



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

14 APR 1998

CELD-ZA (700)

MEMORANDUM FOR COMMANDERS/DIRECTORS, MAJOR SUBORDINATE
COMMANDS, LABORATORIES, AND FIELD OPERATING
ACTIVITIES

SUBJECT: Personal Property Accountability

1. Personal property accountability is Commander's business. I charge each of you to ensure that all personal property is properly authorized for the conduct of your mission and placed under positive property book and hand receipt control.
2. During its FY 97 audit of Southwestern Division's financial statements, the U.S. Army Audit Agency (AAA) identified several lessons learned that apply to personal property management and accountability. The HQUSACE, Directorate of Logistics has captured these lessons learned into standard procedural guidance that is being forwarded by separate memorandum. This process relies on three primary elements: the Corps of Engineers Financial Management System (CEFMS)/Automated Personal Property Management System (APPMS) property management and accountability process; 100 percent annual physical inventories using bar code scanners; and on-site quality assurance review by Commanders and Property Book Officers (PBOs) using the Command Supply Discipline Program (CSDP) and Equipment Usage Management Program. These are not new requirements, but they have not been uniformly implemented.
3. Your personal emphasis in ensuring that these procedures are fully implemented is crucial to the success of your Command's property accountability program. You will certify that you have implemented these procedures in your annual assurance statements for FY 98. This issue will receive special emphasis during future Command Inspections and audits. AAA will also perform follow-up audits.
4. Point of contact is Gary Anderson, CELD-ZA, (202) 761-0676.


JOE N. BALLARD
Lieutenant General, USA
Commanding



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SUBJECT: Personal Property Accountability Standard Business Process

1. Reference memorandum, CELD-ZA, 14 Apr 98, subject: Personal Property Accountability
2. By reference, the CG directed USACE-wide implementation of standard procedural guidance for personal property accountability. This memorandum forwards this guidance to all commands.
3. During its recent audit of Southwestern Division's financial statements, the U.S. Army Audit Agency (AAA) identified several recommendations for improving personal property management and accountability. Based on lessons learned from this audit, we are taking action to standardize the USACE business process for property accountability. The requirements are not new; they are covered in current Army and Engineer Regulations. However, they have not been uniformly implemented throughout USACE. The process relies on 3 primary elements:
 - a. Corps of Engineers Financial Management System (CEFMS)/Automated Personal Property Management System (APPMS) Business Process. All property acquired from whatever source, including excess and the use of the IMPAC card, will be properly authorized prior to acquisition. Authorization allowances will be reconciled annually with authorization documents. The CEFMS/APPMS business process will be used to acquire, receive, record, and activate property on both the financial records and the property book. All non-expendable property will be bar coded and placed under positive hand receipt control.
 - b. Annual Physical Inventories. All property will be inventoried annually by the hand receipt holder in coordination with the Property Book Officer (PBO). PBOs will establish the schedule, conduct training, ensure bar code scanners are used, and accomplish the automated reconciliation process. Hand receipt holders will use bar code scanners to scan all property, conduct a thorough physical area search for any non-expendable personal property not bar coded, and provide the results of the inventory to the PBO. Reports of survey will be initiated and properly adjudicated for any property losses that cannot be reconciled.
 - c. On-site Quality Assurance Review. The Command Supply Discipline Program (CSDP) and Equipment Usage Management Program provide the primary quality assurance tools for Commanders to assess the effectiveness of their property management and accountability

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programs. Commander's personal emphasis by conducting periodic walk-through inspections both at district headquarters and at project sites will demonstrate the importance of supply discipline, property accountability, and sound stewardship of resources throughout the command. PBOs will schedule, conduct, and document periodic spot check reviews to validate that property accountability policies and processes are being followed and that all property is properly accounted for. Based on PBO recommendations for required emphasis, Commanders will personally conduct walk-through reviews.

4. PBOs are vital to the property accountability process and must meet qualification criteria. Benchmark Job Descriptions were forwarded by CEHR-E memorandum, 23 Dec 97, subject, Property Accountability Benchmark Job Descriptions. Action will be taken to ensure that required training is scheduled and completed for all personnel serving in these vital positions.

