

**FDA STAFF MANUAL GUIDES, VOLUME III - GENERAL ADMINISTRATION**

**PROCUREMENT AND SUPPLY MANAGEMENT**

**PERSONAL PROPERTY**

**LOAN OF PERSONAL PROPERTY**

Effective Date: 05/04/2010

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**1. PURPOSE**

This Guide implements the provisions of HHS Logistics Management Manual, pertaining to the loan of Government-owned personal property by the Food and Drug Administration (FDA) headquarters and field activities to nonfederal institutions, organizations, and individuals.

**2. POLICY**

**A. General**

1. Government-owned personal property, with the exception of motor vehicles and excess personal property, may be loaned on a temporary basis to a nonfederal institution, organization, or individual, when approved by an authorized FDA official after it has been determined that:
  - a. The property is not currently required to carry out FDA responsibilities.

- b. There is no other source from which the necessary property may be obtained to accomplish the purpose and mission of a proposed project or plan.
2. In no case shall loan agreements be entered into where there is any question that such agreements might alienate, transfer, or surrender property, by which title, control or possession is lost, reduced or abridged; or shall loan of property be made merely to foster good public or personal relations.

**B. Loan Criteria.** The following criteria shall be met before a loan is approved:

1. The borrower must agree to use the property only for a project or program which the FDA official approving the loan can demonstrate is beneficial to the Government. Loans are not authorized for projects or programs supported by an FDA contract.
2. The borrower must agree that the Government may terminate the loan at any time.
3. The expected use of the property will not destroy or damage it.
4. Since the loan of Government-owned personal property is an extension of Federal financial assistance, the borrower must be in compliance with Title VI of the Civil Rights Act of 1964.

**C. Loan Period.**

1. The loan should be for a specified time period with a review every twelve months until the loan is completed.
2. If an individual, institution, or organization desires to extend the loan period, and the loan continues to meet the criteria set forth in this Guide, the lending activity shall prepare a new written loan agreement and Personal Property Loan Record, HHS-557 (E), as outlined in paragraphs 3 and 4 of this Guide. The loan period would be the same as cited in paragraph 2., C., 1. above.

### **3. LOAN APPROVAL**

**A. Delegation of Authority.** Staff Manual Guide FDA 1425.6, Authority to Loan Government-Owned Personal Property, designates those FDA officials who are authorized to approve the loan of Government-owned property. That Guide also establishes dollar amount limitations on the value of property which specific FDA officials are authorized to loan.

**B. Loan Agreement.** Each loan of Government-owned property to a nonfederal institution, organization, or individual shall be supported by a written loan

agreement, prepared in an original and three copies, between the borrower and the FDA official having authority to approve the loan (see example of Loan Agreements - Attachment A). Each agreement shall be identified by a separate number, arrived at as follows: designation of region - district office number (HFR + region + appropriate district office number) or Washington area (WA + abbreviation of Center or Office); fiscal year; and sequential number beginning with number 1 each fiscal year. (Examples: In FY 1988, the first agreement executed by the New York District Office would be HFR-NE-100-88-1; the first executed by the Center for Drug Evaluation and Research would be WA-CDER-88-1) Loan agreements shall be signed by both parties and contain the following information:

1. A statement that the property belongs to FDA and is loaned under the criteria set forth in paragraph 2b of this Guide and a stipulation as to whether or not there is any reimbursement
2. A statement as to the intended use of the property, and the benefits to be derived by the Government
3. A statement that the loaned property is nontransferable
4. A statement that the borrower will give the Government advance notice of intent to return the property
5. Acknowledgment that the Government may terminate the loan agreement at any time
6. Acknowledgment that the borrower is responsible for the delivery and/or return of the property at their expense in as good a condition as when loaned, fair wear and tear excepted
7. Documentation that the requirement in paragraph 2., B., 4. above has been met. This can be accomplished by:
  - a. A statement that the borrower stipulates that he/she is in compliance with Title VI of the Civil Rights Act of 1964 by virtue of participation in other DHHS programs, or
  - b. A statement that borrower has completed Form HHS-690 (see Attachment B), and a copy is attached to the loan agreement
8. Period of the loan

