will be in accordance with FMR 102-34.280.

d. Replacement of material handling equipment will be in accordance with FPMR 101-25.405.

4. Exceptions to Replacement Standards.

a. A facility may request to replace an item that does not meet the specific replacement standards outlined in this Handbook or contained in FPMR 101-25.4 through the Associate Deputy Assistant Secretary (ADAS) for OAL Programs and Policy

(001AL-P) within VACO. Written justification will be submitted by the official requesting the replacement exception and will have concurrence from the facility director (or equivalent) prior to submission. The following will apply when requesting an exception:

(1) The replacement item is not covered by a specific standard and does not meet the standard implicit in the table of economical repair costs set forth in Appendix B of this Handbook, or;

(2) Replacement is made prior to the expiration date of the useful life expectancy designated for the item in Catalog # 3, section V.

b. When an item's life expectancy has been extended by the local facility by extending the replacement date, this information will be documented in the EIL file for the service that the item belongs to and in the comments section in AEMS/MERS.

NOTE: It is not an accepted practice to retain replaced equipment. However, if approved by the facility AO or designee for retention at the facility, each item retained will be identified on the applicable EIL and within the property accountability program to ensure they are not included in future replacement or budget forecasts.

established stock level (this also includes items due in from procurements) in accordance with FPMR 101-27.300. The accountable record will be reconciled with the appropriate inventory point, and all discrepancies will be promptly adjusted (See Appendix G for a guide in conducting a successful expendable inventory).

b. Public Law 91-513 requires a biennial inventory of items subject to the Controlled Substances Act (reference 21 CFR §1304.11). The biennial inventory may be taken on any date within 2 years of the previous biennial inventory. The inventory must remain on file until the next inventory. The original will remain with Pharmacy Service and a copy will be on file within Logistics.

5. Inventory of Equipment in Use.

a. Annually, a physical inventory of all nonexpendable accountable property and designated sensitive items will be conducted. Accountable personal property is defined as nonexpendable property with an acquisition value of \$5,000 or more and property that is of a sensitive nature regardless of acquisition cost. The inventory is conducted on an annual basis which is from the month of completion to the next 12-month period. The inventory due date can be changed in the following three circumstances, but will not be allowed to be extended beyond 12 months from the date of the previous inventory:

- (1) EIL custodial officer requests a change (requires adequate justification).
- (2) Accuracy rate falls below 95 percent.
- (3) Management decision to balance workload.
- (4) Property Management will reconcile the inventory to the automated property accountability system through adjustments, Reports of Survey, and turn-in documents within 5 working days.

b. Physical (which includes electronic means) inventory is the process of reconciling accountable personal property records with the property actually on hand. At a minimum, when the inventory process is being conducted the following elements will be verified against the EIL: serial number, model number, and location. Annual inventories will include the following sensitive items:

- (1) Handheld and portable telecommunication devices, (e.g., Palm Pilots, Blackberries, two-way pagers, and personal digital assistants (PDA)). Keynote pagers are not included.
- (2) Printers.

(d) In the event that a Department-owned firearm is lost or stolen, the following actions must be taken immediately:

1. Notify the local law enforcement office, OS&LE for VA Police Service firearms only, the Federal Bureau of Investigation, local police, the supporting facility AO, or designee.

2. Enter the information into the National Crime Information Center/National Law Enforcement Telecommunications System.

3. Complete a detailed VA Form 1393, Uniform Offense Report, and follow appropriate Report of Survey procedures as outlined in Part 10 of this Handbook.