5. Detailed guidance is enclosed for immediate implementation. Division Commanders have a major quality assurance responsibility during their scheduled command inspections of subordinate districts to ensure that these processes are operating effectively. Special emphasis will be placed on both implementation and results during future audits and inspections at every Command level. AAA will also perform follow-up reviews to assess the effectiveness of these procedures.

6. Point of contact is Ray Urena, CELD-MS, (202) 761-0676.

FOR THE COMMANDER:



GARY L. ANDERSON
Director of Logistics

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Standard Personal Property Accountability Business Process
Procedural Guidance

1. Overview:

a. These procedures are based on U.S. Army Audit Agency (AAA) findings and recommendations during its recent audit of Southwestern Division's (SWD) financial statements. Coordination between AAA and USACE (SWD, CELD and CEAO) identified a standard property accountability business process that satisfied AAA's concerns. AAA auditors reviewed this process and its application to specific sites during its audit. Based on this review, AAA indicated that this process was an acceptable means of satisfying its concerns over positive control and accountability of property.

b. This process involves a comprehensive approach that relies on 3 primary elements: use of Corps of Engineers Financial Management System (CEFMS)/Automated Personal Property Management System (APPMS) property management and accountability process; 100 percent annual physical inventories using bar code scanners; and on-site independent quality assurance review performed by Property Book Officers (PBO) and Commanders under Army's Command Supply Discipline (CSDP) and Equipment Usage Management Programs. These are not new requirements. Current Army and Engineer Regulations provide guidance in this critical area.

2. References:

- a. AR 71-32, Force Development and Documentation, Consolidated Policies
- b. AR 710-2, Inventory Management Supply Policy Below the Wholesale Level
- c. AR 735-5, Policies and Procedures for Property Accountability
- d. ER 700-1-1, USACE Supply Policies and Procedures
- e. EP 750-1-1, Procedural Pamphlet for Materiel Maintenance Policies

3. Procedures:

a. CEFMS/APPMS Business Process. The CEFMS/APPMS business process will be used to acquire, receive, record, and activate property on both the financial records and the property book.

(1) Property Authorizations. All non-expendable personal property acquired from whatever sources, including excess and the use of the IMPAC credit card will have proper authorization and justification documents completed and in place prior to acquisition. This is in keeping with AR 71-32 and ER 700-1-1, covering all authorization source documents. In accordance with AR 710-2, Table B-2, paragraph B, Reconcile Property Authorizations, authorization allowances will be reconciled annually with authorization documents. This

reconciliation will be completed and a statement prepared for the Commander to acknowledge reconciliation was conducted. This document will be retained for a one year period.

(2) Purchase request entered in CEFMS. Requestor will prepare all purchase requests including IMPAC credit card purchases in CEFMS.

(a) Requestor is responsible to select the proper resource code that correctly describes the purchase transaction, i.e., personal property or services. NOTE: If the item being acquired is personal property (not a service), a personal property resource code must be used with a valid supply unit of issue (lump sum or bulk funds will NOT be used). Purchase requests for services will NOT include any supplies or personal property. This provides PBO visibility for all property requests and a check for a valid authorization. Local Resource Codes will not be assigned to circumvent the property approval process developed for the CEFMS/APPMS interface. Requestor makes the initial determination if supplies and equipment are available from government supply sources or local purchase.

(b) These same procedures apply for IMPAC credit card purchases. All business process approvals must be obtained prior to using the card for a purchase. Any misuse of the card carries pecuniary liability if proper approvals are not obtained prior to its use. Individuals delegated Micro Purchasing Authority (card holders) are responsible for compliance with all Federal Acquisition Regulations regarding purchase limitations and priority sources of supply prior to using commercial sources. Card holders are periodically audited to ensure compliance. The PBO will advise the contracting office of any suspected abuse. Based on the CEFMS/APPMS integrated financial and personal property business process, individual line items must be specified when recording the purchase request in CEFMS. Bulk funding procedures will NOT be used for credit card purchases of property.

(c) CEFMS assigns a document number (DODAAC-Julian Date-Serial Number) to the purchase request. This document number is retained with the purchase request during the entire acquisition process.

