

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, SAVANNAH
CORPS OF ENGINEERS
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CESAS-RE/RM

DISTRICT STANDING OPERATING PROCEDURES
NO. 405-1-1

10 May 1999

Real Estate Division
ASSET MANAGEMENT - REAL PROPERTY (CIVIL)
UNDER CONTROL OF U.S. ARMY CORPS OF ENGINEERS

1. PURPOSE: The purpose of this SOP is to provide local procedures and policies for the accountability of civil real property under the control of the U.S. Army Corps of Engineers, Savannah District from the initial acquisition to final disposition. These procedures include the accountability and reconciliation between the Corps of Engineers Financial Management System (CEFMS) and Real Estate Management Information System (REMIS) as required by the Chief Financial Officer's (CFO) Act of 1990.
2. APPLICABILITY: This SOP applies to all District personnel involved in the acquisition, construction, management and disposal (retirement) of real property.
3. REFERENCES:
 - a. AR 405-90, 10 May 1985, Disposal of Real Property.
 - b. AR 420-17, 13 December 1976, Real Property and Resource Management.
 - c. AR 735-5, 31 January 1998, Policies and Procedures for Property Accounting.
 - d. ER 37-2-10, 01 April 1969, Accounting and Reporting Civil Works Activities.
 - e. ER 405-1-12, 20 November 1985, Real Property Accountability, Chapter 16.

SOP 405-1-1
10 May 1999

f. Chief Financial Officer's Act of 1990.

g. Memorandum, CERM-F, 29 September 1997, subject: Revised Capitalization Guidance for Civil Works Personal Property.

4. RESPONSIBILITY: Real Estate Division (RE) maintains accountability for civil real property. The real property general ledger accounts are maintained by Resource Management Office, Finance & Accounting Branch (RM-F).

5. DEFINITIONS: See Appendix A.

6. PROCEDURES:

a. NEW LAND ACQUISITIONS.

(1) New acquisitions refer to land that has not been acquired or not placed in service in either COEMIS or CEFMS. It does not apply to land acquired while under COEMIS that has not been placed in service in CEFMS. The initiating office should create an asset work item. Prior to creating an asset work item for land, consult with RM-F. Asset work items are created using CEFMS Screen 2.101 for each acquisition type per civil project as follows:

(a) Purchase/Condemnation - Use Classification 1. There should be multiple asset work items for each different appropriation used to purchase land (i.e., one for 3122 (Construction General); a different one for 3123 (Operation & Maintenance); a different one for 4902 (Revolving Fund), etc.).

(b) Found On Works - Use Classification 4.

(c) Transferred In - Use Classification 5.

(d) Donations - Use Classification 7.

(2) All of the above work items should have a Property Category Code of "00" for Land. If the Project is a Multi-purpose Power Project, an asset work item with a Property Category Code of "IT" for intangible should be setup to allow amortization of certain associated land expenses. The exact type of expenses allowed to be amortized is contained in

ER 37-2-10, Chapter 31, Appendix A. The IT work item will be used for certain expenses such as relocation costs, supervision and administration, etc., until new policy/guidance is issued from HQUSACE.

(3) A corresponding "Parent" tract record should be created in REMIS for each asset work item created above. Upon creation in REMIS, a new Property ID Code will be generated and the parent tract will be placed in the shared PROPERTY table in the corporate REMIS/CEFMS database. Suggested names for the parent tracts:

(a) PURCHASE - For all purchases and condemnations. Use PURCHASE along with the appropriation symbol of the funds used to acquire the property. Values are 3122, 3123 and 4902. Example: PURCHASE-3122.

(b) DONATION - For all donated tracts.

(c) TRANSFER - For all transferred in tracts.

(d) FOUND-WORKS - For all found on work tracts.

(e) ADMIN - For all IT Administrative tracts.

(4) The RPAO will continue to enter individual tracts in REMIS to record the actual land acquired for tracking purposes. However, each new tract number (as assigned by RE personnel) should be linked to one of the above parent tracts. This will provide the link necessary to show appropriation and acquisition method for each individual tract.

