

<p>CELO-MS Engineer Regulation 700-1-1</p>	<p>Department of the Army U.S. Army Corps of Engineers Washington, DC 20314-1000</p>	<p>ER 700-1-1 2 October 2000</p>
	<p>Logistics USACE SUPPLY POLICIES AND PROCEDURES</p>	
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Logistics
USACE SUPPLY POLICIES AND PROCEDURES

Supplementation to this regulation is prohibited except upon proponent's approval. USACE commanders will submit their request for approval to HQUSACE (CELO-MS), Washington, DC 20314-1000, through chain of command channels.

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This regulation supersedes ER 700-1-1, 1 December 1995, ER 750-1-1 (Para. 5-2), 30 January 1997, EP 710-1-1, 1 October 1989, and EP 750-1-1 (Para. 9-1), 30 November 1997.

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CHAPTER 1 - INTRODUCTION

1-1. Purpose. This regulation governs supply operations within the U.S. Army Corps of Engineers (USACE). It provides policy for the acquisition, accountability, management, and disposal of supplies and personal property used within USACE.

1-2. Applicability. This regulation applies to all HQUSACE elements and all USACE commands having responsibility for supply operations, regardless of size, location, and funding [civil, military, foreign military sales (FMS), etc.].

1-3. Distribution Statement. Approved for public release; distribution is unlimited.

1-4. References. Policies and procedures in this regulation are based on guidance presented in the regulations and publications listed in Appendix A. This regulation should not be used to the exclusion of the referenced publications. They provide the basic policy guidance from which systems and procedures are developed.

1-5. Objectives.

a. This regulation prescribes policy for accountability for all property acquired by commands from whatever source, whether bought or not. Section 4832, Title 10 of the United States Code requires such accounting and responsibility.

b. It will serve as the principal policy document for property accounting procedures that will be continuous from the time of acquisition until the ultimate consumption or disposal of the property occurs. Such accounting will be maintained through formal records. The policy herein also serves to ensure compliance with Chief Financial Officers (CFO) Act and DoD 7000.14R, Financial Management Regulation, requirements.

c. Management control systems. This regulation is subject to the requirements of AR 11-2. It contains management control provisions but does not contain checklists for conducting management control reviews. It covers three evaluation areas of the USACE Management Control Plan: Supply Activities; Property Authorizations; and Personal Property - Chief Financial Officers' Act. Commands will use the Command Supply Discipline Program, the Equipment Utilization Management Program, this ER, appropriate Army/Department of Defense (DOD)/Federal regulations, inspections, and locally generated checklists to implement a

management control system. Sample checklists will be found on the web site of the USACE Assistant Chief of Staff for Logistics.

1-6. Precedence of Regulations. Unless specifically authorized in this policy or other written guidance, USACE will follow Department of Defense Regulations (DODR) or Army Regulations (AR). In the event of any conflict among DODRs, ARs and Engineer Regulations (ER), the highest level regulation will apply. NOTE: In this regulation, Major Subordinate Command (MSC) refers to divisions, centers (including laboratories), and field operating activities (FOA).

1-7. Record Keeping. Documentation for capitalized plant and equipment must be retained for Chief Financial Officer (CFO) audit purposes as long as the item is recorded on the USACE General Ledger. (The capitalization level is \$25,000 or more for civil funds, and \$100,000 or more for military funds.) Other supply records will be kept in accordance with AR 25-400-2, Modern Army Record Keeping System (MARKS).

1-8. Responsibilities.

a. The Commander, USACE, will ensure the development of specific commodity or command-unique property accounting policies that comply with the basic policies and procedures prescribed by Army and other applicable regulations. The Commander will:

- (1) implement the Command Supply Discipline Program;
- (2) establish supply discipline as regulatory guidance; and
- (3) implement an equipment management program.

b. The USACE Assistant Chief of Staff for Logistics will:

(1) ensure that the policies and procedures specified in this regulation are kept current to comply with higher echelon policies and procedures;

(2) serve as the USACE Major Command Supply Discipline Program (CSDP) coordinator; and

(3) serve as the USACE major command equipment manager.

c. Commanders at MSC level will:

(1) ensure that implementation of the CSDP and Equipment Utilization Management Program (EUMP) is routinely examined during command inspections; and

(2) that all MSC evaluations of CDSP and EUMP activities are documented, and contain, at a minimum, findings, recommendations and suspense dates.

d. Commanders, at district or MSC level, will:

(1) establish formal Command Supply Discipline Programs and Equipment Utilization Management Programs, and ensure that evaluations are properly documented. The documentation should contain, at a minimum, findings, recommendations and suspense dates;

(2) ensure that supervisors are aware of and properly discharge their responsibilities under the CSDP and EUMP;

(3) ensure that reports of survey are processed IAW the requirements of AR 735-5, including the use of simple negligence as the standard for a finding of pecuniary liability; and

(4) appoint, in writing, property book officer(s), property disposal officer(s), transportation officer(s), inventory accountable officer(s) and sales contracting officer(s), to be renewed upon change of command.

e. The Chief, Logistics Management Office, USACE commands, will:

(1) establish and maintain the Command Supply Discipline Program within the organization, with written standard operating procedures;

(2) promote command supply discipline through compliance with all applicable DOD, Army and USACE policies and procedures;

(3) design and publish local implementing policies and procedures in compliance with this regulation;

(4) establish and maintain the Equipment Utilization Management Program, IAW AR 71-32, with written standard operating procedures, and by naming a senior logistician as the equipment manager; and

(5) send requests through command channels for clarification of regulatory guidance. Deviations from supply policy contained herein require approval from HQUSACE, and, in some cases, HQ DA.

f. Responsible employees, as primary hand receipt holders (HRH), will be trained, with periodic refresher re-training, to safeguard property assigned to them according to the procedures specified in this regulation and local standard operating procedures.

g. All employees will safeguard government property whether or not they have been formally assigned responsibility for it.

(NOTE: Throughout this regulation, for purposes of brevity and unless otherwise noted, the HQUSACE Office of the Assistant Chief of Staff for Logistics will be called ACSLOG. The logistics management offices of the major subordinate commands, districts, laboratories, field operating activities, and projects will be called LMOs.)

1-9. Command Supply Discipline Program (CSDP). The CSDP is prescribed by AR 710-2, Appendix B and AR 735-5, Chapter 11, as a commander's program directed at eliminating noncompliance with existing supply regulations. To accomplish this, the CSDP assists commanders by making them aware of supply conditions in their command. It is a compilation of existing regulatory requirements brought together for visibility purposes. It is directed at standardizing supply discipline and is meant to simplify command, supervisory, and managerial responsibilities. This is accomplished by outlining the various requirements for responsible personnel, by standardizing requirements, and by formalizing follow-up procedures.

1-10. General Requirements. Automated systems, which include software intended to manage such items as property books, inventory accounts, document registers, hand receipts, reports of survey and self-service supply centers, will not be implemented, developed or procured without written approval from ACSLOG.

CHAPTER 2 - AUTHORIZATION OF PROPERTY

2-1. Management Policies. Acquisition of personal property will be accomplished in accordance with the guidance set forth in this and other applicable regulations. Commanders will ensure all property acquired from whatever source, to include excess, will have the proper authorization and justification documents developed and in place prior to obtaining the property. The authorization system as set forth in this regulation should not be confused with funding authorities, such as the Plant Replacement Improvement Program (PRIP). In addition to authorization requirements detailed within this regulation, property purchased under these categories must meet the regulatory and financial requirements of ER 1130-2-500. The authorization system set forth in this regulation does not replace procurement authorities, which take into consideration delegation authorities based on dollar thresholds, and it does not replace competition versus sole source procurement, or leasing.

2-2. Exceptions. Excluded from the policies in this chapter are contracts for architectural engineering; real property acquisition; maintenance and service contracts (lawn mowing, janitorial, etc.); contract students; medical studies; surveys; reports; utilities; contracts that do not include government-furnished property (GFP); and contracts initiated in support of other DOD/government agencies under a memorandum of agreement (MOA) or a memorandum of understanding (MOU).

2-3. Authorization Documents. All requisitions/requests for nonexpendable personal property must cite an authorization document from the listing below. (Requisition originators will enter the authorization data in the remarks data field of the requisition until CEFMS is modified with a new data field.) The property book will reflect this authorization. Nonexpendable personal property acquired for use within USACE will use the following authorization documents identified by type of procurement funds:

a. Authorization documents involving solely military-funded items:

(1) Table of Distribution and Allowances (TDA):

(a) A TDA is a document that prescribes the organizational structure, personnel and equipment requirements and authorizations of a command. TDAs are governed by AR 71-32.

(b) TDAs do not include:

- equipment authorized by Common Table of Allowances (CTA);
- equipment on hand through temporary loan;
- equipment on hand by lease or rental, unless it is a commercial-design general-purpose, passenger transport, or special purpose vehicle leased under AR 58-1, and rental equipment on temporary loan less than one year. Rental equipment that is purchased later and exceeds \$100,000 will be documented in the TDA;
- research, development, test, and evaluation (RDTE) equipment purchased with RDTE funds under AR 70-6, to include equipment purchased with other than RDTE funds but later reimbursed with RDTE funds. This exclusion does not include HQ DA-controlled equipment required for support of base operations at RDTE installations;
- repair parts, expendable or durable items;
- equipment procured from non-appropriated funds;
- prefabricated (re-locatable buildings), installed building equipment, other real property;
- locally fabricated items with a unit cost of less than \$200 which are site-unique;
- intelligence equipment exempt from type classification;
- equipment purchased through Defense Supply Services, Washington;
- equipment used for experiments and tests;
- secondary end items authorized or issued as components of equipment assemblages and sets; or
- any other items of property authorized by the authorization documents listed below.

(2) Emergency memorandum request (EMR): This is a HQ DA-approved item pending TDA documentation.

b. Authorization documents involving solely civil-funded items:

(1) The Civil Property Authorization Document (CPAD) is a document created by a specific USACE command that identifies plant equipment that is authorized to particular USACE commands. CPADs will be maintained for individual project/field offices and hand receipt accounts as appropriate. Only one CPAD will be maintained for projects with multiple hand receipt accounts. The CPAD does not eliminate the need to justify funds for Plant Replacement Improvement Program items. All plant, property and equipment, meeting the capitalization criteria, and purchased to serve more than one civil works project and/or multiple civil works appropriations will be acquired through PRIP. The CPAD also identifies all motor vehicles (as defined in ER 56-2-1). It does not include any of the equipment covered by CTAs or the ARs listed below. If a required item of property is not authorized in any other document listed in this regulation, it will be reflected in the CPAD. Each item authorized under the auspices of CPAD will have on file with the PBO a completed DA Form 4840, Request For Type Classification Exemption/LIN For Commercial Equipment (AR 71-32), in accordance with instructions in paragraph E-19, Appendix E, AR 71-32, and retained in accordance with paragraph 1-7, Chapter 1, of this regulation.

(2) The authorization "Flood Control and Coastal Emergencies" (FCCE) will only be used when purchasing property using appropriation 96X3125.

c. Authorization documents involving military- and/or civil-funded items:

(1) Common Table of Allowances (CTA): A document for items of common and specific use that cost less than \$100,000, and are required for Army-wide use. The purpose of the CTA is to authorize widely used items of relatively low dollar value in one document rather than documenting the items separately in each TDA, CPAD, etc.; therefore, items authorized by a CTA will not be further documented in the TDA or CPAD. A CTA item can be authorized for various purposes. CTA items are covered in:

(a) CTA Number 8-100, Army Medical Department Expendable/Durable Items;

(b) CTA Number 50-900, Clothing and Individual Equipment;

(c) CTA Number 50-909, Field and Garrison Furnishings and Equipment;

(d) CTA Number 50-970, Expendable/Durable Items (Except:

Medical, Class V, Repair Parts and Heraldic Items). See paragraph 3-4 for specific USACE requirements for systems furniture acquisition.

