



Department of Energy

Office of Science
Fermi Site Office
Post Office Box 2000
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July 28, 2024

Gregory Stephens
Chief Operating Officer
Fermilab
P.O. Box 500
Batavia, Illinois 60510

SUBJECT: PERSONAL PROPERTY MANAGEMENT SYSTEM, FERMI RESEARCH ALLIANCE, LLC. CONTRACT NO. DE-AC02-07CH11359

Dear Mr. Stephens,

On December 9, 2022, a Corrective Action Plan (CAP) was received for the Personal Property Management System which maintained conditional approval until all corrective actions were completed and reviewed by the Fermi Site Office (FSO). Since then, all of the corrective actions have been completed and approved, and thereafter the conditional approval is hereby lifted. Fermi Research Alliance, LLC's (FRA) Personal Property Management System is approved. Below are the dispositions for all corrective actions.

Finding 1:

Title 41 Code of Federal Regulations (CFR) 109-1.5201, Policy, requires FNAL to establish, implement, and maintain a system, in writing, that provides an efficient personal property management program. FNAL does not follow this requirement.

Corrective Action for Finding 1:

Review the Policy and Procedure (P&P) manual and adjust policies and procedures as noted, addressing concerns over inadequate procedures.

Deliverable 1:

- Updated P&P manual

Status of Finding 1:

FSO has determined that Finding 1 is closed. FRA provided FSO with the requested P&P manual. The Consolidated Service Center (CSC) reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised manual to their Policy Oversight Board (POB).

Finding 2:

Title 41 CFR 109-1.5203, Management of subcontractor-held personal property, requires designated contractors to establish and maintain a system for the management of Government-owned property provided to them. FNAL does not follow this requirement.

Corrective Action for Finding 2:

As property is identified from partnerships and cost reimbursable contracts, Fermilab will supply subcontractors with required asset identification per CFR. FNAL will update the P&P manual to reflect assurance of loss, damage or destruction by a subcontractor as noted within the Federal Acquisition Regulation (FAR) clause identified in the subcontractor contract. FNAL Property Office will confirm with Procurement and the Office of Partnerships that FAR clause; FAR 52.245-1, is included in cost reimbursable contracts. This clause provides regulation of government property to contractors and subcontractors.

Deliverable 2:

- Memorandum from the Laboratory's property manager to the Procurement Officer and the Office of Partnerships to ensure FAR clause is included in cost reimbursable contracts

Status of Finding 2:

FSO has determined that Finding 2 is closed. FNAL Personal Property office issued a memorandum to FNAL Procurement outlining the necessity of incorporating FAR 42.245-1 into all subcontracts. Additionally, since the Office of Partnerships does not engage in procurement agreements, no further action is required.

Finding 3:

Title 41 CFR 109-1.5110, Physical inventories of personal property, is not fully utilized by FNAL in managing inventories.

Corrective Action for Finding 3:

During Fiscal Year (FY) 2022 Personal Property Management System (PPMS) audit, Organizational Project Management Officer (OPMO) has been approved in writing, FNAL can continue to utilize statistical sampling, dated 07/20/2022. FNAL Property Office will receive attestation from borrowing institution attesting to custody and location of asset(s) as resolution to that year's inventory.

Deliverable 3:

- Request and receive OPMO approval to conduct statistical sampling
- Update procedure: Property Management – Inventories, to include attestation requirements from borrowing institutions

Status of Finding 3:

FSO has determined that Finding 3 is closed. FRA provided documentation to FSO stating that the OPMO's approval to deviate from the standard wall to wall inventory in favor of statistical sampling was received. Additionally, as part of this corrective action, FRA updated the Property Management – Inventories procedure to include attestation requirements from borrowing from institutions. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised manual to their POB.

Finding 4:

Title 41 CFR 109-1.5107, Physical protection of personal property, requires controls such as property passes to be established for the protection of Government property. FNAL is not properly utilizing property passes.

Corrective Action for Finding 4:

Review of the Property Pass system, to ensure accurate notifications are being sent. Review the current property passes for correctness and bringing expired up to date (if required). Will add verbiage to the property pass instructional page, providing guidelines and property pass policy to increase custodian knowledge.

Deliverable 4:

- Report that shows all property passes and expirations dates
- Update Procedure: Property Pass, to add guidance

Status of Finding 4:

FSO has determined that Finding 4 is closed. FRA provided documentation to FSO that showcased all property passes with their corresponding expiration date along with the updated Property Pass procedure. The CSC assessed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised manual to their POB.