(3) Purchase request review, approval/disapproval. The designated approving official for the individual submitting the purchase request will review the purchase request in CEFMS to ensure proper application of the correct (personal property) resource code and that a valid supply unit of issue has been cited (lump sum LS will not be used for property). The designated approving official will then approve or disapprove the purchase request prior to certification. If disapproved, appropriate remarks will be entered into CEFMS. If approved, the document is perpetuated to the next approval. NOTE: Credit card approving official will be the certifier for credit card purchase requests. The cardholder cannot be the approver on a credit card purchase request.

(4) All items reviewed by PBO. After technical approval (if one is required), purchase requests for both supplies and equipment, are reviewed by the PBO. NOTE: The purchase

request must receive both funding certification from finance and accounting and PBO approval prior to any purchase of non-expendable personal property including IMPAC credit card purchases.

(a) If the item being acquired is personal property, a resource code linked with a "P" in the CEFMS property type table must be used for all property (expendable, non-expendable and durable) coupled with a valid supply unit of issue (lump sum LS or bulk will not be used for property items). This provides the PBO visibility over of all personal property purchases.

(b) The PBO will verify both the expendability of items being requested on all purchase requests (through the CEFMS/APPMS interface) and the appropriate source of supply. The PBO must then approve or disapprove the supply transaction.

(c) Reason for disapproval will be entered in the remarks field. If purchase request identifies the incorrect supply source, the transaction must be disapproved. Purchase requests with lump sum or bulk unit of issue will also be disapproved and returned to the requestor with remarks indicating that the unit of issue must be changed to a valid supply unit of issue.

(d) If approved, the PBO will enter all required supply data into APPMS and forward the transaction electronically back to CEFMS. The purchase request is then certified by the designated certifying official and forwarded through CEFMS for subsequent processing in SAACONS or procurement through GSA/DLA/local purchase. Currently, credit card purchases are processed by the PBO after certification. Cardholder will not order items until all appropriate logistics and technical approvals have been obtained in CEFMS.

(5) NOTE: The PBO or supply officer will spot check purchase requests for services (using random sampling techniques) to detect if assets are being ordered as a service. (This can be done in CEFMS through the Request for Goods and Services Screen 1.6 menu item 5, View Purchase Requests.) If abuses are noted the Commander should be informed and Purchase Request Submission Authority revoked in CEFMS. If this abuse is widespread the PBO or designated representative can be appointed as a technical approver for all services until corrective action has been completed.

(6) Property received, bar coded, assigned to hand receipt holder. All property will be received utilizing the electronic receiving report and signature card procedures in CEFMS, to include IMPAC Credit Card purchases. DD forms 250 Receiving Reports may be used as support documentation but the data must be input utilizing the electronic process in CEFMS to create official receiving documents. The credit card approving official is responsible for ensuring receiving reports for credit card purchases are completed in CEFMS.

(a) Upon receipt of the property, the authorized receiving agent as designated by the PBO will process the receiving report in CEFMS. Bar codes must also be affixed to all non-expendable personal property upon receipt. The PBO will activate the property on the property

book through the APPMS maintain received property file. NOTE: The PBO must have permissions for reviewing receiving reports for all organization codes.

(b) The PBO is responsible for designating requestors and receivers of all supplies and equipment and will ensure that appropriate training is provided to personnel so designated. Logistics personnel will also be included in IMPAC credit card training sessions to ensure proper emphasis on specific procedures and processes that must be applied to ensure positive visibility and control of personal property purchases.

(c) Property received in CEFMS outside of the APPMS receiving process is automatically transferred from CEFMS to APPMS to be bar-coded. This ensures that the PBO is notified of all property received that must be bar-coded, completes all required data fields in APPMS, and assigns all property for direct control to a hand receipt holder.

(d) NOTE: Under the CFR and FPMR rules, the PBO is the person authorized to approve purchases of property. The PBO either authorizes/approves purchase of property or delegates approval to individuals who are then authorized to perform the task. Should this authority be abused or misused, the PBO should withdraw the authority until remedial action has been taken.

(7) Property received but not recorded in CEFMS. NOTE: Property received but not recorded in CEFMS will NOT be activated on the property book until all proper procedures have been completed in CEFMS.

(8) All bar code information is required to be transferred electronically to CEFMS to complete the loop for receiving reports using the export bar tag function of APPMS. This ensures that bar codes assigned for property are embedded in the financial records to facilitate CFO compliance and reconciliation.