#### **4. RESPONSIBILITIES**

- A. Borrower – The borrower is responsible for signing a written Loan Agreement with the FDA and for the delivery and/or return of the property to the FDA at the expiration of the loan term.
- B. Accountable Property Officer (APO) – The APO is responsible for initiation of the Loan Agreement between the FDA and the borrower.
- C. Center/Office Director – The Center Director is responsible for approving/authorizing the Loan Agreement, and performing annual reviews of the Loan Agreements.
- D. Director of Accounting, Office of Financial Management (OFM) – The Director of Accounting, OFM may authorize the Loan Agreement and perform annual reviews of the Loan Agreements as appropriate.
- E. Director of Office of Financial Management (OFM) – The Director of OFM may authorize the Loan Agreement and perform annual reviews of the Loan Agreements as appropriate.

#### **5. ACCOUNTABILITY AND CONTROL**

Government-owned property loaned to a nonfederal institution, organization, or individual shall remain on the property accountability records of the FDA activity making the loan. This is accomplished by preparation of a Personal Property Loan Record, HHS-557 (E) (Attachment C) by the lending activity. The following instructions, which are in addition to those contained in Attachment C, apply:

1. Prepare an original and print out four copies.
2. Attach a copy of the loan agreement to each copy of the printed HHS-557.
3. The HHS-557 should then be administratively processed in the following steps:
  - a. All copies of the HHS-557 must first be signed by the Property Custodial Officer and the approving program official of the lending activity.
  - b. Send all forms to the borrower for signature on all copies of the HHS-557 and loan agreement. This signature binds the borrower to pay transportation costs and necessary maintenance repairs.
  - c. Send all forms to the appropriate FDA official authorized to make the loan, as outlined in SMG FDA 1425.6, for approval and signature on all copies of the HHS-557 and loan agreement.

d. The approving official should send all forms to HFA-225 for signature on all copies of the HHS-557, notation on property accountability records, and distribution of all forms as follows:

(1) Two copies: HFA-225

(2) Copy: Property Custodial Officer of lending activity. On return of property, Property Custodial Officer shall indicate its return on this copy and send to HFA-225.

(3) Copy: Borrower

e. Shipment of the loaned item can then be made to the borrower.

## 6. EFFECTIVE DATE

The guide was signed by William Collinson, Director - Office of Financial Management, effective May 4, 2010.

## 7. Document History -- SMG 2620.4, Loan of Personal Property

STATUS (I, R, C)	DATE APPROVED	LOCATION OF CHANGE HISTORY	CONTACT	APPROVING OFFICIAL
Initial	08/03/2009	N/a	OC/OO/OM/OFM	William Collinson, Acting Director, OFM
Revision	05/04/2010	N/a	OC/OA/OFO/OFM	William Collinson, Acting Director, OFM

**Staff Manual Guide 2620.4, Attachment A - FDA LOAN AGREEMENT  
NUMBER (Location-fiscal year-sequential number)**

This agreement is entered into by (complete name and address of borrower) and the Food and Drug Administration (hereinafter referred to as FDA), (address of lending activity), with reference to the loan by FDA to (name of borrower) of the following Government-owned property:

(Complete description of property to be loaned, as shown on inventory listing, to include serial number and FDA number.)

The following points represent our understanding regarding the above listed property:

1. The property belongs to FDA, is loaned under the criteria set forth in paragraph 2., B., SMG FDA 2620.4, (and a stipulation as to whether or not there is any reimbursement).
2. (A statement as to the intended use of the property, and the benefits to be derived by the Government.)
3. The property may not be transferred by (borrower) to a third party.
4. (Borrower) will give FDA not less than (amount of time) advance notice of their intent to return this property to FDA.
5. It is understood that FDA reserves the right to terminate this loan agreement at any time.
6. (Borrower) is responsible for delivery and/or return of the property at own expense in as good a condition as when loaned, fair wear and tear excepted.
7. (Borrower) stipulates that he is in compliance with Title VI of the Civil Rights Act of 1964 by virtue of participation in (list the DHHS program), or (Borrower) has executed Form HHS-690 (copy attached).
8. (Borrower) assumes full responsibility and liability for any claims that may arise as a result of operation of this equipment for the period it is in the possession of (borrower).

(Borrower's Signature) \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
(Signature of FDA Official Authorized to Make Loan) Date \_\_\_\_\_