

UTILIZATION AND DISPOSAL OF PERSONAL PROPERTY

1. **REASON FOR ISSUE:** To revise Department-wide policy on the utilization and disposal of personal property.
2. **SUMMARY OF CHANGES:** This directive provides updated policy pertaining to subject matter in the general area of materiel management and property management. The following areas are a summary of major changes to this directive:
 - a. Pages 3, 4, 5, 6, 7, and 10 – Provide clarification of definition and function of exchange/sale.
 - b. Pages 4 and 5 – Provide clarification of definition and function of unrequired property.
 - c. Pages 4, 5, 6, and 10 – Provide clarification of definition, function, and reporting regarding utilization.
 - d. Pages 4 and 5 – Provide clarification of definition and function of disposal.
3. **RESPONSIBLE OFFICE:** Logistics Policy Supply Chain Management Service (003A3A), Office of the Executive Director for Acquisition and Logistics (003A).
4. **RELATED HANDBOOK:** VA Handbook 7348, Utilization and Disposal of Personal Property.
5. **RESCISSION:** VA Directive 7348, Utilization and Disposal of Personal Property, dated March 30, 2012.

CERTIFIED BY:

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

/s/
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1. **PURPOSE AND SCOPE.** This directive provides policy for the utilization, sale, and abandonment and destruction of Department of Veterans Affairs (VA) property. It strengthens and enhances VA logistics policy in accordance with Public Law 107-217, Public Buildings, Property, and Works (United States Code, Title 40), and the Code of Federal Regulations Title 41, Public Contracts and Property Management Federal Management Regulation (FMR) and/or Federal Property Management Regulation (FPMR), and increases security and accountability requirements for VA personal property. This directive covers:
 - a. General Provisions for Utilization and Disposal;
 - b. Utilization Procedures;
 - c. Requisitioning and Transferring Unrequired and Excess Property;
 - d. Processing of Property and Special handling Requirements;
 - e. Sale of Personal Property;
 - f. Proceeds from Sales;
 - g. Salvage and Scrap;
 - h. Recovery of Precious Metals and Critical Materials;
 - i. Abandonment and Destruction (A&D);
 - j. Service and Reclamation; and
 - k. Property Program Reporting Requirements.
2. **POLICY.** This directive establishes mandatory policy for VA's personal property utilization, sale, and abandonment and destruction programs. The standards contained in this policy were developed and tailored to meet VA's unique characteristics and special needs regarding these programs. All VA organizations, with the exception of the Office of Inspector General (OIG), will adhere to the policies and procedures set forth in this directive and the accompanying handbook. The OIG will adhere to VA OIG Directive 51-503 regarding accountability and to FMR 102-36 and FPMR 101-42 regarding disposal.

3. RESPONSIBILITIES.

- a. The Deputy Assistant Secretary for Acquisition and Logistics (003A) is responsible for the oversight of VA logistics programs and policies. The Logistics Policy and Supply Chain Management Service (003A3A) within the Office of Acquisition and Logistics (OAL) is responsible for establishing consistent policies supporting VA logistics operations.
- b. OAL is responsible for the planning and programming of personal property utilization and disposition. These functions consist of the storage, determination of disposition, reporting, processing, and transferring of all personal property within the agency as required.
- c. Under Secretaries, Assistant Secretaries, and Other Key Officials are responsible for developing, implementing, maintaining, and enforcing a structured personal property program in order to carry out VA policy set forth in this directive.