(5) These new property ID codes will be the only real property land records placed in service within CEFMS. The new property ID code should be placed in service as soon as the first tract acquired by that particular method has been officially procured. To ensure proper costing of property, the current Asset Management Work Breakdown Structure (WBS) must be strictly adhered to. Any costs incurred after the land is initially placed in service will be charged against the asset work item or one of its children.

SOP 405-1-1
10 May 1999

(6) This process will allow administrative type expenses to be charged at a quasi-project level for land. For example, if a single survey or appraisal covering five separate tracts is completed, the entire amount may be charged to the appropriate asset work item for the associated method of acquisition (reference paragraph 6.a. (1) above). As costs continue to be incurred in CEFMS against one of the above asset work items, the costs will be rolled up each night to increase the total actual cost for the land (i.e., each property ID code).

(7) The responsible element (OP/PD/EN) will prepare ENG Form 3013 to show appropriate land information and forward to RM-F and the RPAO. This form will be used by RM-F to transfer the property to PIS.

b. CONSTRUCTION OF IMPROVEMENTS (BUILDINGS, STRUCTURES, AND FACILITIES) OR REHABILITATION.

(1) The project manager in charge of the construction or rehabilitation work or the designated person must create an asset work item in CEFMS using Screen 2.101 under the CEFMS Management Menu for each building, structure or facility to be constructed. The asset work item must be linked to the project parent work item.

(2) The Project Manager or the designated person will prepare ENG Form 3013 for buildings, structures, and facilities built by contract or by Government employees. The ENG Form 3013 must be in the level of detail necessary to identify individual real property assets in accordance with ER 37-2-10 and other guidance and route to RM-F and the RPAO. A complete description of the asset must be included on ENG Form 3013. The ENG Form 3013 provided to RM-F will serve as the basis for transferring the building, structure or facility to PIS. The RPAO will create the asset in REMIS and provide the property ID code to RM-F to transfer the asset to PIS.

(3) RM-F will monitor the CIP accounts for completed items to be forwarded to the PIS account and follow up with the Project Manager or designated person as necessary.

c. CHANNELS AND HARBORS. Expense and do not capitalize construction, engineering and design (E&D) and supervision and administration (S&A) costs and related costs associated with excavation/dredging of channels in existing waterways; excavation/dredging of navigation ports and harbors; removal of trees, brush, accumulated snags drift debris, water hyacinths and other aquatic/vegetable growths from canals, channels, harbors, ports, and other existing waterways (rivers, streams, tributaries, etc.). However, if there are existing structures (jetties, seawalls, levees, riverbank erosion mats, etc.), in the waterway/channel and they are extended or modified then the cost will be capitalized as additions or betterments. Any new structures constructed in a waterway/channel will be capitalized.

d. ADDITIONS/BETTERMENTS (A/B). If an improvement (building, structure, facility, etc.) is an A/B, the Project Manager or designated person will prepare an ENG Form 3013 and create an A/B work item, classification '2'. CEFMS will require that you identify the property ID code of the asset for which the A/B work is being done. It will also default the parent work item of the A/B work item to the asset acquisition work item associated with the asset. The ENG Form 3013 should be forwarded to RM-F and the RPAO within 15 days of completion or substantial completion of the improvement to place the A/B in service. CEFMS will capitalize the A/B cost by adding the A/B cost to the book cost of the asset. After placing the asset in service, RM-F should forward a copy of the ENG Form 3013 to the RPAO to update REMIS.

e. DISPOSAL.

(1) Land. Prior to disposal of land, the Project Manager or designated person should submit a memorandum requesting approval to dispose of land to RE. Upon finalization of disposal, the RPAO will update REMIS and provide documentation to RM-F and RE-PR to update CEFMS and appropriate RE records. A disposal work item must be created by RM-F for asset disposals to capture expenses linked to the asset.

