



**POLICY FLASH
2006-21**

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DATE: March 22, 2006

TO: Procurement Directors

FROM: Office of Procurement and Assistance Policy, MA-61
Office of Procurement and Assistance Management

SUBJECT: **Implementation of DOE Order 580.1, Department of Energy Personal Property Management**

SUMMARY: Acquisition Letter 2006-06 has been issued to provide guidance for the implementation of DOE Order 580.1, Department of Energy Property Management Program. It provides detailed procedures regarding the Department's implementation of the Order. The Order is available at www.directives.doe.gov.

The Flash and the Acquisition Letter may be viewed at <http://professionals.pr.doe.gov>.

Questions may be referred to Jerry Hanley (202) 287-1563 or Jerry.Hanley@hq.doe.gov.



Michael P. Fischetti, Acting Director
Office of Procurement and Assistance Policy
Office of Procurement and Assistance Management

Attachment

Department of Energy

No. AL-2006-06

Date 03/22/06



ACQUISITION LETTER

This Acquisition Letter is issued under the authority of the Procurement Executives of DOE and NNSA.

Subject: Publication of DOE Order 580.1, Department of Energy Personal Property Management Program

References:

DEAR Subpart 970.45	Government Property
DEAR 970.5245-1	Property
41 CFR 109	DOE Property Management Regulation (PMR)
DOE Order 580.1	DOE Personal Property Management Program
DOE Personal Property Letter 970-2	Physical Inventories

When is this Acquisition Letter (AL) Effective?

This AL is effective immediately upon issuance.

When does this AL Expire?

The AL remains in effect until superseded or canceled.

Who are the Points of Contacts?

Jerry G. Hanley, Director, Personal Property Management Division (MA-632), (202) 287-1563 or Jerry.Hanley@hq.doe.gov, or for NNSA, Mr. Ronald Dugger, Supply Management Officer, NA-63, (202) 586-5144, or Ronald.Dugger@nnsa.doe.gov.

What is the Purpose of this AL?

This AL implements the new DOE Order 580.1, Department of Energy Personal Property Management Program, to deviate from conflicting sections of the DOE Property Management Regulation (PMR), and to rescind Personal Property Letter 970-2 upon inclusion of the Contractor Requirements Document (CRD) in the contract.

What is the Background?

DEAR 970.5245-1, Property, paragraph (i) requires the contractor to comply with, among other things, the DOE-Property Management Regulation (PMR) at 41 CFR Part 109 and DOE

directives, including DOE Order 580.1. The Department issued DOE Order 580.1 on December 7, 2005. This Order replaces all but three Subparts of the existing DOE-PMR. Those remaining, unchanged Subparts are (1) Management of High Risk Property (41 CFR Subpart 109-1.53); (2) Motor Vehicle Management (41 CFR Subpart 109-38); and (3) Energy Related Laboratory Equipment (ERLE) Grant Program (41 CFR Subpart 109-50.1). DOE Order 580.1 also replaces Personal Property Letter 970-2, which is hereby cancelled. A complementary rulemaking process will delete the replaced sections of the DOE-PMR and revise and renumber the three remaining Subparts. A class deviation to the conflicting sections of 41 CFR Part 109 was issued by DOE and NNSA until future rulemaking deletes these sections of the DOE-PMR.

DOE Order 580.1 and its Guide are accessible on the Directives homepage at www.directives.doe.gov and on the property management web page at <http://professionals.pr.doe.gov>, and on the NNSA Portal at <https://thesource.nnsa.doe.gov>.

What is the Guidance?

Each Organizational Property Management Officer (OPMO) must:

- (1) Coordinate with his/her cognizant Contracting Officer to ensure that the Contractor Requirements Document (CRD) from DOE Order 580.1 is incorporated into each affected contract by May 31, 2006, or as soon as possible thereafter, per the Contract's Laws, Regulations, and DOE Directives clause (DEAR 970.5204-2).
- (2) Compare the CRD with the contractor's written property management system and request changes to ensure compliance with the CRD.
- (3) Work closely with his/her respective contractor property manager to provide guidance or training as necessary.
- (4) Submit written confirmation that the Contractor Requirements Document has been incorporated into affected contracts to the Director, Personal Property Management Division (MA-632) and the NNSA Procurement Executive (NA-63) once incorporated.

