

CHAPTER 9
ACQUISITION OF ASSETS OTHER THAN FIELD OFFICES

9-1. **General.** This chapter provides information on the acquisition of capital assets required for field office operations and other construction management-related activities: items such as tools, furniture and automated data processing equipment (ADPE). This information applies especially to military projects, as they generally operate under more restrictive rules.

9-2. **Capital Assets.** Capital assets for U.S. Government agencies are defined by the General Accounting Office as items having an acquisition cost of \$5,000 or more, and a useful life of two years or more (GAO Policy and Procedures, Title II, Appendix I, Standard No. P40). For USACE accounting purposes, if capital assets are not paid for by project funds, they are treated as a departmental overhead cost.

a. An item is not considered a capital asset if it costs less than \$5,000 and can be fully utilized in and of itself, e.g., a desk or computer which is not part of a larger system. Bulk purchases exceeding \$5,000 are permissible for these items for the sake of convenience, prohibited items are modular furniture or conditions. Examples of prohibited items are modular furniture or computers, when these will be part of a system exceeding \$5,000.

b. For military projects, the flat rate S&A accounts will not be used for acquisition of capital assets, as this would result in a violation of the Purpose Statute and may result in an Anti-Deficiency violation. The requirements of Chapter 7, ER 37-2-10 concerning capital assets apply to both civil works and military projects. A waiver to the ER for purchase of capital assets costing between \$5,000 and \$15,000 may be approved by CERM-FP, if the asset is used only for military projects.

9-3. **Alternatives to S&A Funding.** To acquire or gain use of capital assets, various alternatives to S&A funding should be considered. Only the first one permits use of S&A funds.

a. Leasing - S&A funds may be used, if other funding is not available. This choice may be preferable to outright purchase when a short-term operation is planned, or when considerable maintenance or repairs can be expected. A simple life-cycle cost analysis should be made to determine the best alternative. The Corps ECONPACK computer program is useful for this.

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b. Other Procurement, Army (OPA) funds. These can be obtained through the USACE budget/funding process.

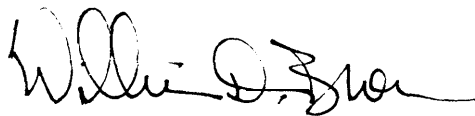
c. Transfers or "rentals" of currently unneeded items between Civil Works and Military Programs are permitted.

d. Major sources of free or inexpensive equipment and furniture, new and used, are local military and civilian Property Disposal Offices (PDO's), which often have useful items in serviceable or near-serviceable condition. It is recommended that MSC'S obtain PDO notices, sent out periodically

e. Often, minor repairs or restoration can make used items useful, reliable and attractive. Items obtained from PDO's or other sources at no cost or below fair market value, whose actual value exceeds \$5,000, are considered capital assests and must be recorded by the acquiring office as "donations" to the Revolving Fund. Items under \$5,000 in value are considered "expendable" and must be recorded on the acquiring office property records. Repairs and maintenance of these items are to be charged generally to the Area/Resident Office overhead accounts, or to the District/ Operating Division departmental overhead, as applicable. When the item(s) are used exclusively in support of a specific project, charge repair/maintenance as a project S&A cost.

9-4. Additional Funding Sources. Base Level Commercial Equipment and other similar programs are sources available for funding of ADPE and modular office furniture, when these are classified as capital assets. The district and MSC Resource Management Office should have current information and guidance, as provided by HQUSACE (CERM-B) .

FOR THE COMMANDER:



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1 Appendix
APP A - References
Glossary