

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.