

## **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.