(2) Improvement. Prior to removal or destruction of any improvements, the Project Manager should submit a memorandum

SOP 405-1-1
10 May 1999

requesting approval to dispose of a real property improvement to RE. This memorandum must include justification for the proposed disposal action and a statement concerning National Historic Preservation Act requirements and environmental considerations (asbestos, lead paint, etc.). The RPAO will prepare a Finding of Fact and forward to the appropriate office for approval. Upon approval of the disposal, the RPAO will update REMIS when the asset is disposed and forward CESAS Form 1302, Real Property Financial Adjustment Voucher, to RM-F to remove the asset from PIS and to record appropriate disposal transactions.

f. DONATIONS/TRANSFERS. The Project Manager or designated person should submit CESAS Form 1302 to record donations and transfers to RE-RM within 15 days of receipt of donated/transferred property. All donated real property will be recorded at the estimated fair market value at the time it is acquired. Transfers will be recorded at the book cost of the transferring activity along with any accumulated depreciation. The RPAO will create the asset in REMIS and within 15 days forward CESAS Form 1302 to RM-F to create a donated asset work item and place asset in service within 15 days of receipt of the form.

g. FOUND ON WORKS. The RPAO will promptly submit CESAS FORM 1302 to RM-F to record found on work assets.

h. INPUT INTO REMIS. Within 15 days of receipt of notification, the RPAO will ensure that the appropriate REMIS records exist for land acquisitions and improvements. The RPAO will furnish the REMIS generated property ID code to the Project Manager and to RM-F.

i. PLACING ASSETS INTO SERVICE. Within 15 days of receipt of the final ENG Form 3013 and REMIS property ID code, RM-F will place the real property item into PIS in CEFMS.

7. RECONCILIATION OF REAL PROPERTY: It is the responsibility of RM-F and RE to maintain financial accountability over real property transactions. Both offices share the responsibility of reconciling records.

a. The reconciliation of real property will be completed by month end February and August of each year.

b. The RPAO will review REMIS reports to verify no variance in REMIS and CEFMS costs. The reports will be forwarded to RM-F twice a year by 1 February and 1 August to complete the reconciliation. The following reports should be reviewed in addition to any other reports that may become available in the future relating to the reconciliation process:

(1) Real Property Reconciliation Report (Placed In Service) - RECINSV.

(2) Real Property Reconciliation Report (Not Placed In Service) - RECNINSV.

(3) Real Property Reconciliation Report (Project Summary - Placed in Service) - SUMINSV.

(4) Real Property Exception Report (Property in CEFMS Not in REMIS) - REMISEXC.

c. RM-F should verify reconciliation of the general ledger and subsidiary ledger using the General Ledger to Asset Cost Table Reconciliation (RECONAST) Report and notify the RPAO of the results of the reconciliation.

8. WORK ORDER/COMPLETION REPORT, ENG FORM 3013:

a. Initial ENG Form 3013. An ENG Form 3013 must be immediately completed upon the creation of a CEFMS asset work item and forwarded to RM-F and the RPAO by the project manager or the initiating office. The initial 3013 must contain the following information:

(1) Name of initiating organization.

(2) CEFMS asset work item number. State if action is for a new acquisition or addition/betterment.

(3) Name, phone number, and signature of the point of contact.

SOP 405-1-1
10 May 1999

(4) Project name. If the item is an improvement, the specific location must be shown (i.e., Hartwell Project, Twin Lakes, Pickens County, South Carolina).

(5) Improvements must have a detailed description (i.e., type of materials, dimensions, usage).

(6) Additions/betterments must include the property ID code and the account number of the existing property item.

(7) Land must include the classification and appropriation.

(8) Estimated cost of acquisition or construction. All costs related to the acquisition or construction of an item of real property, including labor and travel must be captured in REMIS and CEFMS. These costs include E&D, S&A, and incidental costs (appraisals, surveys, title evidence, closing costs, etc.).

(9) Estimated start date and estimated completion date.

b. Interim ENG Form 3013. Upon acquisition or physical completion or physical completion of a functional portion of a real property construction project, the Project Manager will forward the interim ENG Form 3013 which contains the cost as of date to RM-F and the RPAO within 15 days. The interim ENG Form 3013 will contain the same information required on the initial ENG Form 3013 and should be signed by the chief of the initiating office or a designed employee. RM-F will transfer the asset to PIS and notify the RPAO.

c. Final ENG Form 3013. A final ENG Form 3013 will be completed after all project construction is physically complete, financially complete and the final accounting close-out complete for cost-shared projects. The final ENG Form 3013 will be provided to RM-F and the RPAO within 15 days of final project completion.