(2) Office furniture and furnishings for the National Capital Region - AR 1-39.

(3) Donated, conditional, or unconditional gifts of tangible personal property - AR 1-100.

(4) Prescription spectacles, contact lenses, and prescription spectacle inserts for use with protective masks - AR 40-63.

(5) Research, development, test, and evaluation (RDTE) property - AR 70-6. (This authorization can be used only if the activity is specifically authorized by TDA to perform an RDTE function.)

(6) Care and Disposition of Remains and Disposition of Personal Affects - AR 638-2.

(7) Furnishing Uniforms or Paying Uniform Allowances to Civilian Employees - AR 670-10.

(8) Military Awards - AR 600-8-22.

(9) Civilian clothing for military individuals, special measurement clothing, and clothing for prisoners in Army installation confinement facilities and correctional training facilities - AR 700-84.

(10) U.S. Government National Credit Card for purchase of fuel, oil, and services for use in government vehicles and aircraft - AR 710-2.

(11) General officer pistol and flag - AR 725-1.

(12) Flags, guidons, automobile and aircraft plates, and tabards - AR 840-10 and ER 840-1-1.

(13) Historically significant items such as weapons, military equipment, articles of uniform or personal equipment, flags, and so forth - AR 870-20.

(14) Government-owned, contractor-operated (GOCO) contracts: These are considered authorization documents when they include nonexpendable or CTA equipment that the contractor requires to perform the contract. Requisitioning is authorized

once the equipment is included in the contract.

(15) Rental or lease contracts (R/L): These are considered authorization documents when contracts are for rental or lease of TDA equipment.

(16) Interim authorization approval (IAA): The IAA serves as a temporary authorization document pending inclusion of the requested items in the TDA or CTA. It authorizes items that are not yet type-classified with an identifying Line Item Number or National Stock Number.

(17) Supply catalog/component listing (SC/CL): The SC/CL contains the listing of components for those end items without technical manuals (TM). The SC/CL is used as an authorization document in the same way as TMs.

(18) Technical manual (TM)/maintenance or service manual: The Essential Repair Parts Stockage List (ERPSL), TM, or the commercial maintenance/service manual serves as the authorization document for those components, repair parts, special tools, and basic issue items that are not required to be type-classified, and that are required for the operation of the item authorized on the TDA, CPAD or CTA.

(19) Information Technology Investment Plan (ITIP): Information technology resources are authorized under the policies set forth by AR 25-1 and AR 71-9. Resource requirements must be coordinated through the local information management office, and be added to the Information Technology Investment Portfolio System (ITIPS) database.

(20) Additive operational project (AOP): This is an authorization to acquire materiel for the purpose of supporting specific operations, contingencies or war plans for specific geographic areas, and world-wide base development (AR 710-1).

(21) Local Commander Authorized Approval (LCAA): This is an authorization for a personal property item that is not covered under above sources, not qualified for inclusion on the TDA, and is required by the command. It will be documented using DA Form 4610-R, Equipment Changes in MTOE/TDA (AR 71-32), which will be kept on file with the PBO. It will be assigned a National Stock Number (NSN), a Commercial and Government Entity (CAGE) code with manufacturer's item identification number (MIIN), or, least desirable, a Management Control Number (MCN). It will be identified on the property book using equipment authorization "LCAA". The local commander may delegate a Major, a GS-12 or an

employee of equivalent grade or higher, as the authorizing official.

d. Mobilization Table of Distribution and Allowances (MOBTDA): A MOBTDA reflects the full mobilization mission, organizational structure, and personnel and equipment requirements for designated units. For an explanation of MOBTDA policy and guidance, refer to AR 71-32.

2-4. Additions to Authorizations. Equipment required in addition to current authorization allowances will be satisfied by whichever of these methods is the most appropriate:

a. Temporary loan. Requirements of equipment to be used less than one year should be satisfied by temporary loan procedures as outlined in AR 700-131.

b. Rental or lease of equipment. Rental or lease is authorized in lieu of purchase when the criteria in subpart 7.4 of the FAR, and the DFARS are met. Nonexpendable commercial equipment may be rented or leased for up to one year to cover emergency or temporary requirements when standard equipment is not available through government supply sources, or when the costs associated with equipment loans from government sources exceed the cost of renting or leasing the equipment. These rental agreements may not exceed one year without approval from HQUSACE. Aircraft must be rented IAW ER 95-1-1; specifically, for special purpose-use only (photography, mapping, etc.). This paragraph does not apply to transport vehicles, copying equipment, ITE, or civil-funded floating or land plant, as these require proponent approval, and are covered by other regulations, specifically:

(1) Lease or rental of general purpose and passenger transport vehicles - AR 58-1 and ER 56-2-1.

(2) Copying equipment rented or leased on a regular basis - AR 25-30.

(3) ITE rented or leased on a regular basis - AR 25-1.

(4) Authority for hire of floating plant, land plant and other construction equipment is covered by ER 1130-2-500.

c. Additions to the Civil Property Authorization Document (CPAD). Once the initial CPAD is approved for a USACE command, a request for an additional item will be accompanied with justification that identifies its intended use. Each item will have on file with the PBO a completed DA Form 4840, Request For

Type Classification Exemption/LIN For Commercial Equipment (AR 71-32), in accordance with instructions in paragraph E-19, Appendix E, AR 71-32, and retained in accordance with paragraph 1-7, Chapter 1, of this regulation. The CPAD does not eliminate the need to justify funds for Plant Replacement and Improvement Program items, but may be used to help support the priority for the item in competition for funds. Justification will also include a statement as to why like items presently authorized cannot accomplish the function. State any cost savings or other benefits to be obtained, or, if higher costs are involved, why funds should be expended. Identify the specific impact on the activity if the item is not obtained. If the item is to replace an item presently authorized, include a request for deletion of the presently approved item. PRIP-funded items may use PRIP Plant Item Justification Sheet, ENG Form 4943-R (ER 1130-2-500), for documentation of justification. Line items approved by Congress are considered to be properly authorized, and are, therefore, exempt from the approval authorities of this paragraph. Approval level for all other personal property is listed below. Approval will be based on whether the justification fully and completely supports the request. Requests for authorizations must not be split to avoid dollar limitations.

(1) For items \$500,000 or less, the approval authority is the district commander, who may further delegate approval authority for items less than \$50,000 (or portions thereof) to field office supervisors as appropriate.

(2) For items more than \$500,000, but less than \$750,000, the approval authority is the MSC commander. Requests will be forwarded through logistics channels.

(3) For items \$750,000 or more, approval authority is HQUSACE. Requests will be forwarded to ACSLOG, for coordination with the appropriate HQUSACE proponent(s). Requests for items over \$750,000 must have congressional approval.

d. Additions to Common Tables of Allowances (CTA). When a command determines an addition is required to the CTA, such request will be forwarded through command channels to ACSLOG for action. A request for an increase in allowance must identify benefits and whether the cost increases may be offset by changes elsewhere.

e. Additions to Tables of Distribution and Allowances (TDA). After the establishment of an initial TDA, changes must be approved by the HQUSACE and/or U.S. Army Force Management

Support Agency (USAFMSA). Requests for changes will be submitted as a memorandum request or emergency request to ACSLOG. This applies to equipment required on a continuing basis (one year or more).

(1) The Base-level Commercial Equipment (BCE) Program identifies requirements for new, commercially available, nonstandard items. BCE is an investment end item costing \$100,000 or more that is not centrally purchased or managed by DA. The process to obtain guidance and authorization to include BCE on the TDA is contained in AR 71-32. Requests for BCE to be included on the TDA will be forwarded to ACSLOG. Requests for funding for BCE will be forwarded to the Office of the Deputy Chief of Staff for Resource Management.

(2) AR 71-32: This authorizes items to be placed on the TDA for which there is no satisfactory Army standard item; or those items which are awaiting assignment of National Stock Number and Line Item Number (LIN). These items do not require assignment of a LIN, and require only Management Control Number (MCN) identification on the property book.

(3) Information technology (IT) is a material requirement and, as such, is identified in the IT Capital Planning process. Under IT Capital Planning, IT material requirements are entered into the IT Investment Portfolio System (ITIPS) database. Once entered, the IT material requirement becomes part of the organization's IT Investment Portfolio, which generates the organization's IT Investment Plan. An organization's IT Investment Plan is validated by the organization's Chief of Information Management (CIM), Director of Information Management (DIM) or Chief Information Officer (CIO) appropriate to the acquisition authority delegated to the organization. It is approved for acquisition by the organization's commander through the IT Investment Decision process. Actual funding is provided via the budget process. The ITIPS number assigned to the IT material requirement is considered its authorization, and allows the organization to procure the item(s) and add them to the TDA/TOE. (Within CEFMS, no requisition for IT can be approved without first entering the ITIPS number on it.)

(4) Memorandum request (MR) additions to the TDA.

(a) The requesting command will prepare DA Form 4610-R, Equipment Changes in MTOE/TDA (AR 71-32). Each part must be completed. "NA" will be used when the part is not applicable. Only one paragraph or subparagraph number from Section II of the TDA should be listed for an item. The cost of the item should also be noted.

(b) In addition to DA Form 4610-R (AR 71-32), the requesting command will prepare a memorandum justifying the request. Each item requested will be justified as to the function it will serve and how it will be used. The justification will describe the functional use of each requested item, explain why like items presently authorized are not adequate, and indicate the adverse impact on the command if requested items are not obtained. Refer to AR 71-32 for detailed procedural guidance. The memorandum and DA Form 4610-R (AR 71-32) will be forwarded through command channels to ACSLOG.

(c) ACSLOG will prepare an endorsement to the memorandum and assign a command log number to be used for audit purposes. If a memorandum is returned by HQUSACE or USAFMSA for reasons other than disapproval, ACSLOG will assign a new command log number. The command log number will be sequential; for example, CE01-99, CE02-99, CE03-99, etc.

(d) Excluded from MR procedures is equipment that requires approval under AR 25-1, AR 25-30, and AR 750-43.

(5) Emergency request additions to the TDA. This is for a requirement so urgent that it cannot be processed under the memorandum request procedures above. Such requests for an increase in the TDA will be forwarded via message or electronic mail to ACSLOG for subsequent USAFMSA approval. Requisitions will not be submitted until the emergency request authorization is approved. Refer to AR 71-32 for detailed procedural guidance.

(6) Command review. Command involvement is of vital importance to ensure that only minimum mission essential equipment is authorized. Review procedures will be established to ensure the need before requesting an item. At the initiating level, the commander involved will explore all feasible alternatives prior to the submission of a memorandum. When, in the commander's opinion, the item desired is the most efficient and cost-effective to accomplish the mission, he will initiate the memorandum request. It will be forwarded over the commander's signature to the MSC commander who will personally review the request prior to forwarding it through normal administrative channels to ACSLOG for inclusion in the TDA.

(a) When a request for a commercial item is being processed, the reviewing commander will compare the commercial item cost with that of the related standard adopted item, determine whether it is more cost-effective to lease or purchase, and select an alternative (such as a change in operating

procedures), when possible, that will eliminate the need for the requested piece of equipment.

(b) Commanders will review the need for all equipment during each annual inventory. Equipment will be turned in when no longer needed, using normal supply procedures, and appropriate documentation changes will be initiated.

f. Equipment for government-owned/contractor-operated (GOCO) activities. If additional equipment is required to be furnished by the government after a contract has been awarded, the contract must be modified to include the equipment.

2-5. Deletions from Authorizations. Generally, a deletion from an authorization is processed at the same level as a respective authorization approval. Specifically, the following applies:

a. CPAD. Deletion of authorization requires the same level of approval required by additions.

b. TDA. Using DA Form 4610-R (AR 71-32), submit request through command channels to ACSLOG.

c. CTA. If a CTA item becomes excess, hand receipt holders do not need authorization to delete the item from their hand receipt account, but normal turn-in procedures must be followed.