(9) All other transactions that originate in the APPMS program will be transferred electronically to CEFMS using the export transactions function of APPMS.

b. Annual Physical Inventory. All property will be inventoried annually by the hand receipt holder in coordination with the PBO. PBOs will establish the schedule, conduct training, ensure bar code scanners are used, and accomplish the automated reconciliation process available in APPMS to determine discrepancies between the physical inventory and the property book. Hand receipt holders will use bar code scanners to scan all property, conduct a thorough physical area search for any non-expendable personal property not bar coded, and provide the results of the inventory to the PBO. Discrepancies (includes loss, damage, destruction adjustment via Report of Survey, Cash Collection, AR 15-6 investigation, etc.) will be researched to account for all property. Reports of survey will be initiated and properly adjudicated for any property losses that cannot be reconciled.

c. **On-site Quality Assurance Review.** Logistics personnel led by the PBO will schedule, conduct, and document on site spot check reviews of all hand receipts under the CSDP as prescribed in AR 710-2 and AR 735-5 (applying the management control review checklists and Equipment Usage Management Program walk through reviews prescribed by AR 71-32 and ER 700-1-1). This process relies on implementation of the CSDP and Equipment Usage Management Program. A brief explanation of these programs is provided below.

(1) **CSDP.** The CSDP is prescribed by AR 710-2, Appendix B, AR 735-5, Chapter 11, and ER 700-1-1, as a Commander's program directed at the management of resources and elimination of noncompliance with supply regulations and policies. It addresses commander and supervisory responsibilities, supply discipline evaluation guidance, feedback through command and technical channels, and follow-up.

(a) Scheduled periodic evaluations are required with each hand receipt holder to check compliance and ensure that all non-expendable personal property meeting the property book accountability criteria is properly bar coded, listed on the property book, and on appropriate hand receipts. This may be accomplished simultaneously with annual physical hand receipt inventories.

(b) A file of these evaluations must be maintained showing date of evaluation, organization evaluated, findings and associated suspense dates, and repeat findings. AR 710-2, Appendix B, identifies the minimum standards. ER 700-1-1, Appendix B contains the required checklist prescribed for USACE activities.

(c) Under the CSDP, each primary hand receipt holder or supervisor will be evaluated by their supervisor semiannually. The Chief of Logistics will evaluate the PBO. Divisions will evaluate districts at least every two years.

(2) **Equipment Usage Management Program.** The CSDP will be combined with the Equipment Usage Management Program outlined in AR 71-32 and EP 750-1-1. A key aspect of this process is the walk-through review prescribed by ER 700-1-1, Chapter 3, and AR 71-32, Appendix G. These reviews focus on assuring efficient and cost effective life cycle management and utilization of equipment and associated repair parts.

(a) Commanders will implement and conduct documented walk-through reviews with their PBOs at least semiannually. When visiting field projects, Commanders will conduct walk through reviews with project management personnel and designated equipment coordinators to identify excess or underutilized equipment.

(b) PBOs, as part of their CSDP responsibilities, will conduct and document walk-throughs, at least monthly, to identify under-used equipment and plan the semi-annual (or more frequent) commander walk-through reviews.

(c) Each walk-through usage review will result in a report (retained for 2 years) identifying the scope of the review and including pertinent observations and recommendations. The report will include, as a minimum, those observations identified in AR 71-32, Appendix G, para. G-3d and e. Written justification is required for retention of any under-used equipment identified as a result of the review.

(d) AR 71-32 authorizes organizations with dispersed sites to designate equipment coordinators to perform the equipment management function at the site and report results to the designated equipment manager. However, periodic spot check reviews of these locations are still required to ensure quality assurance oversight.

4. PBO qualifications and training. PBOs are vital to the property accountability process and must meet qualification criteria. Benchmark Job Descriptions were forwarded by CEHR-E memorandum, 23 Dec 97, subject, Property Accountability Benchmark Job Descriptions. Action will also be taken to ensure that required training is scheduled and completed for all personnel serving in these vital positions.

5. Please direct any questions regarding these procedures to Mr. Ray Urena, CELD-MS, (202) 761-1618.