

## SECTION 5

### PROPERTY ADMINISTRATION

#### 5-1. General.

a. The resident engineer assures that Government real property, regardless of value, is accounted for and used only for the actual needs of the work being undertaken by USACE, and is not used for the benefit of any private contractor. The use of Government property for the advantage, comfort, convenience, pleasure, or for any private purpose is strictly prohibited.

b. The property administrator is the Government representative who is responsible to the contracting officer for reviewing the contractor's industrial property control procedures, for checking records maintained by the contractor for property that is Government furnished, for usage checks of industrial property, and for maintaining Government property records as required. A property administrator is designated for each Government contract involving Government property. Under normal conditions, the chief, property accounting section, who is also the district accountable property officer, is designated as the property administrator.

#### 5-2. Definitions of Property.

a. Government-furnished property (GFP) are goods supplied by the Government to a contractor for use or installation under a construction contract (FAR 52.245-4, Government-Furnished Property).

b. Contractor-furnished property (CFP) are goods accepted by the Government under the terms of a satisfactorily completed contract.

c. Contractor-furnished material (CFM) are goods purchased by the contractor for use or installation as specified by a construction contract, but has become excess through no fault of the contractor. This material must be considered usable and acceptable in its current condition by a Government representative.

d. Government salvage property (GSP) are goods which a contractor removes from a facility undergoing alteration or repair which must be turned in to the Government (see AFARS 45.5).

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e. Real property consists of land and capital improvements to land. It includes, but is not limited to, land; lesser interests in land; buildings, other than portable ones; structures; roads; and railways.

f. Personal property consists of items not considered real property. The regulations for accounting and controlling personal property can be found in ER 700-1-1, and ER 750-1-1 describes the maintenance procedures for all personal property owned or supported within USACE.

g. Common property terms such as accountable property officer or responsible employee are defined in ER 700-1-1, USACE Supply Policies and Procedures.

### 5-3. Classification of Property.

a. The following subparagraphs list classifications for personal property acquired through purchase, transfer, or other means for civil and military activities. Subsequent accountability actions are taken by the resident engineer.

b. The classifications of property as described in ER 700-1-1, USACE Supply Policies and Procedures, are as follows:

(1) Nonexpendable (N). A nonexpendable item is complete in itself, it does not lose its identity or become part of another article when put in use, it has an expected service life of one year or more, and it has a unit acquisition cost of \$5,000 or more.

(2) Pilferable (P).

(a) Pilferable items are accounted for in the property account as nonexpendable property regardless of their cost.

(b) Pilferable items require tight control because they are susceptible to misuse and theft. This classification includes cameras, detachable camera lenses, binoculars, microscopes, telescopes, slide and movie projectors, calculators, tape records, portable typewriters, surveying equipment (such as levels and transits), portable radio transmitter-receivers, television sets, diving equipment, and firearms. The resident engineer controls these items by obtaining a written receipt or with a sign-out log.

(3) Minor nonexpendable/accountable (MP). This classification covers furniture, fixtures, and office equipment with a unit acquisition cost of \$300 or more, but less than \$5,000. Normally, these items are charged to expense accounts such as tool replacement and expense. If, however, the purchase cost is substantial or if the items are for the initial outfitting of an office or facility, Cost and Revolving Funds Accounting Branch determines whether they must be capitalized. The resident engineer controls these items by obtaining a written receipt or with a sign-out log.

(4) Minor nonexpendable/nonaccountable (M). This classification covers durable items that retain their original identity, are not consumed in use, are not classified as pilferable or as minor nonexpendable/accountable property, and have a unit acquisition cost of \$50 or more, but less than \$1,000. These items are charged to an expense account or are capitalized the same as minor nonexpendable/accountable property.

(5) Expendable (E). Expendable items are consumed in use or lose their separate identity when used in construction, maintenance, or operations. This classification includes construction materials, office supplies, office equipment (such as paper staplers and punches) that cost less than \$50, and vehicle repair parts and accessories.

(6) Warehouse stock (WS). This classification includes all classes of property stored for future issue after acquisition in a warehouse or other storage area.