4. DEFINITIONS.

- a. Exchange/Sale: The method of trading in (exchange) or selling (sale) an item being replaced in order to defray the cost of a new, similar, or like item, which is being purchased to replace the older one. Exchange/sale typically is planned for and instituted prior to the purchase of a new item, though it can be reversed (purchase prior to sale).
- b. Recycling: The diversion of waste materials from the solid waste stream and the beneficial use of such materials. Recycling enables the government to recover costs/monies for a return on the original investment of the item.
- c. Salvage: Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and /or uneconomical.
- d. Scrap: Property with no value except for its basic material content. This could include waste, and to the maximum extent possible, scrap should be considered material to be recycled.
- e. Surplus Property: Property which completed federal screening through GSA and is no longer required by a Federal agency and may be sold to the general public.
- f. Surplus Release Date: The date which reported excess property completes federal screening and is released by GSA as surplus property.
- g. Turn-in: The term used within VA to designate an item as no longer needed by a service or facility. This procedure will be initiated by the completion and submission of VA Form 2237 Request, Turn-in and Receipt for Property of Services.

- h. Unrequired Property: Personal property located at VA facilities that is no longer needed by the holding facility. This property must be advertised for 10 calendar days for possible use within VA. Note: Personal property that is to be replaced (still a need of the holding facility), is not unrequired property. This definition is referring to the requirement, rather than the individual personal property item itself. Example: If the facility has a need for a tractor and currently has a tractor that they would like to replace due to its condition, the old tractor is not yet unrequired property as the facility still has a need for a tractor. If the facility no longer needed a tractor, then the current tractor would be unrequired property.
- i. Utilization: The tracking, reporting, and transfer of turned-in unrequired personal property coded either 1, 4, 7, or X to other VA facilities or Federal agencies in order to fulfill identified mission requirements in lieu of new procurement. Utilization also refers to the use of exchange/sale authority exchange (trade-in) or sale of equipment that is to be replaced, for the purposes of defraying the cost of new or similar equipment which is being purchased.
- j. VA Excess Property: Unrequired VA personal property advertised for 10 calendar days to other VA facilities, but not transferred for use, is now in excess to the overall needs of VA and must be reported to the General Services Administration (GSA).
- k. Disposal: The process of giving new disposition to personal property. This includes disposal by means of exchange/sale, recycling, donation, excess, surplus sales, fixed price sales, recovery of precious metals and critical materials, service and reclamation, and abandonment and destruction (A&D).

5. REFERENCES.

- a. FPMR, Chapter 101.
- b. FMR, Chapter 102.
- c. VA Directive 0720, Program to Arm Department of Veterans Affairs Police, dated January 24, 2000.
- d. VA Directive 0730, Security and Law Enforcement, dated August 11, 2000.

Appendix A

PART 1. GENERAL PROVISIONS OF UTILIZATION AND DISPOSAL.

- a. VA's Utilization Program was established to promote maximum use of required and unrequired property within VA and to further promote, advertise, and inform other Federal agencies of VA's excess property available for acquisition in lieu of new procurement. Excess property is VA's first source of supply. It is mandatory for the facility's accountable officer (AO) and contracting officers (CO) to search for excess items which may be acquired before committing to a new procurement. Exchange/sale authority should be exercised rather than excessing personal property that is still required and purchasing new equipment without cost deferment.
- b. The following individuals/positions, or their designees, are designated as Utilization Officers within their respective areas of responsibility:
 - (1) Veterans Health Administration
 - (a) Chief, Procurement and Logistics (10NA2)
 - (b) Veterans Integrated Service Network Chief Logistics Officers
 - (c) Field Facilities – AO (90)
 - (2) National Cemetery Administration – Chief, Administrative Support Division (41G)
 - (3) Veterans Benefits Administration – Director, Administrative Support (20)
 - (4) Central Office – Deputy Assistant Secretary for Administration (03)
- c. Deputy Assistant Secretary for Acquisition and Logistics (003A), or designee, is the Agency (VA) Utilization Officer.

PART 2. UTILIZATION PROCEDURES.

- a. In order to be good stewards of Federal government funds, each VA facility is obligated to use all of its property until no longer functional or required. If an item is deemed required and to be replaced, the facility with the item should consider use of exchange/sale authority procedures to retain as much value as possible from the item to be disposed of. When a facility deems an item as unrequired, it does not necessarily mean the same item could not be utilized elsewhere within the same facility. A mechanism will be established to ensure unrequired property is made available and publicized internally at each VA facility in order to maximize utilization.
- b. At each VA facility, procedures will be established requiring the AO or CO to review all new requisitions to see if the item may be obtained from unrequired sources or excess stock, before a new procurement is initiated. Additionally, each VA facility must establish procedures for administration of exchange/sale authority use.

