



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF EVALUATIONS**

Final Evaluation Report

**EVALUATION OF THE OFFICE OF PERSONNEL
MANAGEMENT'S PERSONAL PROPERTY
MANAGEMENT PROCESS**

Report Number 2023-OEI-002

August 28, 2024

EXECUTIVE SUMMARY

Evaluation of the U.S. Office of Personnel Management's Personal Property Management Process

Report No. 2023-OEI-002

August 28, 2024

Why Did We Conduct the Evaluation?

We conducted this evaluation to determine whether the U.S. Office of Personnel Management (OPM) was compliant with The Federal Personal Property Act of 2018 (PL 115-419). The Federal Personal Property Act of 2018 established guidance to increase the efficiency and economy of federal government operations regarding the procurement, utilization, and disposal of property. Effective management of agency personal property can prevent fraud, waste, and abuse.

Our objective was to determine the effectiveness of OPM's personal property management process by assessing OPM's (1) governance structure, (2) inventory process, and (3) disposal process.

What Did We Find?

During our evaluation, we determined that OPM needs to improve internal controls over its personal property management process. Specifically, we found:

- OPM's *Personal Property Management Policies and Procedures* manual is outdated. The current manual does not formally document the division between OPM's program offices involved in managing the personal property management process at OPM. Additionally, the manual does not meet all U.S. General Services Administration requirements for the management of federal personal property.
- OPM has not conducted an agency-wide inventory since 2014 which has led to inaccuracies in the current inventory records.

We made three recommendations that, if implemented, could improve OPM's Personal Property Management Process. OPM Management concurred with our recommendations and provided the corrective actions it plans to take to address the recommendations.

**WILLIAM
SCOTT**

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William W. Scott, Jr.
Chief, Office of Evaluations

ABBREVIATIONS

FSEM	Facilities, Security, and Emergency Management
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
IT	Information Technology
OCIO	Office of the Chief Information Officer
OIG	U.S. Office of Personnel Management

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INTRODUCTION

This evaluation report details the results from our evaluation of the U.S. Office of Personnel Management's (OPM) Personal Property Management Process. This evaluation was conducted by the OPM Office of the Inspector General (OIG), as authorized by the Inspector General Act of 1978, as amended.

The Federal Personal Property Act of 2018 (P.L. 115-419) established guidance to increase the efficiency and economy of federal government operations regarding the procurement, utilization, and disposal of property. The U.S. General Services Administration (GSA) provides federal agencies with the regulations and policies to properly manage personal property¹ throughout its lifecycle. Effective management of agency personal property can prevent fraud, waste, and abuse, but only if the agency establishes internal controls and follows established policies and procedures.

At OPM, personal property management responsibilities are shared between the Facilities, Security, and Emergency Management (FSEM) Office and the Office of the Chief Information Officer (OCIO). The OCIO manages Information Technology (IT) personal property while FSEM manages non-IT personal property and the ultimate disposal of all OPM personal property. In addition, OPM program office Resource Management Officers and/or property custodians have the major responsibility for maintaining the inventory within their respective program offices.

In 2011, FSEM issued OPM's current *Personal Property Management Policies and Procedures* manual. The purpose of this manual was to implement OPM personal property requirements, delegate authority, assign responsibilities, and set forth policies, procedures, and forms for managing OPM personal property to GSA standards.

OPM accountable personal property² can be either IT or non-IT personal property and has a value of at least \$1,000, or is considered sensitive property.³ A full listing of OPM sensitive assets appears in OPM's *Personal Property Management Policies and Procedures* manual and includes cellphones, storage drives, global positioning systems, central processing units, cameras, printers, etc.

¹ Personal property is any government property except real property, government records, and certain naval vessels, and consists of millions of items ranging from common items such as office supplies, nuts and bolts, and food, to specialized industrial equipment and precious metals.