Finding 5:

Title 41 CFR 109-1.53, Management of High-Risk Property (HRP). FNAL is not identifying all HRPs as required by the regulations.

Corrective Action for Finding 5:

FNAL will seek guidance on HRP and adjust identification of HRP. Property employees will attend HRP and Export Controlled Information (ECI) awareness webinars more frequently and be in attendance for HRP workshops to stay current with Export Compliance Assistance Program (ECAP) policies. When fabricated goods are identified as DOE-FNAL owned property, FNAL will utilize subcontractors and FNAL Subject Matter Experts (SME) to identify and correctly flag assets as HRP and obtain export control identification.

Deliverable 5:

- Training confirmation of at least 50% of property staff to attend HRP workshop in FY23
- Submit ECAP listing for high-risk review

Status of Finding 5:

FSO has determined that Finding 5 is closed. FRA submitted a roster of property members who participated in the HRP workshop; currently, 77% of property staff have completed this training. Furthermore, FRA Property has submitted their ECAP list to Krystee Ervin, the Team Lead for the HRP and ECAP Program, for an assessment of high-risk items as required by the CAP. Due to the extensive list size, it was recommended that FRA adopt a sampling method to validate their process. As part of the separate effectiveness assessment, FSO is recommending FRA adopt this sampling method to validate their process.

Finding 6:

Personal property records requirements are not being followed consistently throughout the FNAL property database.

Corrective Action for Finding 6:

Review of current inventory, for required CFR data fields; FNAL Property Office has already implemented a control; an application delivered report to ensure data is captured and corrected after receipt into the PPMS.

Deliverable 6:

- Report of assets with remaining depreciated value that were acquired within the past 10 years with all applicable property fields listed and completed

Status of Finding 6:

FSO has determined that finding 6 is closed. FSO was provided a report of acquired assets by FRA within the past ten years. The report was comprised of all available information available to FRA.

Finding 7:

FNAL does not follow the requirements for loaning personal property.

Corrective Action for Finding 7:

Review CFR requirements and ensure FNAL Property Office is adequately following personal property loans. Update current loan packages to be complete.

Deliverable 7:

- Provide all active loan packages updated to current CFR requirements
- Update Procedure: Property Loans, to add property manager review control

Status of Finding 7:

FSO has determined that Finding 7 is closed. FRA has submitted L880-2019 and L881-2019 in accordance with CFR requirements. These were subsequently approved by the OPMO. FRA submitted the updated Property Loans Procedure. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised Procedure to their POB.

Finding 8:

Identification marking of personal property, requires all DOE onsite and offsite personal property to be labeled with “U.S. Government Property” or “U.S. DOE” markings.

Corrective Action for Finding 8:

Assets identified during the audit have been corrected, as the Property office locates assets with tags that do not meet current requirements, FNAL will adhere to new identification following CFR guidelines.

Deliverable 8:

- Pictures of corrected 28 from audit sample
- Report of all HRP assets that were reviewed and verified “US Government Property” tags were applied
- Update Procedure: Property Identification and Marking of Personal Property, to add application of appropriate tags

Status of Finding 8:

FSO has determined that Finding 8 is closed. FRA provided photographic evidence that audit sample items have been correctly tagged. Additionally, FRA provided documentation that all HRP assets were reviewed and correctly tagged. Furthermore, as part of this corrective action, FRA updated the Property Identification and Marking of Personal Property Procedure, to add

application of appropriate tags. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised Procedure to their POB.

Finding 9:

Physical protection and storage of precious metals requires a custodian and an alternate be assigned as part of the control process. FNAL does not have any alternates assigned.

Corrective Action for Finding 9:

FNAL Property Office will work with the precious metals custodians to identify alternates, utilizing the user field within the PPMS, adding a comment noting alternate for the record book.

Deliverable 9:

- Submit a listing of assets with both custodians to FSO.
- Update Procedure: Responsibilities of Custodians of Precious Metals and Responsibilities of the Precious Metal Control Officer (PMCO), to add requirement of additional custodian.

Status of Finding 9:

FSO has determined that Finding 9 is closed. FRA provided FSO documentation that an alternate custodian has been assigned for each asset. Furthermore, FRA has updated their procedures to include the requirement of an alternate custodian. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised Procedure to their POB.

Finding 10:

FNAL is not following the requirements for identifying storage areas as Government-owned property with restricted access.