- c. Once required property is identified to be replaced, each facility will report this property to either VA Contracting for exchange (trade-in), or report this property to GSAXcess (the designated system for VA to report exchange/sale authority sales) as exchange/sale authority (not as excess). Once unrequired property is identified, each facility will report the property through the VA's system/mechanism established for that purpose (i.e., Agency Asset Management System (AAMS)). This system is connected to GSA's system (GSAXcess) used to advertise and requisition excess property from other Federal agencies. AAMS is the system used internally for VA's use for reporting and transferring of unrequired property, and it is a mandatory requirement for all VA property managers to use this system when reporting such property. GSAXcess is required by all VA property managers for use of posting VA excess property.

PART 3. REQUISITIONING AND TRANSFERRING UNREQUIRED AND EXCESS PROPERTY. The Department will use VA Form 134, Combination Requisition and Shipping Ticket, when transferring unrequired property internally. Standard Form 122, Transfer Order, will be used when transferring excess Federal property. GSA will initiate the transfer order.

PART 4. PROCESSING OF PROPERTY AND SPECIAL HANDLING REQUIREMENTS.

a. Processing Unrequired Property.

- (1) The AO will establish a mechanism to ensure useful unrequired property is widely distributed and publicized internally at their facility. When a service turns in a code 1, 4, or salvageable item (code 7), the AO will investigate to see if it can be re-utilized elsewhere within the same facility.
- (2) Before a new procurement is initiated, the AO will review all new requests for property to see if the item may be acquired from VA unrequired sources (AAMS) or Federal excess stock (GSAXcess).

b. Processing VA Unrequired and Excess Property. All property designated as unrequired or VA excess must be reported through AAMS and GSAXcess. When reporting property, use the condition codes listed in VA Handbook 7002, Part 4, paragraph 15 d., and in accordance with FMR 102-36.240.

c. Items Requiring Special Handling. Some items require special handling because of their uniqueness and/or other special considerations. Therefore, all instructions provided in VA Handbook 7348 and/or the cited references contained in this section of the directive will be complied with and followed as specified. Questions regarding items requiring special handling should be directed to the Director for Logistics Policy and Supply Chain Management Service (003A3A) at VA Central Office, Washington, DC, 20420.

PART 5. SALE OF PERSONAL PROPERTY.

- a. Per FMR 102-38, and the Federal Asset Sales (FAS) program through GSA, only GSA is authorized to sell VA personal property. As a result of this Federal initiative, VA is not authorized to conduct local sales of personal property, with the exception of local scrap sales, sales at fixed prices, recycling, or property designated for A&D by GSA (or if a local determination was made for A&D with full supporting justification).
- b. The trade-in or sale of old equipment for the purposes of defraying the cost of new or similar equipment which is being purchased will continue to be allowed in accordance with the exchange/sale authority; however, when selling an item as exchange/sale authority sale, it must also be reported to and sold by GSA in accordance with the FAS program.
- c. A facility may elect to sell property by conducting a sale at fixed prices in accordance with FMR 102-38.120. A list of items which are authorized to be sold by this method is contained in Appendix K of VA Handbook 7348. VA received authorization from GSA to conduct this type of sale and the requirements in FMR 102-38.120 must be strictly complied with when conducting a fixed price sale.
- d. Sale to Government Employees.
 - (1) VA employees and members of their immediate families may purchase government-owned personal property when such property is sold by GSA or another Federal agency.
 - (2) Except for VA sales of manual arts and occupational therapy products, VA personal property sold at fixed prices will not be sold to:
 - (a) VA Employees or any member of their immediate families, or
 - (b) Any person or concern known to be purchasing such property for the benefit of, or resale to, a VA employee or any member of the VA employee's immediate family.