² Accountable personal property is "nonexpendable personal property whose expected useful life is two years or longer and whose acquisition value, as determined by the agency, warrants tracking in the agency's property records, including capitalized and sensitive personal property." (www.gsa.gov/policy-regulations/policy/personal-property-policy-overview/personal-property-management/capitalized-and-accountable-property). See also 41 CFR 109-1.100-51.)

³ Sensitive property is "accountable property (regardless of original acquisition cost), which is highly susceptible to misuse, loss, or theft and will be accounted for and controlled with the use of a Property Pass, OPM Form 4753, and the agency's automated property management inventory system." (OPM's *Personal Property Management Policies and Procedures* manual, April 2011. See also 41 CFR 109-1.100-51.)

RESULTS OF EVALUATION

This section details the results of our evaluation of OPM’s Personal Property Management Process. We found that OPM’s disposal process is generally following GSA required policies and procedures. However, we determined that FSEM needs to update OPM’s *Personal Property Management Policies and Procedures* manual and conduct an agency-wide inventory. Below, we discuss areas that, if implemented, can improve the management of OPM’s personal property.

Personal Property Management Policies and Procedures

We found that OPM’s *Personal Property Management Policies and Procedures* manual is outdated and does not meet all GSA requirements for the management of federal personal property. Specifically, OPM’s *Personal Property Management Policies and Procedures* manual:

- lacks documentation of OPM’s current personal property governance structure, and
- does not specify that personal property should be evaluated for age, extent utilized, and extent of mission dependency.

OPM’s *Personal Property Management Policies and Procedures* manual does not formally document the division of personal property management between FSEM and the OCIO. FSEM and the OCIO established an informal agreement in 2015 to split management of OPM personal property. Under this agreement, the OCIO became responsible for the acquisition, tracking, and management of all IT personal property, approximately 95 percent of OPM’s personal property. FSEM retained responsibility for:

- tracking and managing all non-IT personal property,
- disposal of all OPM personal property, and
- providing guidance and training to agency property custodians.⁴

According to FSEM staff, the agreement was a result of FSEM not having access to the Remedy System that was being used by OCIO staff to track IT personal property.

The U.S. Government Accountability Office’s (GAO) *Standards for Internal Control in the Federal Government*, section 3.01 states that “Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.” While OPM’s current structure is acceptable, GAO *Standards* section 3.09 states that “management develops and maintains documentation of its internal control system.” The documentation of the internal control system is important because, as stated in GAO *Standards* section 3.10, “effective documentation assists in management’s design of internal control by establishing and

⁴ A property custodian is a federal employee who has authority and responsibility for immediate physical custody of all personal property within their custodial area.

communicating the who, what, when, where, and why of internal control execution to personnel.”

To obtain federal personal property management best practices from other federal agencies, we performed an online search for federal agencies’ personal property manuals. We found and reviewed the personal property management manuals for the Department of Education and the Department of Homeland Security/ Federal Protective Service. We found that both manuals contained documentation of the personal property governance structure used and provided a robust description of the responsibilities for all program offices involved in their personal property management process.

The OPM *Personal Property Management Policies and Procedures* manual also does not meet standards by requiring the collection and assessment of pertinent personal property information for asset evaluation. Collection of these elements is important for effective personal property management.

The Federal Personal Property Management Act of 2018 requires agencies to conduct inventories of capitalized and accountable personal property to identify items that are no longer needed or are excess. For both types of inventories, agencies need to assess (1) the age and condition of the asset, (2) the extent to which the agency utilizes the asset, (3) the extent to which the agency mission is dependent on the asset, and (4) any other pertinent information about the asset the agency deems useful for evaluation.

The lack of an updated OPM *Personal Property Management Policies and Procedures* manual has led to an increased risk of misappropriation of OPM’s Personal Property.

Recommendation 1

We recommend that the Director of FSEM update OPM’s *Personal Property Management Policies and Procedures* manual. The updated manual should meet all GSA standards and document a formal governance structure for OPM’s Personal Property Management Process that clearly assigns responsibilities and delegates authority to all involved in the process.