2-6. Changes to Authorizations. "Changes" are defined as neither additions nor deletions to an authorization, but as replacement of approved items with different items.

a. CPAD. Changes require the same level of approval as additions and are documented in the same manner. A request to delete an item will be submitted along with the request for change.

b. TDA. Changes require approval of HQUSACE or USAFMSA. Using DA Form 4610-R (AR 71-32), a change request will be submitted to ACSLOG through command channels.

CHAPTER 3 - GENERAL POLICIES FOR THE ACQUISITION AND MANAGEMENT OF PERSONAL PROPERTY

3-1. Management Policies. All property acquired by/from whatever source, whether purchased or not, must be accounted for as prescribed by this regulation and other appropriate regulations. Such accounting will be maintained through formal records. The accounting will be continuous from the time of acquisition until the ultimate consumption or disposal of the property. Supporting documents will be maintained as prescribed in appropriate regulations. USACE property is for official use only.

3-2. Classification of Property.

a. Property of any kind, except real property, is considered personal property and will be classified for accountability purposes as nonexpendable, expendable, or durable. Personal property will be accounted for IAW procedures outlined in AR 710-2. Commercial and fabricated items similar to items in the Federal Logistics (FEDLOG) will be given the same classification on USACE records. Questions concerning item classification will be resolved by the property book officer.

b. Items of clothing, such as safety shoes and safety glasses, are classified durable, non-recoverable, and will be controlled IAW the guidelines in AR 710-2.

c. "Pilferable" property can be nonexpendable, expendable, or durable, and must be controlled regardless of dollar value. A list of pilferable property and control procedures will be developed by the PBO in accordance with regulatory guidance. Commanders will ensure that all such items are posted to their property books.

d. Priority system. LMO is responsible for maintaining an effective and credible priority system, IAW Army regulations or FPMR. Requesters will indicate priority on all requisitions before submission to LMO, which will convert the priority to a Priority Designator (PD) when ordering from government sources.

e. Local purchase of small arms and component parts will not be initiated without prior concurrence/authority from HQDA, ODCSLOG, and the National Inventory Control Point (NICP). These purchases are strictly controlled and will be evaluated on a case-by-case basis before approval is granted.

3-3. Sources of Supply. Commanders will ensure that all persons requiring property first conduct a screen for excess before making the acquisition. Activities shall satisfy requirements for supplies and equipment from or through the sources and publications listed below in descending order as indicated:

- a. Agency inventories.
- b. Excess from other agencies.
- c. Federal Prison Industries, Inc. (UNICOR).
- d. Procurement lists of products available from the Committee for Purchase from the Blind and Other Severely Handicapped.
- e. Native American.
- f. GSA stock program and other wholesale suppliers, such as the Defense Logistics Agency, Veterans Administration, and other military inventory control points.
- g. Federal Supply Schedules.
- h. Commercial sources (including educational and nonprofit institutions).

3-4. System Furniture Acquisition Guidelines.

a. The acquisition of new office machines and office furniture shall be limited to those requirements which are considered absolutely essential and shall not include upgrading to improve appearance, office decor, status, or satisfy the desire for the latest design or more expensive lines. Furniture systems acquisition requires ACSLOG approval for acquisitions greater than \$100,000. The forms and analysis formats contained in FPMR E-215, Cost Justification of Furniture Systems and Similar Products, based upon space savings, will be used with the request for furniture systems.

b. A systems furniture request for authorization must be submitted through command channels to ACSLOG prior to initiation of a purchase request. The authorization approval is not synonymous with funding authority. Authorization approval should be in place prior to seeking funding authority. Activities may seek authorization approval and funding authority simultaneously, however, to prevent loss of funds due to the close of a fiscal year.

c. Approvals are based on payback years (derived from average cost per workstation and space savings), utilization rate (per person), and the cost per square foot of the building being occupied. Stability of activity is also taken into consideration. Systems furniture is not generally approved for the current office space when offices anticipate moves to other locations. Do not submit more than one request for any one building per year. If more than one request is received for any one building within a one year-period, it will be sent back for a space analysis of the entire building.

d. Criteria below will be used in review of FPMR E-220 work sheets:

(1) Payback rate must be 6 years or less.

(2) Utilization rate must meet/exceed GSA standards [currently 122 (average) square feet per person for systems; 135 square feet per person overall]. Submit space utilization rate for the entire building, as well as the area under consideration for systems furniture.

e. Systems furniture will be assigned a single Management Control Number (MCN) (see AR 708-1), and bar-code number for each approved furniture system. The PBO will prepare a component list using the data on the purchase contract for which the furniture was procured, or use accessories procedures in the APPMS program.

f. When it is impractical to assign a furniture system to a single individual, the local commander has the option to manage the furniture system through the use of an inventory list.

3-5. Precious Metal Recovery Program (PMRP). Refined precious metals may be requisitioned from DLA's PMRP, when available, for approved internal use or for use as government-furnished material (GFM) in contracts requiring precious metals. Since refined metals recovered through the program are available for just the cost of recovery plus an authorized administrative surcharge, savings are realized through the use of the PMRP. Requiring activities are encouraged to call DLA for asset availability prior to the requisitioning of any quantity of precious metal.

3-6. Mission support stock record accounts. USACE has created mission support stock record accounts (MSSRA) as defined in Army regulations. A mission support SRA is established to support a particular mission. New MSSRAs will be established on approval of ACSLOG. Those presently in existence are considered to be approved and do not require new justification action at this

time. Each will be managed using a stock record account. The present approved MSSRAs are at the Philadelphia District - arm bands (identification), uniform insignia and badges; dredging sleeves; and engineer flags, insignia and pennants.

3-7. Prohibitions. Commands will not make purchases for a Unit Identification Code (UIC) other than their own unless a formal agreement has been made through command channels. A copy of this agreement (which may be a memorandum of understanding) must be on file in the LMO.

3-8. Reconciliation. Open requisitions will be reviewed monthly to determine status and whether a need still exists for the item.

3-9. Stock Numbers. National Stock Numbers (NSN), locally-assigned Management Control Numbers (MCN), and Commercial and Government Entity (CAGE) Codes with manufacturer's item identification numbers will be used IAW AR 708-1.

3-10. Department of Defense Activity Address Code (DODAAC) and Activity Address Code (AAC).

a. The DODAAC and AAC are distinctive six-position alphanumeric address codes which identify a specific Corps major subordinate command, district, laboratory or field operating activity, non-DOD government element, or private contractor authorized by DOD to requisition and receive supplies. They are used primarily on the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system, the Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) system and related documents. MILSTRIP and FEDSTRIP are the mandatory requisitioning systems for military organizations, civilian Federal agencies and authorized contractors who wish to order supplies from Army logistics systems and the General Services Administration (GSA). Commands may requisition from DOD activities using the procedures in AR 725-50, Requisitioning, Receipt and Issue System.

b. In its decoded form, the DODAAC breaks down to at least two, and in some instances, three addresses referred to as Type Address Code (TAC) 1, 2, and 3. TAC 1 and 3 addresses are mandatory and must be provided to the Army Central Service Point (ACSP) in order to assign a DODAAC.

(1) TAC 1 address. This is used for mail, parcel post, and small package shipments. It is also used for a freight address if no TAC 2 document is submitted.

(2) TAC 2 address. This is used for freight shipments, but only when an activity is to receive freight at an address

different from the TAC 1 address. Post office box addresses cannot be used. For OCONUS, if applicable, the break bulk point (BBP) DODAAC will appear in record 1 in the TAC 2 only.

(3) TAC 3 address. This is used for billing purposes, and must contain an active address that is listed with a fiscal station number in the disbursing and fiscal station number directory. This number may be obtained from the Finance and Accounting Office. The disbursing and fiscal station numbers directory lists fiscal station numbers that are inactive as well as active. Inactive numbers are not authorized to be TAC 3 addresses.

(4) The AAC also consists of three addresses: the mailing address, which is mandatory; the freight address; and the billing address. In designating each address, use at least two lines of typed text, and no more than four. No line of text in the address may contain more than 35 characters.

c. DODAAC/AAC Assignments.

(1) The ACSP is the only activity designated by DA to assign Army DODAACs. GSA assigns AACs. The ACSP will assign DODAACs and GSA will assign AACs upon receipt of a request from the MACOM DODAAC coordinator. Any activity that is authorized a stock record account (SRA), property book (PB), or is designated as a Supply Support Activity (SSA) may be assigned an Army DODAAC. The MACOM DODAAC/AAC coordinator for USACE is ACSLOG (CELO-MS).

(2) When a DODAAC/AAC is required, a written request will be provided to CELO-MS. All requests must be authenticated by CELO-MS prior to submission to the ACSP or GSA. The assignment of these addresses takes approximately three weeks from the time of receipt by the ACSP or GSA.

(3) All requests for DODAAC/AAC assignments will be submitted to CELO-MS 30 days prior to the required date.

d. DODAAC/AAC Changes/Deletions.

(1) Requests for changes will be processed by the ACSP or GSA upon receipt from CELO-MS. Requests for changes or deletions should be submitted to CELO-MS 30 days prior to the required date.

(2) When submitting a DODAAC/AAC change, submit only the TAC or address that is affected.

e. DODAAC/AAC Qualification(s). When an activity is authorized to requisition, ship, or receive material, the activity can be authorized a DODAAC/AAC. Multiple DODAACs/AACs may be authorized only if the activity has separate, authorized functions; i.e., stock record account, or if the activity is geographically dispersed, and support at the parent installation is not practical.

f. Prior to the submission for a DODAAC/AAC addition, change, or deletion, the requester will ensure the following:

(1) The request has not already been submitted.

(2) The request has been verified by the Chief, LMO, or a designated representative.

(3) The request is forwarded to CELO-MS 30 days prior to the required date.

(4) A CAGE code has been assigned for contractor DODAAC/AAC assignments.

g. Contractor DODAAC/AAC. Addresses for contractors are assigned by the ACSP or GSA. The composition of a contractor DODAAC is similar to the address DODAAC except that it begins with a "C".

(1) The ACSP or GSA assign a separate DODAAC/AAC for each contract number under which a contractor will requisition from the DOD supply system. This is regardless of the number of contracts/delivery orders a commercial activity may have with the government.

(2) Requests for contractor DODAACs/AACs will be made in writing through the responsible contracting officer, and submitted to CELO-MS.

(3) Each request for a contractor DODAAC/AAC must have a Commercial and Government Entity (CAGE) code (formerly FSCM code), applicable to the contractor for whose contract the DODAAC/AAC is being requested. The CAGE code is assigned to commercial entities registered to do business with the U.S. Government. To be assigned a CAGE code, a contractor must submit a DD Form 2051, Request for Assignment of a CAGE Code (DFARS 204.7202-1), through the contracting officer to the Defense Logistics Service Center.

(4) Each request for a contractor DODAAC/AAC must contain

the following information:

- (a) Contractor name and CAGE number.
- (b) Contract number.
- (c) The effective date of the contract (which will be the effective date of the DODAAC/AAC).
- (d) The expiration date of the contract (which will be the deletion date of the DODAAC/AAC).
- (e) The Army logistics support categories authorized under this contract (government-furnished material [GFM], government-furnished property [GFP], or government-furnished equipment [GFE]).
- (f) A clear text address for each mailing, shipping, and billing location.

3-11. Acquisition from DOD Activities Using DODAAC.

- a. LMOs will obtain Department of Defense Activity Address Codes (DODAAC), if required, through ACSLOG. All requests for additions, deletions or changes will be submitted to ACSLOG, and will include applicable UICs.
- b. Activities awaiting DODAACs may obtain DOD-supplied items by submitting requests through FEDSTRIP. This procedure should not be used in place of requesting a DODAAC.

3-12. Acquisition Using the Federal Standard Requisitioning and Issue Procedures (FEDSTRIP) System.