(e) For improved accountability, facilities may include additional items to be inventoried. Above is a minimal listing of items designated as sensitive that must be inventoried annually. Facilities may establish local policy that identifies additional items as sensitive property as the facility deems appropriate. Sensitive items include all items containing memory storage capability for retaining personally identifiable information that is protected and/or confidential as specified in the Privacy Act and in the Health Insurance Portability and Accountability Act, whether or not the item is classified as IT (e.g., ID card embossing machines).

d. Facilities may use 'inventory by exception' (meaning the item has been physically identified and the inventory location updated during scheduled preventive maintenance, or movement of the item, or electronically scanned and updated by any entity utilizing the bar code technology, or Radio Frequency Identification (RFID)/Real Time Location System (RTLS), etc., or subsequent electronic tracking mechanism related to the electronic asset inventory management system utilized in the facility) which will negate the requirement to physically count the item during an annual inventory. In addition, EILs that have a 95 percent or above accuracy rate will be required to be inventoried annually. EILs that fall below a 95 percent accuracy rate must be inventoried again in six months. EILs not attaining a 95 percent accuracy rate on initial inventory shall be reported to the facility director and to the VISN CLO. EILs not attaining a 95 percent accuracy rate when re-inventoried shall be reported to the ADAS for Acquisition and Logistics Programs and Policy (001AL-P), OAL, through the facility director's office for consultation and advisement.

e. To the maximum extent possible, EIL inventories will be conducted using barcode technology or RFID/RTLS, etc., that is compatible with the automated equipment inventory system. In addition, if feasible for the facility to do so, the FSC to which the equipment item belongs should appear on the barcode label. This is being recommended to specifically assist an auditor in differentiating between IT and non-IT equipment. Inventory data collected on the barcode scanner will be uploaded to the automated equipment inventory system. Upon initial receipt of any new equipment item, Logistics Services shall populate the automated equipment inventory system with the following data (comments and specifications (spex) fields are optional):

- (1) Manufacturer name;
- (2) Serial number;
- (3) Model number;
- (4) CSN;
- (5) Life expectancy (LE - may automatically populate when CSN entered);
- (6) Manufacturer equipment name (brief narrative identifying the equipment; facility decision to identify as common equipment name or manufacturer name of equipment, but should be formatted as noun first with adjectives following);
- (7) EIL number of responsible service or section (not applicable for items disposed of);
- (8) Purchase order (PO) number (should contain station number followed by a dash and 5-digit PO number);
- (9) Acquisition method;
- (10) Vendor purchased from (could be different from manufacturer name);
- (11) Lease cost (if applicable);
- (12) Asset value (acquisition cost);
- (13) Acquisition date;
- (14) Warranty expiration date;
- (15) Replacement date (may automatically populate after LE and acquisition date entered);
- (16) Acquisition source code of procurement;
- (17) Type of item;
- (18) If replacement equipment, EE number of item being replaced;
- (19) Use status;
- (20) Parent system (if applicable);
- (21) Using service (could be different from service aligned with EIL number);

applicable statement, personally signing on the EIL, and dating. At a minimum, when conducting the inventory process, the following elements will be verified on the EIL listing: serial number, model or model number, and location.

i. All completed EIL inventories will have a five percent verification inventory conducted by the AO or designee, a disinterested party, and the custodial officer or designee. This five percent verification will be completed within 10 working days from the completion of the required annual EIL inventory.

j. A scheduled inventory may be extended for extraordinary reasons which include natural disasters, fire, or an act of terrorism. If circumstances warrant, an extension may be granted for any number of days not to exceed 60 days, as deemed appropriate by the facility director or designee. The maximum extension is established as 60 days based on EIL inventory cycles (i.e. a portion of the total number of EIL inventories are conducted each quarter so the 60-day extension will eliminate the EIL inventories from crossing quarters and increasing the EIL inventory workload for the next quarter). Circumstances requiring an extension will be specified in the written request (memo or e-mail format). A copy of the approved request will be forwarded to Logistics Services and maintained with the EIL.

k. Medical centers will establish a method of accountability covering furniture and equipment in VA quarters. Nonexpendable property located in VA quarters shall be maintained on individual EILs for each unit of established quarters.

l. A physical count of all property on loan to or from VA will be taken as scheduled by the accountable official, with action taken on all discrepancies.

m. For improved accountability, the use of an automated Equipment Request/Turn-In Package that is compatible with the computerized accountability system should be utilized to the maximum extent possible.