Management Response:

“FSEM concurs with this recommendation and has prepared an updated draft of the *Personal Property Management Policies and Procedures* manual.”

OPM Needs to Conduct an Agency-Wide Inventory and Improve Controls Over the Inventory Process

We found that OPM needs to improve the controls over its inventory process and has not had an agency-wide inventory since 2014, which has led to the current inventory records being inaccurate. We requested the most current inventory records broken down by program office from FSEM and the OCIO to determine when OPM conducted an agency-wide inventory. FSEM and the OCIO provided our team with the most current program office inventory records from their respective property systems of record. The OCIO provided our team with 24 program office IT inventory records from 2023. FSEM provided our team with 12 program office non-IT inventory records. Ten of the 12 (83.3 percent) non-IT program office inventory records were from 2014. The remaining two program non-IT inventory records were from 2022 and 2023.

During interviews with OPM Resource Management Officers, 7 of the 14 respondents noted they could not remember the last official inventory or knew it was over five years ago. Of the other seven respondents, one program office took an inventory in 2019, four program offices took an inventory in 2021, and two program offices took an inventory in 2022. These program office inventories were not included in the information we received from FSEM.

We selected a judgmental sample of non-IT and IT personal property to verify the accuracy of the inventory records provided. We verified the personal property either in person or by photographs, depending on the asset's location. We were unable to verify and/or identified errors in the personal property's records for 32 of the 55 (58.2 percent) non-IT personal property assets and 14 of the 50 (28.0 percent) IT personal property assets.

Table 1 below is a summary of our verification of the sampled items broken down by type (non-IT or IT).

Table 1 - Verification of OPM Personal Property

	Non-IT Personal Property (FSEM)		IT Personal Property (OCIO)	
	Number of Personal Property Items	Percent of Total	Number of Personal Property Items	Percent of Total
Total Items Verified with No Errors	23	41.8%	36	72.0%
Total Items Verified with Error(s) ⁵	1	1.8%	5	10.0%
Total Items Unverified	31	56.4%	9	18.0%
Total	55	100.0%	50	100.0%

OIG Analysis of Judgmental Sample Verification of IT and Non-IT Personal Property

⁵ Items Verified with Error(s) means the personal property asset location was verified, however there was at least one error in the personal property record (i.e., incorrect bar code, serial number, etc.)

We noted that the OCIO uses an electronic discovery tool⁶ to conduct inventories of IT personal property as users are logged into the OPM IT systems. The OCIO does not conduct regular hands-on inventories. GSA standards and FSEM policy, however, require physical inventories.

GSA provides agencies with the following guidelines for these inventories:

- Every three years agencies should perform inventories for accountable, pilferable, or special use assets.
- Agency policies and procedures should contain the methodology to capture the above requirements as well as how to address inventory discrepancies.
- Agencies may consider the use of electronic “discovery tools” that poll electronic assets through the agency network to determine the presence and use of linked assets as a part of the agency inventory process. However, as part of the inventory process or in addition to that process, trained asset managers should touch or view the assigned assets to determine if they are being used, and if there is obvious damage and if repairs are needed.
- Agencies should include retention justifications for surplus assets and excess unneeded personal property as soon as possible.

OPM’s *Personal Property Management Policies and Procedures* manual contains policies and procedures on conducting OPM inventories. Some of the requirements are:

- Property custodians are responsible for conducting all prescribed physical inventories.
- Physical inventories require that all items be identified by physical inspection to ensure accuracy of inventory data.
- A physical inventory will be conducted by property custodians at least annually for all accountable personal property.
- If a spot check of program office personal property reveals errors in the inventory records, the inventory must be recompleted.