- a. The LMO will obtain FEDSTRIP activity address codes (AAC), if required, through ACSLOG. Requests for additions, deletions or changes will be submitted to ACSLOG NLT thirty (30) days prior to the required date.
- b. Once a FEDSTRIP AAC is received, a command may requisition from GSA.
- c. These requisitions will automatically be forwarded to a DOD supply point when DOD is the wholesale supplier of an item.
- d. Once an AAC is received, activities may request supplementary address codes (SAC) to be assigned to all remote sites. Once a SAC is received, LMO can then order supplies and

materials shipped directly to the user with billing review and receiving control maintained within the LMO.

e. The originator of a FEDSTRIP requisition is required to enter a priority designator code on each requisition.

3-13. Cataloging Policy. Federal Catalog System (FCS) procedures will be used to develop Federal Item Identification Data. They will also be used to establish common supply management data for items of supply, regardless of funds (civil, military, PRIP, revolving) used for procurement. Cataloging supports logistics functions from the procurement of an item to its disposal. The FCS is a common language used to classify, name, describe and number items of supply in a uniform way.

3-14. Management Control Numbers (MCN). Items of supplies and equipment are generally assigned MCNs when not cataloged within the FCS. A MCN is a 13-character number similar to the NSN except for the alpha code in the seventh position ("R" represents USACE), and must be used by all commands.

a. An MCN will be the last resort in cataloging an item. It will not be assigned to any item that can be traced to an assigned NSN through cross-referencing FEDLOG, or to a CAGE/MIIN. Furthermore, an MCN is for internal use only and will not be used for item identification purposes in official publications or documents. An MCN may be used in any local document as an aid in identification if the document does not leave the local activity assigning the MCN. The MCN record will be kept only as long as there is a need to identify the item by the MCN.

b. The following categories do not need NSNs, but must have MCNs assigned:

(1) Items procured on a one-time basis for immediate use in research and development, experiments, construction, installation and maintenance.

(2) Items furnished by contractors to fulfill service contracts that may be used to overhaul and repair specified equipment, provided such items are consumed in the overhaul cycle.

(3) Items obtained through overseas procurement and intended solely for overseas use.

(4) Items procured only with non-appropriated funds.

(5) Locally fabricated training aids unless HQUSACE

anticipates that they will be adopted as standard items.

(6) Parts and supplies incidental to roadside repair of vehicles and equipment.

(7) Commercial construction materiel (i.e., sod, fill dirt, and bricks), excluding mechanical, electromechanical, electrical and electronic items.

(8) Items procured only for DOD civil defense efforts, except those items that are required to provide protection to personnel or to be used by them to quell disturbances.

c. To reduce the use of MCNs, each command must ensure NSNs are assigned to items that require stockage by:

(1) Screening all part numbers for stocked items assigned MCNs, and converting those that match existing NSNs.

(2) Submitting requests for NSN assignment for part numbered items utilizing DA Form 1988, Request for Review of an Item. In the Automated Personal Property Management System (APPMS), three or more bar-code numbers for the same items will equate to three demands.

d. Each command will:

(1) Conduct a semiannual review of all assigned MCNs to determine which MCNs will be retained, canceled or replaced with an NSN.

(2) Query the FEDLOG to ensure that an item has not already been assigned an NSN before assigning an MCN.

(3) Ensure that items initially assigned an MCN are shipped, distributed, or redistributed by part number or NSN, and not by MCN.

CHAPTER 4 - MANAGING THE PROPERTY BOOK (NONEXPENDABLE PROPERTY)

4-1. Business Process.

a. Property book (nonexpendable) property is personal property that is not consumed in use, and that retains its original identity during the period of use. The accountability business process involves a comprehensive approach that relies on three 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 the Army's Command Supply Discipline (CSDP) and Equipment Usage Management Programs. Current Army and Engineer Regulations provide this guidance. Commanders will ensure that inventory and reconciliation requirements, with bar code scanners, are strictly enforced in their commands. Commanders will also ensure that all request and receiving procedures for purchases of nonexpendable property are in compliance with this process.

b. Commanders will ensure that the APPMS database reflects a valid entry in the property authorization field for every item. The APPMS program may be queried to produce reports that identify the authorization data entry (or data void) for every item. Data voids will require action to determine the proper authorization source document for entry into the database. All data entries will be compared to the valid list of authorization documents. Entries that do not match one of these authorization sources will be corrected. This is an ongoing quality assurance/quality control process that requires constant review at point of requisition, during annual inventories, and as part of the Command Supply Discipline Program. This will also be an item of continuous review during Command Staff Inspections at each echelon.

c. Originators of requisitions will enter authorization data in the description field of CEFMS until an automated capability is incorporated.

4-2. 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 nonexpendable personal property acquired from whatever sources, including excess and the use of the DOD purchase card will have proper authorization documents completed and in place prior to acquisition. 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 DOD purchase card purchases in CEFMS.

(a) Requestor is responsible to select the proper resource code for each line item 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 DOD purchase card purchases. Commanders will ensure that all cardholders understand and comply with the requirements of the CEFMS/APPMS standard business process (including the mandatory use of item descriptions in CEFMS) when purchasing property. 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 (cardholders) are responsible for compliance with all Federal Acquisition Regulations regarding purchase limitations and priority sources of supply prior to using commercial sources. Cardholders 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.

(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, nonexpendable 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 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 the Standard Procurement System (SPS) (formerly 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.

(e) In accordance with AR 710-2, the PBO will be appointed in writing. The commander will not elect to retain the function of PBO in USACE. After the commander delegates the PBO function, the PBO is the person authorized to approve purchases of property. Approval of purchase requests in the APPMS program indicates:

- the item requested has been researched to determine if a national stock number exists for the item;
- the request is being routed to the correct source of supply;
- the correct authorization is used; and
- the item will be issued to the correct hand receipt holder.

If the commander appoints more than one PBO, they must accomplish the above tasks in the APPMS program. In the absence of the PBO, approval of purchase requests can be delegated to individuals who are in the same chain of command. Should this authority be abused or misused, the PBO will withdraw the authority, and request remedial action be taken by the appointing commander.

(5) NOTE: The PBO or designated representative 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 DOD purchase card purchases. DD Form 250, Material Inspection and Receiving Report (DFARS, Appendix F), 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) Within three working days of 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 nonexpendable 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 receivers (including all DOD purchase cardholders) of all supplies and equipment, and will ensure that appropriate training is provided to personnel so designated. Logistics personnel will also be included in DOD purchase 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, FPMR and AR 710-2, the PBO is the person authorized to appoint receiving agents for property receipts. The PBO is required to train them, and ensure they process receiving reports in three (3) working days, per AR 710-2. Should this authority be abused or misused, the PBO should withdraw the authority until remedial actions have 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 it is determined that it is not to be recorded in CEFMS.

(8) All bar code information is automatically transferred to CEFMS to facilitate CFO compliance and reconciliation.

b. Annual Physical Inventory.

(1) 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.

(2) Hand receipt holders will use bar code scanners to scan all property, conduct a thorough physical area search for any nonexpendable personal property not bar coded, and provide the results of the inventory to the PBO.

(3) 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.

(4) The "CMR Summary Report" under the APPMS reports menu will be used to provide current status of hand receipt inventories for on-hand items.

(5) The standard USACE-wide cutoff date for the CMR "database snapshot" will be the last calendar day of the month. Scanner information will be downloaded to APPMS NLT than this date to receive credit in the monthly "snapshot" taken on the first day of each month.

c. 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 by AR 710-2, Appendix B, and AR 735-5, Chapter 11) at least semi-annually (simultaneously applying the Equipment Usage Management Program [EUMP] walk-through reviews prescribed by AR 71-32). For this review, obtain a listing of property book items. Select a five percent per hand receipt sample at random over various hand receipt accounts. Physically inventory these items and report the results. While on site specifically look for items that qualify for inclusion on the property book, and check to determine if they have been placed under property book and hand receipt control. This process relies on implementation of the CSDP and EUMP.

(1) CSDP. The CSDP is 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 nonexpendable 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.

(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. See Chapter 5 for a description of this program.

(3) Features of the automated property book management system will also be used to track property from point of requisition to receipt to activation on the property book. PBOs will periodically check for property book items that have not yet been activated on the property book as an integral part of their quality control responsibility. Division logistics chiefs will also ensure this is an item of interest during command inspections and follow-up reviews ("read" access to respective district APPMS databases is required). This will specifically focus on property items on order but not yet received by using the APPMS "Property" menu, submenu "Preload Property", "Approved Requisitions". Similarly, property received but not yet activated will be reviewed on the property book by using the APPMS "Property" menu, submenu "Maintain Preload Property," then "Maintain Received Property".

4-3. Property Book Officer.

a. The local commander will designate by memorandum personnel to serve as property book officers. All appointees must be properly qualified, and meet the grade requirements contained in AR 735-5.

b. The Chief, Logistics Management Office, will not be designated as a property book officer.

c. A person designated as a PBO will not be designated as the sales contracting, stock control, transportation, BPA

ordering or credit card ordering officer simultaneously.

d. In USACE, the local commander will not retain the PBO duties as provided by the option in AR 710-2. Upon assuming accountability, the PBO will sign a memorandum for his personal, deskside file stating the date and the function he has assumed, as APPMS currently cannot display this information.

e. PBOs are vital to the property accountability process and must meet qualification criteria. Benchmark job descriptions are available on the ACSLOG website. Action will be taken to ensure that required training is scheduled and completed for all personnel serving in these positions.

4-4. Property Book Accounts.

a. In USACE, unit identification codes (UIC) will be assigned to divisions and districts. Division commanders have the authority to consolidate property books in areas where divisions and districts are collocated in the same city. The district logistics management officer will be delegated the authority to appoint the PBO for the consolidated division/district property book by the division commander.

b. Districts have the authority to request derivative UICs for project sites and dredges. Property books may be authorized for these activities, providing the dredge captains and resource management officers at project sites establish procedures for the proper receipt, control, and disposition of property as set forth in applicable logistics regulations. Such operations will be subject to inspection and audit by the district/division logistics management offices.

4-5. Operating Procedures for Control of Property.

a. The PBO will designate in writing individuals who are no lower in the organization than first-line supervisors to serve as hand receipt holders. However, the PBO may designate individuals other than supervisors as HRHs when required by operating conditions such as managing property at remote sites.

b. Sub-hand receipting should be encouraged by HRH. Local commanders have the option to make this a mandatory requirement.

c. HRH training will inform HRHs of the benefits of sub-hand receipting items to the user level.

d. Local procedures will be developed to establish durable registers and requirements, or the need to verify or reconcile

the contents.

e. Property will not be released from the receiving section until all data is entered into the automated database, and ENG Form 4866, Interim Hand Receipt, or local equivalent form, is produced.

f. The removal of all personal property from premises will be controlled through the use of property pass procedures, where feasible. Local procedures will be written to prevent loss of property due to unauthorized removal. Security conditions in the local area will dictate the amount of control needed.

g. Bar codes awaiting use in APPMS to identify property will be controlled by the PBO. Local procedures will be written to specify the amount of control required by individual activities.

h. Local procedures may be written to authorize staff managers to redistribute heavy equipment among project sites before such equipment is considered excess. Before any equipment is transferred, the gaining and losing project sites' CPADs must be adjusted to reflect the additional item and the lost item, respectively. Restrictions on the intermingling of funds [civil, military, and revolving (including PRIP)] must also be considered prior to any transfers. In addition, the PBO must grant approval prior to the transfer.