6. Tenant Property Inventory Responsibility. Facility directors and AOs, or their designees, are responsible for accountability and oversight for all equipment stored or utilized in their facility regardless of ownership and will ensure that certain functions are properly implemented.

a. A tenant may be a virtual entity and is defined as a location having physical control of the receipted item but does not have an established inventory tracking system and requires inventory management, tracking and accountability support functions from a VAMC in proximity to the tenant or virtual entity.

b. EIL custodial officers who have oversight of tenant equipment will report operational status or physical location changes to the facility AO or designee.

Budget (OMB) Memorandum 06-19, dated July 12, 2006. Once the AO is informed of the situation, he/she will confirm that the VA police were notified. After the oral report has been submitted, the supervisor will formalize the findings on VA Form 1217, ROS, within 24 hours. The ROS will reflect the value of the property carried in the perpetual inventory account. If this is identified as nonexpendable property, VA Form 1217 must be signed by the EIL official. The ROS will be submitted to the AO within 72 hours. Employees failing to report, and supervisors failing to initiate a ROS, may be subject to disciplinary action.

b. If appropriate, VA police will be included in the preliminary investigation conducted by the supervisor or their subordinates. If required, a copy of VA Form 1393, Uniform Offense Report, will be submitted along with VA Form 1217 to the property management activity. VA Form 1217 must be submitted to the AO within 72 hours of theft, loss, damage, or destruction of VA property. Under no condition will such a report be delayed longer than the time required to search the immediate area or question persons who might have knowledge of the incident.

c. Except where circumstances make it necessary, damaged property will not be moved until inspected by the AO or board. If removal is necessary, the reasons will be listed on the certificate of circumstances for later review.

d. When property is lost by a suspected theft, local law enforcement will be requested by VA Police and Security to assist in recovering the property, in accordance with instructions contained in VA Manual MP-1, General Administrative, Part I, Chapter 2. VA Police Service will also provide the AO with a monthly listing and status of any ongoing investigations they are conducting regarding any ROS action.

e. VA Form 1217 may not be required when a government motor vehicle is damaged or destroyed and the approving authority determines that there is sufficient evidence contained in the accident report to establish whether pecuniary liability or disciplinary action will or will not be initiated. In this instance, copies of VA Form 1393, Uniform Offense Report, with additional supporting documents, will be made a part of the file and may be used as the official document to adjust the inventory record.

f. Upon the discovery of any shortages in inventory of a Schedule I through V, Controlled Substance, regardless of dollar value, the AO will be notified and VA Form 1217 will be prepared to substantiate adjustment actions and submitted to the AO. The registrant shall complete DEA Form 106, Report of Theft or Loss of Controlled Substances, in accordance with 21 CFR 1301.76b, and notify the DEA field division officer of the loss or theft and the VA police.

3. ROS Register.

a. The AO will establish and maintain, on a fiscal year basis, a ROS register and file. The register will be maintained as shown in Appendix C of this Handbook.

c. Forward the original and one copy of the file to the higher approving authority when a reversal of the board's original recommendation will result in holding an individual pecuniarily liable.

d. Forward the original and one copy of the file to the higher approving authority when the facility approving authority and the survey board are unable to reach a unanimous decision.

22. Responsibility of the Facility AO.

a. Upon completion of the survey action, the entire file will be forwarded to the AO for coordination of the appropriate action required by the report.

b. If the ROS was required for items originally recorded on an adjustment voucher, the ROS will cross-reference the same adjustment voucher number for audit trail purposes.

c. In addition, if an adjustment voucher was required, the approved ROS will be filed with the adjustment voucher to support entries made in the accounts, and a copy will be maintained in the ROS file. The ROS covering items which are not accounted for in the perpetual inventory accounts will not be assigned a common or voucher number.

d. Timelines and actions concerning the ROS process are provided below:

(1) In the event a VA employee detects a missing or a damaged piece of property, they will immediately report the situation to the responsible individual (supervisor or EIL Custodial Officer).

(2) Upon report of a missing item, the responsible individual will conduct an immediate search of the area in an attempt to locate the missing property and question individuals concerning their knowledge of the missing item or circumstances surrounding damaged property.

