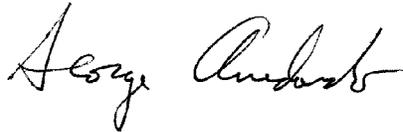


For: All FFAS Offices

**Suspending Inventories and Using New Personal Property Classification Standards**

Approved by: Acting Deputy Administrator, Management



**1 Overview**

**A**

**Background**

In March, USDA's Directors of Administrative Services Divisions were notified of the results of an audit that OIG conducted on USDA's consolidated financial statements for FY 1999. OIG, with the concurrence of the Office of Procurement, Property and Emergency Preparedness (OPPEP), determined that it was necessary for each USDA accountable officer who is delinquent in conducting a physical inventory to complete an inventory by July 6, 2000.

**B**

**Purpose**

This notice instructs FFAS offices to suspend all physical inventories and provides:

- new personal property classification standards
- a deadline for KCAO, ASD and MSD to update the records
- a new target date for conducting physical inventories
- instructions for managing noncapitalized property.

**C**

**Contact**

If there are questions about this notice, call Dennis Hall or Kendell Stargell, MSD, at 202-720-7005.

<p><b>Disposal Date</b></p> <p>January 1, 2001</p>	<p><b>Distribution</b></p> <p>All FFAS Offices; State Offices relay to County Offices</p>
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## Notice AS-2009

### 2 Action

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#### A Suspending Physical Inventories

Chief, ASD, KCAO, notified State and County Offices by letter dated March 25, 2000, to conduct a physical inventory of all their personal property before June 30, 2000. However, FFAS has recently changed the standards for classifying personal property. Therefore, offices should suspend these physical inventories since the new standards will drastically reduce the amount and types of property to be inventoried.

MSD has obtained an extension from OPPEP provided all FFAS offices complete their physical inventories, including the reconciling processes with its financial statements, before September 18, 2000.

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#### B Using New Personal Property Classification Standards

New personal property classification definitions are as follows:

- **capitalized** will replace the word **accountable**
- **noncapitalized** will replace the word **controlled**.

**Note:** 30-AS and 31-AS will be amended using these new personal property classification definitions to be consistent with 98-FI when discussing the classification or coding of personal property.

FFAS offices shall classify existing or new acquisitions of personal property as being one of the following:

- **capitalized**, if the equipment or software meets all of the following:
    - unit acquisition cost is **\$5,000 or more**
    - expected service life is 2 years or more
    - durable in nature and does not become an integral part of other equipment
  - **noncapitalized**, if the equipment or software meets all of the following:
    - unit acquisition cost is **less than \$5,000**
    - expected service life is 2 years or more
    - durable in nature and does not become an integral part of other equipment
  - **sensitive**, if the item is a weapon or ammunition.
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2 Action (Continued)

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**C**  
**Updating**  
**Property**  
**Records**

The Property Management Information System (PMIS), a subsystem of NFC's Central Accounting System, contains thousands of personal property records for FFAS' organizations.

Each record in PMIS, regardless of its classification, must contain all of the following information:

- detailed description
- acquisition
- cost accounting
- accountable officer
- location.

Only **capitalized** records, however, are required by law to be posted in FFAS' financial statements and supported by PMIS. Departmental regulations require **capitalized** property records to be physically inventoried biennially with a mandate that all out-of-balance situations between PMIS and FFAS' financial statements be reconciled.

After consultations by MSD with the financial managers of FFAS, it has been agreed that PMIS should be used for recording only **capitalized** and **sensitive** property according to subparagraph B.

**Exception:** CCC has determined that all SCOAP equipment was capitalized when it was initially acquired. Therefore, SCOAP equipment will continue to be carried on PMIS' system regardless of each item's unit acquisition cost.

KCAO, ASD and MSD have begun to remove all **noncapitalized** property from PMIS, since they are the only offices that currently have complete PMIS update capabilities. It is anticipated that they will complete this task before July 15, 2000.

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2 Action (Continued)

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**D**

**Completing  
Physical  
Inventories on  
Capitalized  
Property**

FFAS offices shall:

- receive new computer lists containing detailed information on the **capitalized** property for their office or organization by July 31, 2000
  - complete a physical inventory of their **capitalized** property, returning certified copies to either KCAO, ASD or MSD as quickly as possible, but no later than August 31, 2000.
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**E**

**Managing  
Noncapitalized  
Personal  
Property**

National and Field Office Directors have responsibilities for the daily management and control of all Government-owned personal property within their organization. Since noncapitalized personal property shall not be recorded in PMIS, these managers should establish methods or inventory systems that will assist them with these responsibilities.

Inventory systems should be established using existing on-hand software, such as Corel WordPerfect, Microsoft Word, Microsoft Excel, Paradox, or an electronic version of FSA-950. At this time, FFAS offices are not authorized to procure an off-the-shelf asset inventory system.

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