4-6. Procedures for Controlling Specific Items.

a. Credit cards. U.S. Government national gasoline credit cards are installation property and will be accounted on the property book. PBOs have the option to issue the credit cards on a hand receipt to the motor pool dispatcher or list them as an accessory to the vehicle. Issues to vehicle drivers can be controlled by a simple log containing the recipient's signature or they can be a mandatory component of a vehicle dispatch packet controlled by the transportation officer. When purchasing fuel with this card, the lowest grade of unleaded fuel will be used in GSA vehicles.

b. Toll payment media. Toll payment media and similar items consumed in use do not require property book accounting; however, they will be controlled by the LMO prior to issue. This can be via a register showing the division/office to which the items are issued, date issued, and quantity. A log will be used by the division/office to control issues below the initial issue

point, and will show the date, quantities, name, and signature of the person receiving the media. This log will be subject to review by local auditors.

c. Rental or lease property. Property that is obtained through rental or lease contracts will require valid authorizations and property book accountability if it is retained beyond the 180-day period prescribed for temporary authorization.

d. Petroleum, oil and lubricants. The procedures in AR 710-2 will be followed for controlling all bulk petroleum, oil, and lubricants.

e. Commercial off-the-shelf software accountability. [(Code that is generated as the result of government development efforts for design, modification or maintenance of an automated information system (AIS) will not come under this category.)] The appointed unit information management officer (UIMO), in coordination with the PBO, is responsible for hand receipting organizational software to the user. The PBO is responsible for issuing all information management processing equipment (IMPE) software to the UIMO. This includes software for individual personal computers. Managing IMPE software does not require property book accounting but the following applies:

(1) Original copies of copyrighted commercial software will be issued and accounted through normal hand receipt procedures by the UIMO. Copyrighted software has specific licensing restrictions by which users must abide.

(2) Pre-loaded software, not purchased separately, and furnished as part of a computer purchase (no back-up disks, manuals or instructional material), may be listed in the nomenclature field of the property book.

f. Furniture. Furniture under \$2500 is excluded from bar-coding procedures. System furniture will have a MCN assigned to each unique system, and will be controlled using a component hand receipt.

g. GSA Vehicles. GSA vehicles applied against military authorizations on the TDA will be maintained on the property book for hand receipt control. GSA vehicles not applied against a military authorization must be on the CPAD and placed on the property book. Since the vehicles belong to GSA, the value in APPMS will be entered as zero (0) dollar cost.

4-7. Durable Property.

a. Durable property is personal property not consumed in use, and does not require property book accountability, but, because of its unique characteristics, requires control of the property by the use of hand receipt or a property listing when issued to the user.

b. Durable registers will be used to control durable items issued below the property book level.

c. Durable items identified as hand tools with a unit price greater than \$50.00, and which are not classified as nonexpendable (see FEDLOG and supply bulletins) may be controlled using tool box, chit, shadow board or tool room procedures, provided these procedures have been approved by the local commander.

4-8. Inventory of Property. The PBO will ensure a 100% physical inventory of all personal property is conducted by the HRHs annually. The date of the inventory will be based either on the annual date of the last inventory or on a cyclic basis. PBOs will also ensure inventories are made of all holding accounts assigned to the property book section to manage excess property. Bar-code technology will be used by the HRHs to conduct the annual inventories. Personnel from the property book section will provide training for the HRHs in sufficient detail to conduct the inventories.

4-9. Reconciliation of Inventories.

a. Upon completion of the inventory, an inventory results listing will be provided by the PBO to the HRH to reconcile the inventory findings with the established property book record.

b. When items are not found during the inventory, yet the PBO records indicate they belong to the HRH's account, the HRH must physically locate the property, produce transfer or turn-in documents, or promptly submit a DA Form 4697, Report of Survey (AR 735-5).

c. When the inventory is completed, the HRH will sign the hand receipt account list which will state that he has conducted a 100% physical inventory of all property on the hand receipt; has reported all property on hand, but not included in the list; and accounted for all discrepancies.

4-10. Reconciliation of Property Records with Finance and Accounting Records. Bar codes for capitalized equipment in APPMS

are to be reconciled annually with Property ID numbers that have capitalized work items attached in CEFMS. Coordinate with Finance and Accounting Office to verify that the items appearing in APPMS but not appearing in CEFMS are legitimate items awaiting placement-in-service. Also, coordinate with F&A to assure that items disposed of and archived in APPMS are assigned phase code "D" (disposal) in CEFMS.

4-11. Maintenance of the Hand Receipt Account. The PBO will retain the signed original inventory for one year along with all individual account transaction documents. During the time between annual inventories, the PBO will file all individual change documents in the hand receipt file as proof of accountability until the new consolidated annual inventory is signed by the HRH.

4-12. Privately-Owned Property. HRHs must authorize the use of privately owned property within the area under their control. ENG Form 4878 (Decal), Privately Owned Property, will be used to mark privately owned property so it will not be confused with government-owned property during annual inventories.

4-13. Change of PBO Inventory. When the PBO of an organization is replaced, an inventory of all property not on hand receipt must be conducted jointly by the incoming and outgoing PBO. This will be accomplished by following the procedures listed in DA Pam 710-2-1.

4-14. Loan or Lease of Personal Property.

a. Personal property may be loaned or leased. Authority to approve loans and leases of property for use outside a USACE command, but still within USACE, is the responsibility of that commander. Loans or leases of property for use outside USACE require MSC commander approval.

b. Loan of property between subordinate elements of the same district will be accomplished through normal procedures of transferring property through the property book from HRH to HRH. When property is loaned for periods of 30 days or less, a temporary hand receipt may be used.

c. USACE commanders have the authority to loan equipment belonging to their command to other USACE elements for periods of 180 days or less using a temporary hand receipt. Loans exceeding 180 days will be transferred from property book to property book.

d. Under APPMS, approved loans will be accounted for as follows:

(1) Set up a manual loan register and assign a loan serial number. Prepare documentation and a responsibility statement as described in AR 700-131.

(2) Set up a hand receipt number that is clearly identifiable as a loan hand receipt. LN1 or LHR could be used. LN1 could allow for loans to additional sites that could be numbered LN2, LN3, etc.

(3) Transfer the loaned item to the loan hand receipt number. The hand receipt will not be signed. The DD 1348-1A (DOD 4000.25-1-M) and the responsibility statement will be signed. Place the loan serial number in the location field of the Active Property Record.

(4) Maintain a file by loan serial number of the supporting documentation.

e. There is a requirement to inventory loaned equipment annually. The procedures are described in AR 700-131.

4-15. Managing Property During Shift Operations. Supervisors of multiple shift operations will establish procedures to adequately protect property from theft. The supervisor, as the primary HRH, remains accountable for the item and, in the event of loss, must show all reasonable precautions to secure property have been taken.

4-16. Lost, Damaged, or Destroyed Property.

a. Damaged property must be inspected by a technically qualified inspector (may be a vendor) to determine if it has been rendered unserviceable through fair wear and tear. The PBO must send a recommendation for maintenance or disposition action to the Chief, Logistics Management Office. If the PBO is satisfied that the technical inspection report adequately describes the reason for the damage, and there is no evidence of negligence or misconduct, the PBO will recommend no report of survey be made. If there is evidence of negligence or misconduct, the PBO will recommend a report of survey be initiated.

b. The Chief, Logistics Management Office, will review the inspection report and the PBO's recommendation. If he concurs with the PBO, the chief will recommend the commander sign the following statement, "I have reviewed the circumstances surrounding the damage to the above item and find no evidence of

negligence or misconduct." The PBO will file the commander's signed statement to substantiate the reason for any repairs.

c. If nonexpendable personal property is lost, damaged, or destroyed as a result of suspected negligence or misconduct, a report of survey will be initiated under the provisions of AR 735-5.

d. Property will be removed from the property book upon assigning a document number to the report of survey.

e. DA Form 444, Inventory Adjustment Report (DA Pam 710-2-2), will only be used to adjust losses or shortages of expendable property in accounting records.

f. Commanders will ensure that all changes to the property book are supported by proper inventory adjustment documentation.

4-17. CBS-X Reporting Policy.

a. Items that are military-funded, on a Table of Distribution and Allowances (TDA), and have a Reportable Item Control Code (RICC) of 2, A or Z will be reported to CBS-X through the local central collection activity (CCA). Civil-funded items are not reportable. Military-type items declared excess by the item manager and transferred to the Corps for civil-funded missions are not CBS-X reportable. Elements with ten (10) or fewer transactions per year will report on an as-required basis. Elements with eleven (11) or more transactions annually will report at least monthly. Reconciliation with the CBS-X database will be done annually, as coordinated by the Logistics Integration Agency (LIA) through the CCA.

b. RICC A items are reportable under both CBS-X and the Controlled Cryptographic Item Serialization Program (CCISP). These items must be reported to both CCISP and CBS-X.

CHAPTER 5 - EQUIPMENT USAGE MANAGEMENT PROGRAM

5-1. Purpose. This chapter prescribes the establishment of an equipment usage management program and directs the recording of equipment usage data. Usage standards serve as a yardstick valuable in measuring the effectiveness of investing resources in equipment. Recording usage data and comparing results with established standards gives insights to improvements in productivity and efficiency. Historical usage data allow informed management decisions.

5-2. Equipment Usage Management Program. The CSDP will be combined with the Equipment Usage Management Program outlined in AR 71-32. A key aspect of this process is the walk-through review prescribed by 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. The amount of equipment reviewed each month may vary, but should add up to one hundred percent of equipment reviewed each six months.

c. Each walk-through usage review will result in a report (retained for two 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. Written justification is required for retention of any under-used equipment identified as a result of the review.

d. Organizations with dispersed sites may 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.

5-3. Recording and Reporting. Activities will record daily usage and availability data for all administrative-use and special purpose vehicles (including trailers) in the Vehicle Information Management System (VIMS). Data for all equipment, other than vehicles, meeting the criteria for collection of usage data will be recorded on ENG Form 3662, Administrative Vehicle Operational Record (ER 56-2-1). General-use equipment listed, and similar to that listed, in AR 71-32, Appendix F (Tables F-1 through F-9), will be subject to usage standards. In addition, job-peculiar equipment, as identified by USACE, and listed in Table 5-1, and similar equipment, will also be subject to the usage standards listed. Commanders may identify local reporting requirements and usage standards for additional equipment.

a. Consolidated monthly usage and availability data will be recorded on a locally produced report. As a minimum, this report will include the following categories: date; nomenclature; registration or serial number; life expectancy; usage basis (to include minimum standard and objective standard); mileage; hours operated; days operated; computed percentage of use; and rating; along with the name, title and signature of the report preparer. The usage basis can be miles, hours, operational days, or some other basis.

(1) Each month, actual usage will be recorded and the percentage of use computed using appropriate formulas from AR 71-32, or locally devised formulas when days, hours, and miles are not the basis for usage.

(2) The percentage of use will be compared to the usage standard percentages listed in Table 5-1 to determine if equipment falls short, meets, or exceeds the applicable standard. One of the following ratings will be assigned: U - used less than the minimum; M - used the minimum, but less than the objective; or O - objective criteria achieved or exceeded.

(3) Floating plant property will be tracked to determine if it meets the standard of a minimum 45 days quarterly use. This includes general-use floating plant (and similar equipment) listed in AR 71-32, Appendix F (Table F-4, Watercraft), as well as job-peculiar floating plant (and similar equipment) listed in Table 5-1 (Equipment Category Code LH). This rule will also apply to all capitalized (in financial records) property that does not directly, indirectly or logically fall into any of the other property categories listed in Table 5-1. The miscellaneous category was created to ensure all applicable property will have an established standard as a usage goal to attain.

b. At the end of each calendar quarter, a consolidated quarterly usage and availability report will be prepared in the same manner as in paragraph 5-3a. After the three monthly reports have been consolidated into a quarterly report, the monthly reports may be destroyed. The current quarterly report and the preceding three quarterly reports will be maintained so that an analysis can be made of four consecutive quarterly reports during inspections and reviews. For quarterly reporting, use the following possible days per quarter:

(1) 1st Quarter (1 October through 31 December) = 92 possible days.

(2) 2nd Quarter (1 January through 31 March) = 90 possible days. (Add one day for a leap year.)