Besides assessing the accuracy of OPM’s inventory records we also reviewed OPM’s property system of record. GSA suggests an agency select and use a property system of record that will allow it to meet internal control requirements. OPM is currently utilizing two property systems of record to manage personal property. FSEM uses Excel spreadsheets and the OCIO uses the Remedy System. To gain some insight into what other Federal agencies were doing we identified the property system of record used by the Department of Education and the Department of Homeland Security/Federal Protective Services for best practices. We found that

⁶ An electronic discovery tool polls electronic assets through the agency network to determine the presence and use of linked assets.

both agencies use one organization wide property system of record to manage agency personal property.

For effective property management, 40 U.S. Code 524 (a), Duties of Executive Agencies, requires federal agencies to have adequate inventory controls and accountability systems for property under its control. Staff from both FSEM and the OCIO agree that one property system of record for all OPM personal property would be beneficial, but that funding and resources would need to be secured and consistent to guarantee continuous usage. During our evaluation, staff noted that FSEM is in the process of securing a non-IT section within the Remedy System, which would bring all OPM asset management under one property system of record.

The lack of regular, agency-wide inventories conducted to GSA standards has led to inaccurate OPM personal property records. These inaccurate records, coupled with a lack of an agency-wide property system of record, could lead to wasted unused value or increased expenditure of OPM personal property.

Recommendation 2

We recommend that the Director of FSEM conduct an agency-wide inventory.

Management Response:

“FSEM concurs with this recommendation and will schedule agency-wide inventories annually commencing October 1, 2024, involving all property custodians, including those with program responsibility.”

Recommendation 3:

We recommend that OPM implement an agency-wide personal property system of record.

Management Response:

“FSEM concurs with this recommendation and is working towards procuring an agency-wide personal property system.”

APPENDIX A: SCOPE AND METHODOLOGY

We conducted this evaluation in accordance with the *Quality Standards for Inspection and Evaluation*, December 2020, approved by the Council of the Inspectors General on Integrity and Efficiency.

The objective of this evaluation was to determine the effectiveness of OPM's Personal Property Management Process by assessing OPM's (1) governance structure, (2) inventory process, and (3) disposal process.

We conducted our fieldwork on-site from December 2023 through April 2024 at the OPM headquarters located at the Theodore Roosevelt Federal Building in Washington, D.C. Our evaluation included information and statistics from Fiscal Year 2023. Other periods were used as deemed necessary to satisfy the evaluation objective.

As part of the planning phase of this evaluation, we met with key officials responsible for the management and oversight of OPM's Personal Property Management Process to gain an understanding of its current state, surrounding activities, and communications. We gathered information to verify operations, staff, and systems involved in the process. We also reviewed federal guidelines as well as OPM policies and procedures relevant to the development and implementation of OPM's Personal Property Management Process. We examined reports and other documentation received to identify leads and areas of concern. In addition, we surveyed Resource Management Officers from OPM program offices to gain a better understanding of their role and insights into the OPM Personal Property Management Process. Our results are limited by the scope and methodology that we employed to meet our evaluation objectives and not to verify FSEM's or the OCIO's past conditions or predict future actions.

To answer our objective, we performed the following procedures:

- Met with FSEM and OCIO staff responsible for the OPM Personal Property Management Process and walked through the process to gain an understanding of roles, responsibilities, and the overall personal property management process from acquisition to disposal;
- Met with the Office of the Chief Financial Officer staff to gain an understanding of the OPM Personal Property Management Process as it relates to the tracking of OPM capitalized assets;
- Reviewed relevant personal property management related laws, the Code of Federal Laws, GSA guidance, and OPM policies and procedures;