NOTE: For the purpose of this regulation, consultants, attendants, part-time employees, residents, and fee-basis physicians and dentists shall be considered VA employees. The term "immediate family" includes spouse, children, and other relatives living in the household of the employee and any other relatives of the employee bearing the relation to them as dependents for support even though they do not live in the same household as the employee.

PART 6. PROCEEDS FROM SALES.

- a. In accordance with FMR 102-38.295, VA is authorized to retain proceeds from surplus sales equal to the direct costs or indirect costs associated with conducting a sale of surplus property through GSA. Facilities will deposit the proceeds which resulted from direct costs and reasonably related indirect costs from a surplus sale into the accounts from which the expenses would originally be obligated. The following are examples of the type of costs which are eligible for reimbursement:
 - (1) Warehouse/Storage
 - (2) Sales Preparation
 - (3) Environmental Services
 - (4) Demilitarization/Sanitizing Sensitive Data
 - (5) Advertising
 - (6) Appraisal
 - (7) Transportation
 - (8) Labor Costs Associated with Conducting the Sale
- b. Proceeds from Scrap Sales.
 - (1) Proceeds from scrap sales may be retained at the facility if related to a waste prevention or recycling program activity.
 - (2) Proceeds from scrap sales other than for recycling purposes must be deposited into the U.S. Treasury.

PART 7. SALVAGE AND SCRAP. In accordance with FMR 102-36.220, salvage material is required to be reported to GSA for disposition. In accordance with FMR 102-36.220, scrap material is not required to be reported to GSA. To the extent possible, scrap material will be considered as a recycling opportunity. To the extent permitted by law, a facility director may retain and use proceeds generated by selling scrap material.

PART 8. RECOVERY OF PRECIOUS METALS AND CRITICAL MATERIALS.

- a. The Principal Executive Director, Office of Acquisition, Logistics, and Construction (003) is responsible for VA programs for reclamation of precious metals and other

materials. This responsibility includes the issuance and administration of applicable contracts for the silver recovery program.

- b. The VA Hines Service and Distribution Center (SDC), under the direction of the VA medical center (VAMC) director, is responsible for establishing and maintaining a program for recovery of the maximum amount of silver from used developing solutions and scrap X-ray film.
- c. The SDC will:
 - (1) Provide each VAMC with instructions for silver recovery compatible with the passive cell collection system.
 - (2) Provide security measures for the receipt, storage, disposal, and accountability for silver and film assets.
 - (3) Provide security measures for the receipt, storage, and accountability of recoverable scrap precious metals.
 - (4) Require that receipts from all field facilities, whether for silver laden material or scrap X-ray film, be weighed and documentation kept for retention periods cited in VA records control schedules.

PART 9. ABANDONMENT AND DESTRUCTION (A&D). In order to abandon or destroy personal property, an authorized VA official must make a written determination to do so and provide justification. After an authorized determination is completed, the written findings must be approved by a reviewing official who is not directly accountable for the property. Approval of the determination or findings will precede any disposal action. A facility may donate the property to a public body in lieu of A&D. A public body is defined as any department, agency, special purpose district, or other instrumentality of a state, Federal, or local government. If an eligible non-profit organization is interested in the property, facilities must contact the regional GSA property management office to implement donation procedures.

PART 10. SERVICE AND RECLAMATION. The Service and Reclamation Division located at the Hines SDC will implement a program to repair and upgrade several categories of excess personal property for further utilization in VA. To determine suitability for use in this program, facilities should contact the Service and Reclamation Division prior to final excess disposition action for the following groups of equipment or accessories:

- a. Endoscopes, Rigid and Flexible
- b. Dental Hand Pieces
- c. Surgical Hand Pieces

PART 11. PROPERTY PROGRAM REPORTING REQUIREMENTS. The reporting requirements established in VA Handbook 7348 are mandatory and will be complied with accordingly. These reports have been established in order to provide information on the posture of VA's equipment, accountability, and utilization and disposal programs.