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# Property Accountability

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**W**hat do we account for? When do we account for it? Where do we count what we account for? Why...Who...How...These have been bones of contention between the contractor and the Government since time immemorial.

Let me begin by saying that I do not believe that Work-In-Process (WIP) should be counted. That does not mean that all material should be issued out of stores — to WIP — at inventory (accountable) time. Abuse is abuse in any form.

I believe that there are only two types of property, expendable and non-expendable. Expendable property is that property that **MUST** become part of something else to have a use or function. I call this expendable property — material. Non-expendable property consists of support equipment (Special Test Equipment, Special Tooling, Industrial Plant Equipment, Other Plant Equipment, Military Property) and the Delivered Product. The same exact item could be the delivered product to one contractor and become Government Furnished Material (GFM) to another contractor. **EXAMPLE:** An aircraft engine is the delivered product of its manufacturer, but to the airframer it becomes GFM.

Lets answer the accountability questions:

- ◆ What do we account for? We account for everything not committed to WIP.
- ◆ When do we account for it? I believe it should be done annually, but there are those who believe biennially is sufficient. **NOTE:** Some sensitive property must be accounted for at least annually.

Where do we count what we account for? Whatever we count should be accounted for right where it is. Material should be counted in the warehouse/storeroom. Other property should be accounted for at the point of use: on the manufacturing floor, in the calibration lab, at subcontractors, and so on.

- ◆ Why do we count what we account for? **FINANCES.** So the contractor can account for either his own expenditures (company dollars) or the Governments expenditures (Government-owned property), among many other reasons including the ability to produce an end item.
- ◆ Who does the counting of what we account for? The

contractor has the responsibility of accounting for the Government's property as well as his own property. There must be at least two people on a counting team; the counter and the recorder. There can be more than one counter for each recorder. The people performing the inventory must not be the same as the responsible store-keeper.

- ◆ How do we count what we account for? The methods used to account for all property vary with each item. Non-expendable property is counted one at a time. Expendable property on the other had, can be counted or weighted, depending on size and quantity. For example, large bolts would be counted individually, but small washers in large quantities would be counted by weight.
- ◆ How do we start counting of what we account for? For expendable property we must determine a cut-off date. Usually, expendable property is being issued and received daily and production continues throughout the accounting period.

A cut-off date allows us to adjust the quantities of those items issued and received after this date. For material, I prefer a wall-to-wall accounting annually. In this inventory one starts at point A, ends at point Z, and counts everything in between. Special care must be taken with limited shelf-life material. Some of these are adhesives, primers, paints, lubricants, rubber products, and explosives.

For non-expendable property I believe very strongly in **BAR CODING**, not only as an accounting tool, but as a perpetual inventory tool. If properly set up, using the bar coding system 90% of a companies inventory can be performed during the year, automatically. The savings in salaries and time can more than pay for the cost of the bar coding system. The records can be automated within the bar coding system and each time an item is used, moved, or maintained it is inventoried automatically, especially those items requiring calibration.

When the accountability is completed and items are still missing records must be adjusted, and if the missing items belong to the Government, they must be treated like an incident. They must be reported missing in the accounting for the property and relief of liability and accountability must be requested. ◆