(3) If suspicious evidence exists and deemed appropriate, the VA Police (in VACO, Office of Security and Law Enforcement) will be contacted, and a preliminary Uniform Offense Report (VA Form 1393) will be performed and forwarded to the AO along with the completed ROS (VA Form 1217). Both forms are required to be submitted by the responsible individual no later than 3 working days from the discovery of the missing or damaged property.

(4) If the facility AO is responsible for conducting all inventories at a facility and locates the missing item, the AO will inform the custodial officer for who has responsibility for the EIL being inventoried within 1 working day of the discovery of the missing item.

PART 11. LOAN OF PROPERTY.**1. Loans of Department of Veterans Affairs-Owned Personal Property.**

a. Loans of VA property to employees and non-employees are authorized when they support VA's mission, goals, and objectives and for the convenience of the government. VA field Facility Directors have the option of designating loan approval authority to AOs and IT EIL Custodial Officers for the purpose of enhancing security and accountability of the property to the individual level. The AO will be responsible for issuing non-IT property and IT EIL Custodial Officers will be responsible for issuing IT property and are responsible for verifying, issuing, and tracking VA property loans which they are accountable for. In addition, the ISO must also approve loans of property containing sensitive data. If no designations are made at field facilities, facility Directors must approve loan requests personally in writing. Loans of property within VACO are addressed in paragraph g. of this section.

b. VA Form 0887 (See Appendix D) has been created and will be used to track government property loans to all VA employees and non-employees. Part one is the Employee Loan Description, part two is the Employee/Non-employee Property Return Receipt, and part three is the VA Property Pass. The form will be used to track the return of loaned property and the issuance of a property pass, as required. The only authorized system of record for maintaining manual or electronic VA Form 0887 is chronological (by month). Any other system of record is considered a violation of the paperwork reduction act and Personal Identifiable Information (PII) regulations.

c. Note: VA Form 0887 may be issued for up to 1 year for a VA employee. The VA employee loan process should not be confused with the revocable license process. Revocable licenses are used to allow institutions, organizations, or other groups (not VA employees) to borrow VA property when authorized by facility directors and approved by Regional Counsel.

d. Employees/non-employees will sign for all loans of property. The borrower's signature that is receiving the loan is considered certification that the loan is for official government use only. Upon return of the property, the individual will sign part two of VA Form 0887 (Property Return Receipt) and will be provided with a copy for their records. If a property pass was issued, the borrower must return the property pass along with the property.

e. When designated, the AO or IT EIL custodial officer will assume the responsibility for oversight and inventory management of VA property. At VA facilities where no AO or EIL officials exist, the director will assume responsibility (to include loan approval) over all property.

f. VA field directors have the responsibility for management oversight and accountability of VA property to include donated, grant, IT, and other types of government property. As such, directors must execute one of the following options:

the DAS for Administration (03) for non IT property and the IT Asset Management Officer (005) for IT property within 48 hours.

(1) Each organization's EIL custodial official shall be responsible for initiating and coordinating VA Form 0887, documenting loans in the facility property management system, and forwarding the VA Form 0887 electronically for signature through either the IT Asset Management Officer for IT property, or the AO within the Office of the DAS for Administration (03) for non-IT property.

(2) The VACO AO and the IT Asset Management Officer will be responsible for approving the property passes (part three of VA Form 0887) and verifying the loan against the official EIL system of record prior to removal of the property from VACO. The AO and IT Asset Management Officer will provide the VACO's security office with a current listing containing the names and signatures of designated VACO loan approval personnel. To facilitate management of the designated loan approval personnel list (the individuals who can issue the VA Form 0887); the list will be kept to a minimum. The AO and IT Asset Management Officer provides the VA property management system with a check and balance which strengthens quality assurance and security elements.

