



Designation: **E2131—09 E2131 – 16**

Standard Practice for Addressing and Reporting ~~Loss, Damage, or Destruction~~ Losses of Tangible Property¹

This standard is issued under the fixed designation E2131; the number immediately following the designation indicates the year of original adoption or, in the case of revision, the year of last revision. A number in parentheses indicates the year of last reapproval. A superscript epsilon (ϵ) indicates an editorial change since the last revision or reapproval.

1. Scope

- 1.1 This practice focuses on addressing and reporting ~~loss, damage, or destruction (LDD)~~ losses of tangible property.
- 1.2 ~~LDD events~~ Loss occurrences are key aspects of risk management. Projecting the possibility or probability of ~~LDD~~ losses, discovering, disclosing, reporting, managing, and minimizing ~~LDD losses to a reasonable extent~~ is a critical ~~and~~ economic factor in the success of the owning or holding entity. This practice also establishes acceptable levels of ~~LDD losses~~.
- 1.3 ~~LDD events~~ Losses are often discovered as a result of an occurrence, a physical inventory or other inventory, property custodian or entity self-assessment, or external audit. An actual ~~LDD event~~ loss occurrence can ~~occur~~ be at any time during the property life cycle.
- 1.4 ~~LDD events resulting from natural disasters or other incidents beyond the control of an entity are not subject to the criteria in 1.7. Reporting LDD events is required.~~
- 1.5 ~~Natural degradation or normal wear and tear are not considered LDD events and are not addressed in this practice (they may, however, be considered in establishing residual value).~~
- 1.6 ~~Loss, damage, and destruction, while three completely different events, are addressed as one for the purposes of this practice.~~
- 1.7 ~~This practice does not address situations where LDD is an expected outcome, for example, destructive testing.~~
- 1.4 ~~Assessing pecuniary and determining financial liability for loss, damage, or destruction losses is not addressed in this practice; such assessments are generally subject to law, individual contracts or other arrangements.~~
- 1.5 *This standard does not purport to address all of the safety concerns, if any, associated with its use. It is the responsibility of the user of this standard to establish appropriate safety and health practices and determine the applicability of regulatory limitations prior to use.*

2. Referenced Documents

2.1 ASTM Standards:²

[E2132 Practice for Inventory Verification: Electronic and Physical Inventory of Assets](#)

[E2135 Terminology for Property and Asset Management](#)

[E2279 Practice for Establishing the Guiding Principles of Property Asset Management](#)

[E2378 Practice for the Recognition of Impaired or Retired Personal Property](#)

[E2608 Practice for Equipment Control Matrix \(ECM\)](#)

[E3015 Guide for Management of Customer-Owned Property Assets in Possession of Supplier, Contractor or Subcontractor](#)

2.2 ISO Standard:³

[ISO 31000 Risk Management](#)

2.3 Federal Standard:⁴

[FAR Federal Acquisition Regulations](#)

¹ This practice is under the jurisdiction of ASTM Committee E53 on Asset Management and is the direct responsibility of Subcommittee E53.04 on Reutilization and Disposal.

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² For referenced ASTM standards, visit the ASTM website, www.astm.org, or contact ASTM Customer Service at service@astm.org. For *Annual Book of ASTM Standards* volume information, refer to the standard's Document Summary page on the ASTM website.

³ Available from National Institute of Standards and Technology (NIST), 100 Bureau Dr., Stop 1070, Gaithersburg, MD 20899-1070, <http://www.nist.gov>.

⁴ Available from <http://farsite.hill.af.mil>.

2.4 *Other Document*:⁵

[Risk Management Guide for DOD Acquisition, Sixth Edition](#)

3. Terminology

3.1 *Definitions*—For definitions relating to property and asset management, refer to Terminology **E2135**.

3.1.1 *book value, n*—the net amount at which an asset or liability is carried on the books of account. **E2135**

3.1.2 *custodial records, n*—memoranda in any form written or electronic that documents the life cycle of property. **E2135**

3.1.3 *fair value, n*—is the amount at which the asset (liability) could be bought (incurred) or sold (settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale. **E2135**

3.1.4 *tangible property, n*—property having physical existence and hence capable of being valued monetarily. Property other than intangible property. **E2135**

3.2 *Definitions of Terms Specific to This Standard*:

3.2.1 *acquisition cost, n*—the cost to buy goods, services, or assets, minus discounts and adding associated costs (except for taxes)-relevant costs based upon accounting standards.

3.2.2 *entity, n*—an agency, company, or institution.

3.2.3 *equipment, n*—tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not include material, real property, special test equipment, or special tooling. **FAR Part 45**

3.2.4 *loss of property, n*—unintended, unforeseen or accidental loss, damage, or destruction of property that reduces the expected economic benefits of the property.

⁵ Available from Defense Acquisition University, 9820 Belvoir Road, Fort Belvoir, VA 22060-5565, <http://www.dau.mil/publications/publicationsDocs/RMG%206Ed%20Aug06.pdf>.

3.2.4.1 *Discussion*—

Loss of property does not include occurrences such as purposeful destructive testing, obsolescence, normal wear and tear, or manufacturing defects. Loss of property includes, but is not limited to:

- (1) Items that cannot be found after a reasonable search;
- (2) Theft;
- (3) Damage resulting in unexpected harm to property requiring repair to restore the item to usable condition; or
- (4) Destruction resulting from incidents that render the item useless for its intended purpose or beyond economical repair, and
- (5) Significant loss variances beyond contractual arrangements within a material management and accounting system. Adapted from FAR Part 45.101

3.2.5 *low-risk property, n*—assets that are monitored and controlled at the discretion of asset managers and typically consists of low risk tagged items, for example children of equipment, special tools, and children of special test equipment valued under \$5000, excluding sensitive, controlled, customer serially managed, or mission essential property.

3.2.5.1 *Discussion*—

Low-risk property does not include expendable or expended material—in that these items are expected to be depleted during performance. (Be aware, the \$5000 threshold may be increased based upon internal policy or arrangements with customers.) The definition and management of low-risk property should be included in the entity’s property plan and procedures. Many factors may contribute for an item to be determined low risk. For example, a \$700.00 laptop computer with its data appropriately encrypted and its essential data properly backed up should be a low-risk property item. If, on the other hand, this item’s data are not encrypted or backed up, it is probably not low-risk property and as it may be sensitive property. Within a property plan, when discussing low-risk or low-value property, entities may establish different thresholds for entity property versus customer property.

3.2.6 *normal wear and tear, n*—wear on a property item that takes place with normal or reasonable use for which the item is intended or provided.

3.2.7 *not found status, n*—status of an item during an inventory, or otherwise, that has not been located and a reasonable reconciliation or search has not been performed and this determination of when an item changes from a “not found” status to a “loss” status is made by asset managers based upon facts, circumstances, schedule, materiality, and the professional judgment and certainty of the asset manager.

3.2.7.1 *Discussion*—