(3) 3rd Quarter (1 April through 30 June) = 91 possible days.

(4) 4th Quarter (1 July through 30 September) = 92 possible days.

c. Copies of usage data collected will be submitted as part of justification when requesting additions of similar items to the CPAD/TDA.

5-4. Exemptions. Activities are responsible for documenting equipment that is exempt from usage reporting. A memorandum for record approved and signed by the commander will be kept on file containing a list of exempt equipment. The following categories are generally exempt from meeting utilization tracking standards:

a. Information Technology Equipment (ITE). This is covered by the AR 25-series.

b. Government-furnished property (GFP). Contracts will include the requirement for the collection and recording of utilization data.

c. Defense Logistics Agency (DLA)-controlled equipment. Although DLA-controlled equipment is exempt from usage collection and reporting, walk-through procedures will be used to evaluate the need for it.

d. Equipment used in direct support of a research, development, test, and evaluation mission (RDTE). This equipment is exempt from usage collection and reporting. Walk-through

procedures will be used to evaluate the need for it.

e. One-of-a-kind-equipment. Utilization data collection for one-of-a-kind equipment is not required. One-of-a-kind is defined as being that one and only specific piece of equipment located in a district or MSC; not one per project site.

f. Common Tables of Allowance (CTA) equipment. Equipment authorized by CTA, and costing less than \$10,000, does not require collecting of utilization data. This means that low-dollar-valued items (e.g., typewriters, calculators, desks, fans, etc.) are exempt from collection of utilization data.

g. Installed equipment. Utilization data collection for installed equipment (such as generators and compressors that are part of a real property facility) is not required.

h. Emergency and medical equipment. Equipment required to be on hand for emergencies, such as generators, compressors, wreckers, ambulances, fire trucks, etc., does not require utilization data collection. Retention for such equipment will be based on documented justification.

i. Rail equipment. This equipment will be managed per AR 56-3.

5-5. Common Use Equipment. Offices may establish equipment pools, repair exchange activity (RXA), or hand receipt accounts for commonly used equipment to facilitate the exchange of repairable items to prevent unnecessary procurement. These methods may also be used to prevent procurement of equipment required for short time periods.

TABLE 5-1

USACE Job-Peculiar Equipment Usage Tracking List with Standards

Equip. Category Code	Federal Supply Class	Nomenclature	Usage Standard in days/Qtr or % (Minimum)	Usage Standard in % (Objective)
LH	1935	Crane or Derrick, Barge Mounted	45 Days/Qtr	N / A
Miscellaneous		Capitalized equipment not listed in this table (see ER 37-2-10, Chapter 1)	45 Days/Qtr	N / A
NB	3825	Distributor, Water, 1000 Gal and Above	10	25
NF	3805	Excavator	15	30
NJ	3820	Drill & Well Drill Support	20	30
NN	3895	Truck, Concrete Mixer	10	25
NN	3805	Truck, Dump, 20T	20	40
NV	3805	Compactor	10	25
NV	3895	Hammer, Pile Driven	15	25
PA	3950	Crane, Warehouse	20	35

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PB	3930	Truck, Forklift, Electric, 4000 Lbs. And Above	15	25
PB	3930	Truck, Forklift, Gas, 4000 Lbs. and Above	25	50
PE	3930	Tractor, Warehouse	25	50
PG	3930	Truck, Forklift, Rough Terrain	25	50
PI	3930	Truck, Forklift, Diesel	25	50
QU	4210	Truck or Pump, Fire Fighting	10	20
SY	3825	Snow-blowers and Snowplows	10	20

CHAPTER 6 - MANAGING EXPENDABLE (INVENTORY) PROPERTY

6-1. Expendable (Inventory) Property Operations.

a. Expendable property is property that is consumed in use, or that loses its identity in use.

b. Commanders will ensure that the need for every expendable inventory item on hand has been evaluated, and that only those that meet USACE criteria are kept. USACE supply activities must operate in compliance with Army regulations to the maximum extent possible. In support of the civil works mission, supply activities must comply with Federal Property Management Regulations (FPMR), where applicable.

6-2. Concept. The following summarizes the process of managing expendable inventory items.

a. Except for items in Federal Supply Group 75 (as described below), all stocked items (supplies and material), regardless of dollar value, will be placed in, and managed by, the appropriate CEFMS inventory module. This involves all items not destined for immediate consumption, including items stocked in self-service supply centers.

(1) For purchases of expendable items in Federal Supply Group 75, Office Supplies and Devices, (Federal Supply Classes 7510 Office Supplies, 7520 Office Devices and Accessories, 7530 Stationery and Record Forms, and 7540 Standard Forms), and each item costing less than \$300, summary accounting may be used when placing expendable items into CEFMS. This is in lieu of item detail accounting. The phrase "miscellaneous office supplies" is authorized.

(2) The PR&C number will be placed on the paper record to tie the transaction to the proper paper record.

(3) All other federal supply groups must be itemized for the proper and effective use of the Facilities and Equipment Maintenance (FEM) System.

(4) Army regulations require item detail accounting. For tracking and audit purposes, paper records must be maintained with itemized descriptions when using summary level accounting ("miscellaneous office supplies") in CEFMS. These paper records must be annotated with the PR&C number related to the summary

accounting entry. The paper records must be maintained for the expected life of the items, and be available for internal review and audits.

b. Commanders will validate stockage lists and ensure that stocked items common to more than one project within a district/center/field operating activity are entered into the Revolving Fund Inventory Module of CEFMS. Inventory accountable officers will conduct spot checks of project sites to verify that inventory items have been captured and are managed in the correct module of CEFMS.

c. The basic rule is that if an item can be obtained in time to prevent mission failure it should not be stocked. Only items that must be on hand to ensure mission success should be approved. Just-in-time (JIT) delivery methods will be used to minimize stockage and associated costs. The rule is "buy it when needed" and only in the minimum quantity required to prevent mission failure. All stocked items will be in CEFMS. Commanders will continuously review and evaluate stocked items and levels to minimize stockage.

d. The CEFMS resource code will be made up of the four-digit Federal Supply Class (FSC) Code followed by a six-digit number beginning with 000001 and progressing from there. This will allow examination of the classes of supply that organizations are stocking, and provide a management tool.

e. Either the Commercial and Government Entity (CAGE) Code with the manufacturer's item identification number, or the National Stock Number will be used to identify expendable property.

6-3. Routine Business Practice.

a. Storage.

(1) Districts/projects use CEFMS Inventory Management Module for purchase and storage of all supplies and materials requiring storage.

(2) Apply stockage criteria prior to purchase to determine need.

(3) Common items (defined as those items that can be used at more than one project site) will be procured using the Revolving Fund Module.

(4) The district inventory accountable officer will

identify common items and disseminate this information to projects.

(5) Purchase requests for supplies and materials will be visible to the district inventory accountable officer. He/she will verify appropriate stockage criteria, and use of Revolving versus Project Fund Modules.

(6) Project managers will be responsible for ensuring that common items are purchased through the revolving fund in coordination with the district inventory accountable officer.

(7) Project-unique items are purchased for storage by the project fund.

(8) Excess stocks will be identified to the cross-leveling process 120 days prior to processing for disposal.

b. Consumption.

(1) Items needed for immediate consumption will be procured using CEFMS.

(2) Purchase requests for supplies and material will be reviewed by the PBO to determine expendable vs. nonexpendable.

(3) Just-in-time (JIT) delivery methods will be used to minimize stockage and associated costs. The rule is "buy it when needed" and only in the minimum quantity required to prevent mission failure.

(4) Items available from current stocks will be issued from storage.

(5) If the stockage criteria are met, items will be entered into the CEFMS Inventory Management Module (common items to the Revolving Fund, and project-unique items to the Project Fund).

c. Management Reports.

(1) Management reports will be reviewed periodically (at least monthly) by the inventory accountable officer to identify trends and excess stockage.

(2) Commanders will review management reports at least quarterly.

6-4. Self-Service Supply Center (SSSC). Commanders are authorized to establish self-service supply centers for dispensing expendable supplies to ultimate users when such operations are economically justified through a business case analysis. Commanders will assure adequate records are maintained to show gross quantities of items acquired and issued through the SSSC activity, and that its operations are subject to at least biannual reviews.

6-5. Office/User Supply Cabinet. An office/user supply cabinet is defined as a small quantity of supplies maintained by the user in an office or project site for the purpose of sustaining that office or project operation. Managers are responsible for assuring stock levels of supplies and spare parts are maintained at the minimum level to meet operational requirements, and for considering the economic order quantities for specific items.

6-6. Bench Stocks.

a. Bench stocks are low-cost, high use, consumable items used by maintenance personnel at an unpredictable rate, and stored near the work area. Bench stock includes items such as common hardware, resistors, transistors, capacitors, wire, tubing, hose, rope, webbing, thread, welding rods, sandpaper, gasket material, sheet metal, seals, oil, grease and repair kits. (This list should not be considered as all-inclusive.) They are unclassified, expendable and nonreparable. In USACE, these items are generally called cupboard stocks. They are no longer on formal accounting records (CEFMS Inventory Module or local automated inventory record). They have been considered "issued" or "expensed".

b. These "expensed", or "issued," items should be restricted, where practical, to thirty days of supply. The thirty days-of-supply only applies to those items expensed, not the number of items requisitioned. Requisitioning levels will be determined locally.

c. Two records are required for bench stocks: a bench stock list; and bench stock replenishment tags.

(1) Bench stock list. Prepare on a memorandum or plain bond paper. The subject is "Bench Stock List." For the initial list, the preparer (normally the maintenance supervisor/foreman) signs it and sends it to the facility manager or designate for approval, signature and return to the maintenance supervisor/foreman for filing. Reapproval of the bench stock list by the facility manager or designate is required semiannually. The approved list should be filed where it can be

viewed during audits/inspections. Essential data elements are: date the list was prepared; activity name; prepared by; approved by; stock number/part number; unit of issue; item name; quantity; and location.

(2) Bench stock replenishment tags. Use a tag of sufficient size (recommend DA Form 1300-4, Reorder Point Record [DA Pam 710-2-2]) for use as a bench stock replenishment tag. Place the tag in or on the location of each bench stock item, or in a consolidated file collocated with the items. When a replenishment request for bench stock item is submitted, enter the date and quantity from the request on the tag. Use of an alternate form is authorized when conditions such as bin size preclude the use of the tag; however, all data elements must be used to ensure continuity if an alternative or locally prepared form is used. The purpose of this tag is to prevent unneeded multiple requisitions from being made for the same item. This form can be destroyed when it is filled, or when the item is deleted from stockage. Essential data elements are: stock number/part number; item name; unit of issue; location abbreviation or code with approved bench stock level from the bench stock list; date replenishment request was submitted; and quantity requested.

6-7. Expendable Property and the CSDP.

a. The CSDP will include an evaluation of the command's compliance with applicable regulations and directives for expendable property management.

b. Scheduled periodic evaluations are required by the commander and the inventory accountable officer to check compliance and ensure that all expendable property accountability criteria are met.

c. A file of these evaluations must be maintained showing date of evaluation, organization evaluated, findings and associated suspense dates, and repeat findings.

CHAPTER 7 - RECEIPT OF PROPERTY

7-1. Receiving Operations.

a. Commanders will ensure all persons who receive personal property are properly appointed and adequately trained to perform the functions according to the CEFMS/APPMS business process. The commander will also ensure that receiving procedures are in compliance with these procedures. The Chief, LMO, will establish a receiving section from employees accepting supplies and materials from shippers and vendors. The receiving agent will be responsible for the inspection and acceptance of all supplies and personal property. Individuals who have technical knowledge of special or complex equipment will perform receipt functions and inspections at the time of the CEFMS receipt process.

b. The property book officer or the inventory accountable officer will designate a receiving agent(s) (including DOD purchase cardholders) by memorandum, and assure that he/she is properly trained. The receiving agent(s) will be responsible for inspecting all supplies, equipment, and other property received at all delivery points designated in the appointment. Receipt of supplies and property by other than those officially designated is prohibited. A copy of the appointment memorandum will be maintained by the inventory accountable officer, property book officer and resource management office.