- Reviewed two federal agencies' (Department of Education and Department of Homeland Security/ Federal Protective Services) personal property management manuals to learn some best practices;
- Verified and analyzed a judgmental sample of IT and non-IT personal property records and the information contained within the records. We requested current inventory lists from FSEM and the OCIO and from these lists selected a judgmental sample. We randomly selected 5 non-IT personal property assets from 10 of the 12 program offices inventory records. For the other two program offices inventory records we selected all the assets listed (one and four, respectively) for a total of 55 non-IT personal property assets. We randomly selected 10 of the 24 program office IT inventory records. We then randomly selected 5 personal property items from the 10 inventory records provided by the OCIO for a total of 50 IT personal property items.
- Verified the disposal of OPM personal property. We requested and received disposal lists from calendar year 2023 from FSEM and the OCIO. We reviewed and analyzed the non-IT personal property assets to verify the proper disposal process was employed by FSEM. The OCIO's list was broken into three months—February, July, and October. We selected a judgmental sample of 5 personal property items from each list for a total of 15 assets. We verified proper disposal of these assets through disposal records provided by FSEM.

In addition, we conducted a survey of OPM Resource Management Officers to obtain insights regarding the OPM Personal Property Management Process at a program office level—including acquisition, inventory, and disposal of personal property, FSEM provided training and guidance, and any areas for improvement. We used the results of this survey to assist in developing the conclusions and recommendation for the findings in this report. The selection process is below:

- We obtained a list of 16 agency Resource Management Officers from FSEM staff. We called the Resource Management Officers between November 7 through November 21, 2024, and conducted the interviews. We interviewed 14 of the 16 Resource Management Officers for a response rate of 88 percent.

We determined the data we used to support the findings, conclusions, and recommendations was reliable. The evidence obtained provides a reasonable basis for our findings and conclusions based upon our objective.

APPENDIX B: MANAGEMENT COMMENTS



Facilities, Security
and Emergency
Management

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

July 10, 2024

MEMORANDUM FOR: WILLIAM W. SCOTT, JR
Chief, Office of Evaluations
Office of the Inspector General

FROM: EVERETTE R. HILLIARD EVERETTE HILLIARD
Director
Facilities, Security, and Emergency Management

SUBJECT: Draft Report on the Evaluation of the U.S. Office of
Personnel Management's Personal Property Management
Process: Report Number 2023-OEI-002

Digitally signed by
EVERETTE HILLIARD
Date: 2024.07.10
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The U.S. Office of Personnel Management (OPM) Facilities, Security, and Emergency Management (FSEM) administers the agency's personal and real property, building operations, space design and layout, realty, safety and occupational health programs; provides a safe and secure environment for OPM's information, personnel, and operations; carries out personnel security related actions for all OPM employees and contractors; and directs the operations and oversight of OPM's preparedness and emergency response programs.

The following memorandum is in response to the OPM Office of Inspector General (OIG) Draft Report on the Evaluation of the U.S. Office of Personnel Management's Personal Property Management Process (report number 2023-OEI-002). In this report, OIG identified areas of improvement concerning the personal property management processes based on their review. OIG recommendations from this report and FSEM management's responses are included below.

Recommendation 1: We recommend that the Director of FSEM update OPM's Personal Property Management Policies and Procedures manual. The updated manual should meet all GSA standards and document a formal governance structure for OPM's Personal Property Management Process that assigns responsibilities and delegates authority to all involved in the process.

OPM Management Response: FSEM concurs with this recommendation and has prepared an updated draft of the Personal Property Management Policies and Procedures manual.

Recommendation 2: We recommend that FSEM conduct an agency-wide inventory.

OPM Management Response: FSEM concurs with this recommendation and will schedule agency-wide inventories annually commencing October 1, 2024, involving all property custodians, including those with program responsibility.

Recommendation 3: We recommend that OPM implement an agency-wide personal property system of record.

OPM Management Response: FSEM concurs with this recommendation and is working towards procuring an agency-wide personal property system.

FSEM appreciates the opportunity to respond to this report and the final report making recommendations for corrective action to congressional committees of jurisdiction. If you have any questions regarding the management's responses, please contact me, Everette R. Hilliard, Director, Facilities, Security and Emergency Management, directly at 202-606-3130 or via email at Everette.Hilliard@opm.gov.



Report Fraud, Waste, and Mismanagement

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