



Standard Practice for Management of Low Risk Property (LRP)¹

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1. Scope

1.1 This practice covers the assessment of risk and management of low risk property (LRP).

1.2 This practice is directed at tangible LRP.

1.3 This practice does not promote mismanagement or dereliction of duty to protect property, nor protecting property unreasonably – to the extent that usefulness is impaired. This practice recognizes the constraints of materiality and costs versus benefits in the control and management of property.

2. Referenced Documents

2.1 *ASTM Standards*:²

E2131 Practice for Addressing and Reporting Loss, Damage, or Destruction of Tangible Property

E2132 Practice for Inventory Verification: Electronic and Physical Inventory of Assets

E2135 Terminology for Property and Asset Management

E2608 Practice for Equipment Control Matrix (ECM)

E2279 Practice for Establishing the Guiding Principles of Property Management

2.2 *Other Documents*:³

NPMA Fundamentals of Personal Property Management, First Edition 2006

3. Terminology

3.1 *Definitions*:

3.1.1 *identification/control numbers*—markings (barcode, plate, engraving, etc.) affixed to the asset.

3.1.2 *life cycle processes (LCP)*—the various management and control stages of property from its acquisition through disposition; these processes include but are not limited to acquisition, receiving, identification, records, movement,

maintenance, storage, physical inventory, loss, damage, and destruction reporting and disposition.

3.1.3 *low risk property (LRP)*—assets that are monitored and controlled at the discretion of asset managers and typically consist of low risk expendables or durable equipment and tooling based on established and disclosed criteria. (Refer to 4.2 for more information.)

3.1.4 *tooling*—devices that are used in performing or facilitating mechanical operations, including assisting or aiding in the manufacture or repair of an item.

4. Significance and Use

4.1 LRP should be administratively controlled and managed to a lesser degree or with a more efficient technique than higher risk property.

4.2 The type and scope of control and management should be commensurate with the level of risk. The entity shall determine the level of risk using the following criteria:

- 4.2.1 Scarcity,
- 4.2.2 Technological obsolescence,
- 4.2.3 Lead time,
- 4.2.4 Standardization,
- 4.2.5 Criticality,
- 4.2.6 Sensitivity,
- 4.2.7 Dollar value,
- 4.2.8 Environmentally regulated,
- 4.2.9 National security/threat,
- 4.2.10 Schedule constraints,
- 4.2.11 Vulnerability,
- 4.2.12 Societal or personal safety, and
- 4.2.13 Contractual agreements.

NOTE 1—The listing in 4.2.1-4.2.13 is not all inclusive and may be supplemented by the entity.

4.3 The information received from conducting standard asset life cycle processes (LCP) for LRP may not provide sufficient value to the entity that is equal to or greater than the cost associated with performing the processes.

4.4 Entities should establish policies and procedures, based on certain criteria in determining whether all or selected asset LCP should be conducted for LRP.

4.5 The success of any entity is dependent in part on its operational effectiveness. To be effective entities should shift

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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 Property Management (NPMA), 28100 US Highway 19 North, Suite 400, Clearwater, FL 33761, http://www.npma.org.

their focus from “risk avoidance” to one of “risk management.” The required processes and associated cost to eliminate all risk is prohibitive and contrary to producing timely, high-quality, and competitive products and services.

5. Procedure

5.1 Entities adopting this practice shall establish policies and procedures implementing this practice. These policies or procedures established should be consistent with NPMA, Terminology **E2135**, and Practices **E2131**, **E2132**, **E2608**, and **E2279**.

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6. Documentation

6.1 Entities should establish, maintain, and disclose documentation appropriate to support their decision as to the type of scope of property control and management.

7. Keywords

7.1 low risk property (LRP); risk assessment; risk management