7-2. Receiving Report.

a. A receiving report will be used to document the receipt and acceptance of property or services. Processing of all receipts, including those for partial deliveries, will be accomplished IAW appropriate CEFMS guidelines. Any form may be used to record the nomenclature, noun, model number, serial number, and manufacturer's name to facilitate the input of this information when the bar tag is activated in APPMS.

b. The property book officer/inventory accountable officer will establish local receipt processing policy.

c. All receipts for property will be processed and posted to the CEFMS accountable records within three days.

d. PBOs will periodically check for property book items that have not yet been activated on the property book as an

integral part of their QC responsibility. Division Log Chiefs under their QA responsibilities will also ensure this is an item of interest during Command inspections and follow-up reviews ("read" access to respective district APPMS databases is required). This will specifically focus on property items on order but not yet received by using the APPMS "Property" menu, submenu "Preload Property", "Approved Requisitions". Similarly, property received but not yet activated will be reviewed on the property book by using the APPMS "Property" menu, submenu "Maintain Preload Property" and then "Maintain Received Property". Review and follow-up in these areas will promote sound property accountability from point of requisition to receipt, to activation on the property book.

e. After receiving and inspecting property and supplies, and annotating the receiving report to indicate receipt of the item, the receiving agent(s) will route the receiving report, under the document control system, to the F&AO in sufficient time to comply with the Prompt Payment Act.

7-3. Damage, Overage, and Shortage.

a. The person accepting property from shippers and vendors is responsible for inspecting the property to ascertain the condition of the shipment (damage, overage, or shortage). The government may be entitled to recover the value of property when the quantity or condition of property actually received varies from that specified in the order or contract. Discrepancies or damages in MILSTRIP or FEDSTRIP shipments will be resolved IAW AR 735-5. All other shipment discrepancies/damages will be reported to the contracting officer or transportation officer, as appropriate, for resolution.

b. The procedures for reporting and adjusting damage, overage, and shortage of military property is in AR 55-38. The district transportation officer, or a person in the contracting office, as appropriate, initiates the reports required by these regulations.

7-4. Marking of Property. Nonexpendable property and pilferable items will be bar-coded immediately after acceptance by the receiving section. The bar-code tag number will be passed to the PBO with the acceptance documentation. Although tools and other durables are not required to be bar-coded, commanders may take into consideration the local environment, crime history and criminal threat, and establish a requirement to mark tools by stamping, engraving, scratching, or color-coding, as necessary. When it is impractical to affix a bar code to a property book item, the PBO is authorized to establish a local procedure to

ensure accountability.

CHAPTER 8 - DISPOSITION OF PROPERTY

8-1. Policies. Property disposal will promote maximum utilization of excess or surplus personal property and reclaimed precious metals. Disposition and disposal of personal property, both civil and military funded, will be in compliance with the applicable FPMR, Army and DOD regulations, and the local maintenance plan.

8-2. Excess and Unauthorized Property.

a. Hand receipt holders will be responsible for identifying property to the property book officer that is on hand, but not needed in the performance of their missions. The HRH will remain accountable for the excess or unauthorized property until it has been transferred.

b. Copies of all property disposal documents will be furnished to the finance and accounting office (F&AO) and PBO in order for property items to be removed from the accounting records. The property disposal document, regardless of which form is used, must include: (1) a description of the item(s) being removed from service; (2) the original acquisition date; and (3) the original acquisition cost.

8-3. Circularization Within USACE.

a. The PBO will review requests for property items originating from elements within the command to determine if on-hand excess property can be redistributed to fulfill those requests. Items of excess or unauthorized property at the command will be promptly reported to other USACE commands to determine if there is a need for the property within USACE.

b. Prior to reporting to GSA or DLA for reutilization action, all bulk, expendable property with a line item value of \$5,000 or more, and reportable property as defined in FPMR 101-43.4801, will be circularized throughout USACE.

c. Cost considerations should be taken prior to obtaining property through the circularization process. Nonexpendable property having less than a \$5,000 original acquisition cost may be circularized if it is in like-new condition. Judgment should be used prior to offering such items for screening within USACE. Circularization must be coordinated with the installation PRIP

manager when determining revolving fund-owned property is excess.

d. All commands with intentions of deleting/disposing of any revolving fund/PRIP-funded items from their inventory that are serviceable or usable without major repairs should contact the Office of the Deputy Commanding General for Civil Works, prior to disposal actions, for the current reporting criteria.

e. Users will identify all excess property in the property book using the APPMS transaction code "Excess to the property book."

f. The PBO will run excess listings from APPMS a minimum of monthly. E-mail will be used to advertise excess property. [HQ USACE is developing an automated reporting process based on APPMS to accomplish this function. We anticipate this process will be available in mid-FY2001 after programming has been completed.] The PBO will ensure all items on the list have been advertised for USACE-wide use. The list will contain a full description of each item (to include the NSN or FSC), condition code, location of the property, acquisition date and acquisition cost, missing major components, POC and phone number, and any other information which would assist a potential recipient in determining the condition and serviceability of the items. Assignment of a condition code should be made by a qualified technical inspector. MSCs may establish policies/procedures requiring circularization within their respective MSC prior to screening USACE-wide.

g. Logistics organizations interested in items of excess property listed on another USACE command excess report will contact that command directly and make arrangements to have the property transferred using normal property transfer procedures. The recipient organization will normally be responsible for transportation costs incurred in the transfer. Items obtained from excess must be required for mission accomplishment, and documentation of this need must be on file to support transfer to the gaining organization.

h. The success of a reutilization program depends on the accuracy of the condition code on excess property. An erroneous condition code on a shipped item may incur the shipping organization the cost necessary to upgrade the condition.

i. Equipment will be transferred through property book channels and supported by a documented need by the gaining activity.

j. Only property authorized for acquisition will be requested for transfer.

k. Normally, property will not be transferred for the purpose of cannibalization.

8-4. Materiel Returns Program (MRP).

a. Certain excess TDA equipment must be reported to military inventory control point (ICP) item managers for disposition instructions prior to disposal actions:

(1) equipment originally received via direction of the item manager;

(2) which has been a reportable item through CBS-X; and

(3) which has not been dropped from the ICP's accountable records.

b. Activities will not ship this materiel before receiving advice from the ICP. The reporting activity will be accountable and responsible for care and preservation until the item is shipped.

c. End items will be accompanied by all component parts. This includes all economically repairable basic issue items or components as listed in applicable technical manuals.

8-5. Reporting USACE Excess for External Screening.

a. Following the USACE-wide circularization period established, "reportable" property items, as defined in FPMR 101-43.4801, which remain unclaimed will be reported to the General Services Administration (GSA) or the Defense Reutilization and Marketing Office (DRMO). USACE will report civil-funded property to either GSA or DRMO. Military-funded property, except vehicles, must be disposed through DRMO. The following procedures are only a synopsis of the complex disposal process and should not be relied upon solely in taking property disposal action. Refer to Title 41, Code of Federal Regulations (specifically, the Federal Property Management Regulations [FPMR]) and DOD 4160.21-M for complete disposal procedures.

b. Excess personal property in the following categories will not be reported for screening, either within DOD or by GSA, regardless of the Federal supply class:

(1) Ammunition.

- (2) Waste and refuse.
- (3) Classified material.
- (4) Radioactive waste.
- (5) Thermal batteries.
- (6) Property ordered to be destroyed.

(7) Lost, abandoned, and unclaimed privately owned personal property processed under 10 USC 2575.

8-6. Processing Through DRMO.

a. Requirements and guidance for reporting excess property to DRMOs is found in DOD 4160.21-M.

b. In the event the DRMO does not accept physical custody, responsibility for the property will remain with the command pending physical transfer. Donation, sale, abandonment or destruction action will not be taken until the automatic release date, as provided by DRMO, has passed.

c. If the DRMO has taken possession of the property, generally that organization will complete required disposal actions and the command is relieved of responsibility.

d. When reporting revolving funded property, Civil River and Harbor Flood Control Act property, or project-funded property to the DRMO, the DD Form 1348-1A (DOD 4000.25-1-M) will include the statement:

"This property was purchased through revolving fund, Civil River and Harbor Flood Control Act, or project funds, and is to be reimbursed to the following appropriation: (Insert funding information obtained from F&AO)."

e. The properly annotated copy of DD Form 1348-1A (DOD 4000.25-1-M) is the authorization to delete the property from the accountable record.

f. For property that by law DRMS must reimburse gross proceeds, it will reimburse, and then bill and collect necessary fees from USACE. A cost-benefit analysis should be undertaken when considering using DRMS for the disposal of excess property.

- (1) For usable property physically received at the DRMO,

the fee is \$140 per sales line item.

(2) For usable property received by the DRMO but remaining at a USACE site, the fee is \$54 per sales line item.

(3) For scrap property physically received at the DRMO, the fee is three percent of proceeds plus one cent per pound of scrap.

(4) For scrap property received by the DRMO but remaining at a USACE site, the fee is three percent of proceeds.

8-7. Processing Through GSA.

a. Reportable property that must be reported to GSA for reutilization screening is identified in FPMR 101-43.4801. This applies to all civil-funded property not reported to a DRMO.

(1) Standard Form 120, Report of Excess Personal Property (FPMR), will be used for reporting such property to GSA. Regional officer addresses and assigned areas are identified in FPMR 101-43.4802.

(2) If the excess property was purchased through revolving funds, the SF 120, Report of Excess Personal Property (FPMR), must contain the appropriation to be reimbursed in block 6. A statement should also be written on the SF 120 that the property was acquired by the use of funds not appropriated from the general fund of the U.S. Treasury.

(3) If GSA effects reutilization as a result of the screening process, a Standard Form 122, Transfer Order of Excess Personal Property (FPMR), will be generated. A signed copy of this form, indicating GSA's approval, is authorization for transfer of the property and deletion from the property book.

(4) If, in the GSA screening process, the property is not reutilized by any Federal agency, GSA will attempt to dispose of the property through donation. If GSA locates a donee, a Standard Form 123, Transfer Order of Surplus Personal Property (FPMR), will be generated. The signed form is authorization to release the property and to delete it from the command property book. Activities do not have authority to donate property. GSA is the approving authority for property donation.

(5) All excess property reported to GSA will automatically become available for sale if no utilization or disposal

instructions are received within 21 days after the surplus release date established by GSA. The sales action may be handled by GSA.

b. Nonreportable property is civil-funded property that is exempt from the reporting regulations of FPMR 101-43.311 due to Federal stock class, condition code, or dollar value of the property. However, as this is a valuable source of supply for Federal agencies, the following procedures will be followed if the command opts not to use the DRMO:

(1) Nonreportable excess property will be held at the command for a minimum of 21 days for Federal screening, during which time all local Federal agencies that may have an interest in the property should be notified of its availability. An additional 21 days is required for donation screening. GSA will assist in local screening during this 42-day period.

(2) The property must be secured and segregated from further usage during screening to facilitate inspection by prospective transferees.

(3) At the end of the donation-screening period, the property may be referred to GSA for sale using Standard Form (SF) 126, Report of Personal Property for Sale (FPMR). The SF 126 will include a statement specifying revolving-fund reimbursement from sales proceeds. The appropriation to be credited must be cited.