(3) Note: If the property is for or contains sensitive data, whether encrypted or not, the local ISO must also sign VA Form 0887.

h. Facility or VACO security/law enforcement entities will ensure that VA property leaving the premises will be accompanied by an approved VA Form 0887, part three, Property Pass. Property passes are issued as proof that individuals have the authority to possess VA property off VA grounds. Individuals shall maintain the property pass while in possession of the VA property assigned to them.

i. All of VA's AOs shall oversee and/or develop local written procedures to ensure control and oversight for loans of VA property at their facility is conducted and carried out appropriately. AOs are responsible for maintaining the facility's property management system, and thus will ensure the issuance of VA property by EIL officials is conducted in accordance with established VA policy contained within this Handbook.

j. Employees will report any loss or theft of IT property to the supervisor within 24 hours of occurrence. Property containing sensitive data must also be reported to the ISO immediately (within one hour) upon realization of the theft, whether the data is encrypted or not.

k. In VACO authority to print bar code labels or edit property records resides with Property Management Division (032D). In the field, IT EIL custodial officers (or designated officials) will be granted limited access to AEMS/MERS (or designated inventory system in use by Logistics) to edit location and comment fields, as well as print barcode labels. In addition, the following actions must be accomplished prior to the loan of property:

5. Exceptions. The provisions of paragraph 2, 3, and 4 of this Part do not apply to safes, vaults, or other depositories assigned to an agent cashier or those under the control of the facility director used for the safeguarding of classified information. Policies and procedures with respect to such equipment are set forth in MP-1, Part I, Chapter 5, and MP-4, Part I.

6. Trust Fund Property. Policy regarding gifts and donations is found in VHA Supplement, MP-4, Part VII and Title 38, section 8301.

7. Training Requirements.

a. At a minimum, the AO or designee will receive all mandatory training such as privacy and security training and annual training in the following areas:

- (1) Utilization and Disposal Program (including Recycling requirements).
- (2) Report of Survey Program.
- (3) Planning for Equipment Needs:
 - (a) Five-Year Plan.
 - (b) Capital Asset Planning (Leasing and 1VA + Fund).
 - (c) Equipment Request Process and Equipment Committee Procedures.
- (4) Materiel Management Requirements
- (5) Proper Storage and Handling of Hazardous Materials
- (6) Methods of Sales and their Requirements

b. To fulfill this annual training requirement, all AOs or designees will be required to attend training each calendar year regarding the above topics. Documentation of the required training will be made part of the employee's personnel file.

within one hour of the detection of the potential loss, to the FISO and the IT Custodial Officer. (Reference OMB memo 06-19.)

10. Removable Storage Media. Per VA Directive 6500, removable storage media presents additional security risks and must be tracked from receipt through disposal.

a. Universal Serial Bus Flash Drives:

(1) To comply with the FIPS 140-2 standard, VA Directive 6500 requires that specific actions be taken with regard to Universal Serial Bus Flash Drives (USBFD), also referred to as thumb drives. USBFDs will be encrypted and the level of encryption must comply with FIPS 140-2. Any other (non-FIPS compliant) thumb drives are not authorized and are to be sanitized to remove all VA data.

Note: New software tools will soon prevent the use of non-FIPS compliant USBFDs.

(2) The IT Custodial Officer is required to validate the need for USBFDs. The risk of exposure of PII can be best mitigated by first ensuring that only those VA employees whose positions require the transit of information on USBFDs are provided such a device.

(3) Employees wishing to check out a USBFD will be required to complete a USB Flash Drive Request Memo in accordance with VA Handbook 6500 and obtain approval from their immediate supervisor.

(4) If there is a need to store, transport and/or utilize sensitive information outside a VA protected environment, then an additional approval step is required. The employee must complete a request to take VA information off-site and seek approval from the Director of the local VA facility or his/her designee.

(5) Local facility management will submit the justification forms to the FISO. The FISO will review the requests, provide concurrence and forward the spreadsheet to the local IT Operations Service for action. The FISO will keep all request memoranda on file.

(6) USBFDs are considered IT items for the purpose of acquisition, operations and maintenance. USBFDs may be procured either at the national level or locally, and distributed accordingly to the Regional Directors based on the USBFD requests that were submitted for procurement. Local IT Operations Services will be responsible for the issuance, tracking and recovery of USBFDs.

b. With regard to the issuance of USBFDs, the IT Custodial Officer will ensure that the following actions are performed:

(1) Testing USBFDs for functionality.