The Contracting Officer must:

- (1) Add the CRD to the Contract per the Directives Clause (DEAR 970.5204-2)
- (2) Notify the contractor in writing to comply only with the following provisions of the DOE-PMR:
 - (a) Management of High Risk Property (41 CFR Subpart 109-1.53);
 - (b) Motor Vehicle Management (41 CFR Subpart 109-38); and
 - (c) Energy Related Laboratory Equipment (ERLE) Grant Program (41 CFR Subpart 109-50.1).

- (3) Notify the contractor that Personal Property Letter 970-2 is rescinded.

**FINDINGS AND DETERMINATION
CLASS DEVIATION TO THE
DEPARTMENT OF ENERGY PROPERTY MANAGEMENT REGULATION**

I. Findings

- A. On December 7, 2005, The Department of Energy (DOE) published its Property Order (DOE Order 580.1, DOE Property Management Program) as part of a deregulation initiative to replace obsolete parts to the DOE Property Management Regulation (DOE-PMR) codified at 41 CFR 109. The Property Order also replaces Personal Property Letters that were incorporated into the Order.
- B. The Order replaces obsolete and proscriptive provisions of the DOE-PMR with current, streamlined property management policies and procedures that are performance-based and consistent with the Federal Management Regulation. The Order contains the Departmental requirements regarding standards, practices, and performance expectations for the management of personal property. The Guide supplements the Order by providing guidance and information to assist DOE organizations and contractors in implementing the requirements associated with the Department's personal property management program. The two directives provide for an updated and efficient means to communicate requirements and guidance to DOE organizations and contractors. The Order contains a Contractor Requirements Document for inclusion into the Management and Operating (M&O) contracts that makes similar changes.
- C. Under Directives Management Document (Action No. 448-ME-02), the DOE Property Order and Guide were coordinated with stakeholders, including representatives from GC, SC, EM, and EE. Concurrences were received from each element. General Council requested that a class deviation be issued to affect (1) the deletion of the obsolete 41 CFR 109 provisions and (2) the issuance of DOE Order 580.1 to replace the deleted provisions described above.
- D. The class deviation affects 41 CFR 109, Department of Energy Property Management Regulation, and consists of replacing all Parts of the Regulation with DOE Order 580.1 except those Parts governing Motor Vehicles, High Risk Property, and the Energy Related Laboratory Equipment Grant Program.
- E. The class deviation will require the contractor to comply only with the DOE-PMR provisions that govern the three areas identified above. All other provisions of the DOE-PMR would be replaced with the requirements contained in the Contractor Requirements Document of DOE Order 580.1.
- F. A subsequent Rulemaking will (1) remove all Parts of DOE-PMR that are replaced by DOE Order 580.1 and (2) renumber and revise the remaining Parts.

G. It is intended that this deviation will remain in effect until such time as the DOE-PMR is amended to reflect the deletion of obsolete Parts.

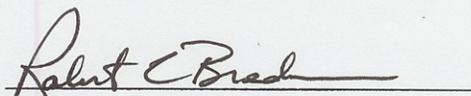
II. Determination

A. Based upon the above findings, I hereby determine that it is reasonable and prudent to approve a class deviation to the DOE-PMR, except those three provisions that will remain in the Regulation, that is authorized for use in all current M&O contracts and those that will be competed or extended prior to the completion of the rulemaking that will amend the Regulation. DOE Order 580.1 will replace all Parts to the Department's Property Management Regulation except High Risk Property, Motor Vehicles, and the Energy Related Laboratory Equipment Grant Program.

B. Therefore, I hereby grant a deviation, on a class basis, to the requirements of 41 CFR 109 except provisions that govern High Risk Property, Motor Vehicles, and the Energy Related Laboratory Equipment Grant Program.


Edward Simpson, Director
Office of Procurement and
Assistance Management

3/8/06
Date


Robert C. Braden
Senior Procurement Executive
National Nuclear Security Administration

3/20/06
Date