8-8. Sales of Surplus Property.

a. The decision to conduct sales of surplus property involves complex regulatory requirements and issues. It is essential that proper marketing concepts, policies, principles, and techniques be applied to the maximum extent possible. A variety of creative selling efforts must be used to increase demand, streamline distribution, and increase net return to the government. Trained and experienced sales personnel are essential to the process. Civil-funded property that is excess and that survives the USACE-wide screening must be screened within the Department of Defense and the rest of the Federal government via GSA prior to donation or sale. DRMO facilities are staffed and trained to complete all the necessary disposal activities mandated by regulation to include sale if warranted. GSA also is available to conduct sales of surplus property. The appointed sales contracting officers (SCO) who conduct sales actions must have training, at the minimum, in basic Federal contracting (i.e., Defense Acquisition University's "Fundamentals of Contracting" [CON 101]).

b. Activities, because of location or unique circumstances, may have a need to conduct a sale of surplus civil-funded property. A request must be submitted through the MSC logistics office to the MSC commander in memorandum format. The MSC commander must approve all requests to conduct each sale. A copy of all sales appointments will be provided to HQUSACE, ATTN: CELO-MS. The memorandum must address the following issues:

(1) Procedures by which the command will obtain DOD and GSA clearances prior to sale.

(2) Certification that the SCOs who will process and complete all sales actions have training in basic Federal contracting.

(3) Concurrence of both the F&AO and contracting offices, if applicable, that they will properly resource the sale activity.

(4) Comments as to the cost effectiveness of conducting a local sale considering all direct and indirect cost factors. Considerations should include such items as storage costs, administration, labor, transportation, security and handling costs.

c. While conducting public sales it is extremely important that commands avoid all appearances that any employee, through prior use, or close association with those familiar with the property, is in a more advantageous position than a member of the general public. In this regard, all sales of personal property conducted by commands will be subject to the following limitations:

(1) Any employee who was involved in the decision to determine personal property to be excess or is connected with any aspect of the sale is ineligible to bid or accept award of said items.

(2) Any employee whose past association with the property being sold has been such that he might reasonably be considered to be bidding from an advantageous position is also ineligible to bid or accept award of said items.

(3) These provisions are applicable to all employees and to members of their immediate families, specifically the spouses and children of such employees.

(4) Authority is 5 USC 301 and 40 CFR 486 (c).

d. The logistics management office will dispose of the surplus property through the competitive bid sale methods prescribed in FPMR 101-45.304.1.

e. Sales actions conducted under this regulation require the appointment of a sales contracting officer (SCO) and an authorized collector to accept receipts from the public in accordance with ER 37-2-10.

8-9. Abandonment and Destruction. If government property cannot be disposed according to the preceding policies and procedures, abandonment or destruction actions will be initiated as follows:

a. A determination is prepared in memorandum format by a technically qualified person that the property has no commercial value, or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. This determination must also include that donation is not feasible. The commander's signature is required on this memorandum. If, at any time prior to actual abandonment or destruction, these determinations are reversed, such sale or donation will be made.

b. If any line item of the property proposed to be disposed by abandonment or destruction had an original acquisition cost (estimated, if unknown) of more than \$50,000, the determination addressed above will be forwarded through logistics channels to ACSLOG before action is taken.

c. No abandonment or destruction shall be made in a manner detrimental or dangerous to public health, safety, environment, or that would cause infringement of the rights of other persons.

d. Advance public notice must be given except when immediate destruction is in the best interest of the public because of the cost of handling, or the line item had an original acquisition cost of less than \$500. Such notice must be displayed in the area in which the property is located, containing a general description of the property to be abandoned or destroyed, and must include an offer of the property for sale.

e. The abandonment/destruction action must be witnessed by one other person, and the two individuals must sign a statement to this effect.

8-10. Items Requiring Special Processing. The following items of personal property require special processing as outlined

below:

a. Information technology equipment (ITE).

(1) Excess ITE must be reported directly to the Defense Information Systems Agency (DISA) using the Defense Information Technology Management System (DITMS, formerly ARMS). The e-mail circularization required by this regulation satisfies the requirement for MACOM screening.

(2) The DITMS program will also be used to request permission for donations to schools IAW the instructions contained in DOD 8000.X. Upon release by DISA, the local PBO will prepare the proper documentation for transfer to the school. Schools must pay all transportation costs for the transfer.

(3) ITE assets that do not require reporting IAW DOD 8000.X will be transferred directly to the DRMO.

b. Computer software (CS).

(1) Report excess software to the local information management officer (IMO). The IMO will then report it to DISA. The following must be reported to DISA prior to disposition:

(a) Any commercially-obtainable CS that was used initially and is now scheduled for replacement, or which is to be discontinued because of change in mission. Unused CS can also be reported.

(b) CS initially acquired for computer programs, procedures or routines specifically designed to make use of and extend the capabilities of ITE, including operating systems, assemblers, compilers, interpreters, data base management systems (DBMS), sort/merge programs, maintenance/diagnostics programs and applications programs.

(c) Contractor CS excess. All CS excess generated from contracts funded by DOD components can be subjected to the procedures in this program. Contracting officers and/or their designated representatives are to ensure that contractors identify and report the CS through the excess software screening procedures.

(2) Exceptions. The CS should be destroyed or returned to vendor when the following criteria apply:

(a) CS classified under DOD 5200.1-R, "DOD Information Security Program," that is not eligible for computer software screening through DISA.

(b) CS that provides direct security protection to ITE or systems that process classified information.

(c) CS related to or associated with a weapon, intelligence, command and control, communication, or tactical data system.

(d) CS that will not operate or perform the application for which it was intended will not be screened as excess software through DISA.

(e) Copy-protected CS.

(f) CS becoming excess as a result of hardware being reported as excess should be reported when the hardware is reported.

(3) Software exchange/trade-in. An alternate method of disposing of excess CS that survives excess screening is to exchange it with the original vendor toward the purchase of newer software (upgraded versions or other related software) as part of an acquisition process. DOD activities can use this process to acquire more favorable discounts, trade-in allowances, and/or other price considerations for the government. All such transactions should be properly documented to provide an adequate audit trail. Under no circumstances do these procedures authorize sole-source procurement or non-compliance with established selection and acquisition regulations and applicable congressional direction.

c. Civil aircraft. Before taking disposal action, contact ACSLOG for disposal instruction. ACSLOG is responsible for coordinating with the PRIP manager.

d. Radioactive and Nuclear Regulatory Commission-controlled materials. These materials are not disposed through GSA, but should be reported to the Chief, Safety and Occupational Health Office, HQUSACE, for disposal instructions. NOTE: Radioactive and hazardous material will be identified as such on the property book.

e. Vessels. When disposal of vessels in excess of 1,500 gross tons is considered, coordination with the Secretary of Transportation is required. Therefore, ACSLOG will handle all disposal actions for these items in coordination with the PRIP

manager.

f. Motor vehicles. Civil works motor vehicles that have been replaced or are eligible for disposal in accordance with ER 56-2-1 are not to be considered excess. Vehicles will be disposed under the exchange/sale program.

(1) Authority from HQUSACE is not required for sale of replaced motor vehicles that have been programmed and acquired in accordance with ER 56-2-1.

(2) Authority to dispose of excess motor vehicles (vehicles which have not been replaced and are excess to requirements of the command) must be obtained by submission of a memorandum through logistics channels to ACSLOG.

(3) Military-funded motor vehicles will not be disposed by the command without approval of ACSLOG.

(4) Sale of exchange (replacement) vehicles purchased with civil funds is required. Sales activities may be coordinated with the regional GSA sales office. In all sales activities, care must be taken to ensure that all funds are collected and returned to the revolving fund.

(5) Exchange/sale provisions of FPMR 101-46 are applicable. Vehicles identified under exchange/sale criteria do not require screening or circularization. Vehicles may go directly to sale. Agencies must coordinate with GSA regional sources to establish sale action.

g. Technical library books. Disposition of technical library books, and law library books, is the responsibility of the respective property book officer.

h. Hazardous property. The terms "hazardous waste", "hazardous material", and "hazardous substance" all have specific legal and scientific definitions in the Federal regulations. Collectively, these chemicals are often identified using the vernacular term "hazardous property."

(1) The local Defense Reutilization and Marketing Office (DRMO) will provide assistance in disposing of hazardous property. This is generally accomplished via a contract awarded through the Defense Reutilization and Marketing Service (DRMS). The payment for the contract will be made prior to disposal by either the command providing funds to DRMS, or by providing a

fund cite and the USACE paying office.

(2) Recyclable materials should be deflected from the waste stream and considered for reuse/recycling in accordance with applicable executive orders and public law.

i. Flags, guidons, and streamers will be disposed in accordance with AR 840-10.

8-11. Exchange/Sale.

a. The exchange/sale program does not apply to excess property. Exchange/sale concerns disposing of equipment when a similar item is being acquired as replacement. USACE is authorized to apply the exchange allowance or the proceeds from sale, in whole or in part, as payment for the replacement property acquired. The money does not go to the U. S. Treasury but remains with USACE. This is a way to save money during acquisition, and may be particularly profitable when replacing equipment at project sites.

b. Generally, the replacement should be one for one. The only exceptions allowed are if greater or fewer pieces of equipment must be acquired to perform most of the tasks the old items performed; and for parts or containers. If a one-to-one exchange between old and new items is not available, sufficient data shall be recorded to establish the following: that the items acquired were similar to the items exchanged or sold; that any exchange allowances or monies applied in payment for property acquired were available for such payment; and that the transaction was otherwise in compliance with the Federal Property Management Regulation, Chapter 101-46.

c. At the time of exchange or sale (or at time of acquisition, if it precedes the sale), a written administrative determination must be made to apply the exchange allowance or proceeds of sale in acquiring property.

d. Any such property to be sold will be reported to GSA sales offices only, and will be identified as replacement property, subject to the same exemptions and exceptions on reports as otherwise would be applicable to surplus personal property.

e. ITE that qualifies for exchange or sale must first be reported for possible reutilization among Federal agencies. If not transferred for other reutilization among Federal agencies, ITE may be exchanged or sold.

f. Exchange-sale program eligibility includes military-funded property that is not centrally-managed by a national inventory control point.

8-12. Cannibalization.

a. Cannibalization is a supply source, and takes place only when the normal supply system cannot provide spare parts to meet mission requirements.

b. Commanders will approve the establishment of all cannibalization points (CP), and will ensure that accountability requirements are properly maintained for equipment to be cannibalized.

c. A CP will be established as an inventory account.

d. A CP will maintain a separate record on each end item turned over to it. A record will contain the following:

(1) Transfer document for the item (receipt document).

(2) A record of each repair part, component, or assembly removed and issued from the end item, including an issue document.

e. After cannibalization actions have been completed, the PBO will follow normal disposal procedures in disposing of remaining items.

f. Cannibalization of communication security (COMSEC) equipment and controlled cryptographic items (CCI) by commands is expressly prohibited.

g. Cannibalization is prohibited on all civil-funded administrative-use commercial-design vehicles.

h. ITE cannibalization must be authorized on a case-by-case basis by DISA.

8-13. Precious Metals Recovery Program (PMRP).

a. Military-funded activities must participate in the DOD Precious Metals Recovery Program (DOD 4160.21-M). This program is operated by the Defense Logistics Agency, which is the integrated manager for precious metals, and has the responsibility for the storage and issue of refined precious


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metals. The DOD program requires generating activities to turn in all excess precious metals and precious metal-bearing material to their servicing DRMO. This is accomplished by following the uniform turn-in procedures previously discussed. In addition, include in the DD Form 1348-1A (DOD 4000.25-1-M) or attached documentation, any available information pertaining to the precious metal content (i.e., metal type, quantity, location, etc.) of scrap material or non-standard items being disposed.

b. Transportation, packaging, crating, and handling costs incurred in the shipment or transfer of precious metal-bearing material from a generating activity to a DRMO will be borne by the generating activity. Transportation costs incurred in making DRMO-authorized shipments of precious metal-bearing material from a generating activity direct to a designated collection/recovery activity or contractor facility will use the appropriate fund citation obtained for that servicing DRMO.

FOR THE COMMANDER:

1 Appendix
(See Table of Contents)


MILTON HUNTER
Majbr General, USA
Chief of Staff