(7) Real property (civil). Real property consists of land and capital improvements to land. It includes, but is not limited to, land; lesser interests in land; buildings, other than portable ones; structures; roads; and railways.

(8) Real property (military). Real property consists of land and capital improvements to land. It includes, but is not limited to, land; lesser interests in land; buildings, other than portable ones; structures; roads; and railways. This classification includes buildings, structures, improvements, and other property as described in AR 415-28, Department of the Army Facility Classes and Construction Categories.

#### **5-4. Receipt of Property.**

a. The receipt of all property is handled as described in ER 700-1-1.

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b. Favorable relationships with suppliers furnishing property or services to the Government are established by the timely payment of invoices. A receiving report is forwarded within one working day after receiving property or services.

c. Inspection of small purchases consists of examination of the following:

- (1) Type and kind.
- (2) Quantity.
- (3) Condition.
- (4) Operability, if readily determinable.
- (5) Preservation, packaging, packing and marking, if applicable.
- (6) Other QA actions as required.

**5-5. Inventory and Disposition of Property.**

a. Inventory. All accountable property is physically inventoried at least once each calendar year as prescribed in ER 700-1-1. When it is necessary for the contractor to have access to real and installed property at an installation where the district has property accountability or custody of the records, the resident engineer arranges a joint inventory with the contractor to fix responsibility. Discrepancies are referred to the district with recommendations.

b. Marking of property. The resident engineer assures that nonexpendable and pilferable items are marked or engraved, upon receipt, with the letters "US-CE-C" for civil property or "USA-CE-M" for military property.

c. Property excess, turn-in, or mishap. Reporting excess property and the turn-in or other disposition of property are handled according to ER 700-1-1. Incidents of loss, theft, damage, or destruction are reported on DA Form 4697, Report of Survey, as prescribed by the same regulation.

**5-6. Delivery of Property to Contractors.**

a. Normally, shipments from depots or other military installations will be accompanied by a shipping document. Two copies of this document are signed by the contractor's representative acknowledging receipt of GFP and then are

forwarded to the District. If shipments are not accompanied by a shipping document or if copies have not been received previously, a DD Form 250, Material Inspection and Receiving Report, is submitted in the same manner as shipments from commercial sources. For shipments from commercial sources, the resident engineer initiates the receiving report and submits to the district the original and three copies properly executed by the contractor's representative.

b. Receiving reports contain the signature of the contractor's representative, preferably in the body of that form, acknowledging receipt of the material in good condition for installation under the pertinent contract. Discrepancies or damages are annotated on the receiving report; this information should also appear on the bill of lading.

c. All property documents are forwarded to the district within one working day of receiving the property. Property documents reflecting credits of materials to the contract, shipments salvaged, excess or surplus materials turned in to the contract, or anything affecting the accounting of property are forwarded to the district so that accounting may be kept current.

**5-7. Salvaged, Excess, or Surplus Property.**

a. Construction projects have salvaged, excess, or surplus property for one or more of the following reasons:

(1) Changes in plans and specifications.

(2) Procurement or requisition beyond contract needs, through no fault of the contractor.

(3) Contract termination prior to completing the work or receipt of the title of property by the Government in accordance with the contract.

(4) A salvaged material clause in the contract or a pay item in the unit price schedule of the contract requiring the material to be salvaged.

b. A list of the excess property, in triplicate, is furnished to the district by the resident engineer. Excess property is then disposed of in accordance with FAR 45.6, Reporting, Redistribution and Disposal of Contractor Inventory, and EP 700-1-1.

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5-8. **Purchasing.**

a. Purchase orders. The resident engineer receives from the district a copy of all purchase orders for supplies and services which will be consigned to the office. Upon receiving these supplies or services, receiving reports are prepared and submitted to the district in accordance with district regulations. Every effort is made to submit reports in time to take advantage of prompt payment discounts offered by vendors and to preclude interest penalty payments to vendors.

b. Ordering officer/imprest fund administration. Many resident offices that are distant from the district have ordering officer and/or imprest fund authorization. The purpose of these authorities is for procurement of small dollar amounts of supplies, equipment, and nonpersonal services. Guidance in these areas can be found in district procurement regulations.