Corrective Action for Finding 10:

FNAL identified the entry points and ordered signage from roads and grounds sign shop; work order has been initiated for signage to be installed.

Deliverable 10:

- Install signage at the warehouses to comply with CFR requirement

Status of Finding 10:

FSO has determined that Finding 10 is closed. FRA has provided photographic evidence to FSO that proper signage has been applied to storage areas with restricted access.

Finding 11:

FNAL is not fully following the requirements for storing Equipment Held for Future Projects (EHFFP) property.

Corrective Action for Finding 11:

Review Storage asset listing, identify EHFFP assets, and begin following the CFR requirements for proper storage approvals.

Deliverable 11:

- Provide a report of EHFFP greater than three years for Site Office approval
- Update Policy: Property Storage

- Update Procedure: EHFFP

Status of Finding 11:

FSO has determined that Finding 11 is open. FRA has submitted a list of EHFFP which was approved by the FSO Site Office Manager. FRA supplied FSO with the updated Property Storage Policy. The Property Storage Policy included the Procedure for all EHFFP property. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised Policy to their POB.

Finding 12:

Monitoring of hazardous personal property, regulatory requirements are not consistently being followed for FNAL disposals.

Corrective Action for Finding 12:

FNAL has updated the required verbiage for the disposition package and will consistently complete a disposition package for all dispositions.

Deliverable 12:

- Update Desktop Procedure for Export Control to include updated regulatory information within the template

Status of Finding 12:

FSO has determined that Finding 12 is closed. FRA provided FSO with a copy of the Desktop Procedure for Export Controls.

Finding 13:

Motor Vehicle Crash Reporting is not being fully being followed.

Corrective Action for Finding 13:

FNAL personnel all complete 'Fleet and Property Training' as part of their individual training plans. This training outlines the policies necessary to report a vehicle accident, as well as instruct vehicle users to perform a "360" walk around prior to vehicle entry and use. Vehicle Mechanic staff also perform walkarounds as part of scheduled maintenance. All vehicles are provided an accident package, to include SF-91 and SF-94 forms in accordance with 41 CFR 102-34.290.

Deliverable 13:

- Issue a memorandum to Vehicle Maintenance, recording of damage(s) should be done at each maintenance cycle by a technician

Status of Finding 13:

FSO has determined that Finding 13 is closed. FRA provided FSO with documentation that Fleet Management have been notified of the requirement for each vehicle to undergo a comprehensive inspection for accident-related damage during scheduled services.

Finding 14:

FNAL is not following the regulatory guidance for utilizing a Government-owned vehicle. An FNAL employee used a motor pool vehicle overnight to visit an out-of-state subcontractor for offsite, mission-related reasons.

Corrective Action for Finding 14:

Update FNAL 'Fleet Overnight Use Form', policies and procedures to align with 109-38.301-1.50.b.

Deliverable 14:

- Update Overnight Use form and capture appropriate data fields

Status of Finding 14:

FSO has determined that Finding 14 is closed. FRA Property notified FRA staff that the use of Government-owned vehicles for transportation to and from residences is not authorized. Furthermore, FRA discontinued the usage of the Overnight Use form after this notification.

Observation 1:

FNAL is not following the policy and guidance issued for DOE SC mission movements.

Corrective Action for Observation 1:

Locate Mission Movement Policy distributed August 2015, review current procedure, and align Mission Movements with approved Policy.

Deliverable Observation 1:

- Update Procedure: Shipments in Support of Mission

Status of Observation 1:

FSO has determined that Observation 1 is closed. FRA provided FSO with updated Shipments in Support of Mission Procedure. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised documentation to their POB.

Observation 2:

FNAL Fleet Procedures require updating.

Corrective Action for Observation 2:

Review and update Fleet Procedures.

Deliverable Observation 2:

- Final updated P&P Manual

Status of Observation 2:

FSO has determined that Observation 2 is closed. FRA provided FSO with the updated Fleet Management Procedure. The CSC reviewed the documentation and suggested edits to FRA. After incorporating these edits, FRA presented the revised documentation to their POB.

If you have any questions, please contact Alexander Siksay, of my staff, by email at alexander.siksay@science.doe.gov.

Sincerely,

**ROGER
SNYDER**

Digitally signed by
ROGER SNYDER
Date: 2024.07.28
14:31:33 -05'00'

Roger E. Snyder
Manager, Fermi Site Office

Enclosures: None

Cc:

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