9. INVENTORY OF REAL PROPERTY: RE will conduct an on-site inventory of real property by HRH on a 3-year cyclical

basis. During the intervening years, a responsible employee at each project will perform annual reviews of the inventory list, update accordingly, and sign to certify accuracy.

3 Appendixes	JOSEPH K. SCHMITT
Appendix A -	COL, EN
Index of Definitions	Commanding
Appendix B -	
Index of Acronyms	
Appendix C -	
CESAS Form 1302	

DISTRIBUTION:

RE
RE-R
RE-RM
RE-RP
RE-P
RE-PC
RM
RM-F
RM-FR
RM-FM
OP
OP-R
OP-H
OP-T
OP-M
OP-SR
OP-SSD/Sego
OP-N/Maciejewski
IM
IM-IE/Hook
IM-PR
CD-RR/List
PM
PM-C/Lynch
PM-C/Parrott

APPENDIX A

INDEX OF DEFINITIONS

Accountability. Accountability is the obligation of a designated person to keep an accurate record of real property.

Acquisition Cost. Acquisition cost includes amounts paid to the prior owner, vendor, additional expenditures to place the property in service (such as recording fees, supervision and administration, engineering and design, interest during construction, labor, transportation, etc.), construction costs and the book or fair market value of property acquired by transfer, trade-in, found on works or donation. Assets are recorded at the acquisition cost.

Addition. An addition is the addition to project facilities, (i.e., buildings, structures, etc.), that previously did not exist. Additions will be capitalized regardless of estimated useful life or dollar amount.

Asset. An asset is any item of economic value owned by a Governmental unit. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value. All assets will be created in REMIS.

Betterment. A betterment is a change to an existing asset which results in an increase of efficiency, durability, or capacity of the property item. Betterments will be capitalized regardless of estimated useful life or dollar amount.

Capital Improvement. A capital improvement is any addition/betterment, renovation, rehabilitation or upgrade adding to an asset something that was not there before or replaces part of an asset, which when added, extends the usable life of the asset, enlarging or improving its capacity. Improvements will be capitalized regardless of estimated useful life or dollar amount.

Capitalization. Capitalization is the process of adding capital expenditures to the PIS accounts (capital assets). All real

SOP 405-1-1
APP A
10 May 1999

property is capitalized at the total acquisition cost. Any real property that has an inherent life of 2 or more years will be capitalized regardless of monetary value.

Construction-In-Progress. CIP is an asset in the process of being constructed or improved.

Plant-In-Service (PIS). PIS is plant, property, or equipment that is now operational and accountable by Property Book Officer as an asset.

Real Property. 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; structures; roads; railways; and permanent utility systems.

Real Property Accountable Officer (RPAO). The RPAO is the individual from RE, designated in writing by the District Commander, who is responsible for maintaining records of real property.

Real Property Reconciliation. Real property reconciliation is the review of the REMIS real property records to ensure the cost of inventory items are reconciled against the capitalized project costs captured in the CEFMS accounting system general ledger financial records.

Replacement. Replacement is the replacement of a complete, total existing retirement unit. The replacement unit may or may not increase the service life, efficiency, capacity, or durability. Replacements will be capitalized regardless of estimated useful life or dollar amount.

Responsible Employee. The responsible employee is the specific person in charge of the office or activity, officially designated, with the basic obligation for the property use, care, custody, and safekeeping of real property. The responsible employee is further defined as the Hand Receipt Holder (HRH) for the real property.

APPENDIX B
INDEX OF ACRONYMS

A/B	Addition & Betterment
AR	Army Regulation
CEFMS	Corps of Engineers Financial Management System
CFO	Chief Financial Officer
CIP	Construction In Progress
COEMIS	Corps of Engineers Management Information System
E&D	Engineering and Design
ER	Engineer Regulation
HRH	Hand Receipt Holder
IT	Intangible
PIS	Plant in Service
RE	Real Estate Division
RECINSV	Real Property Reconciliation Report (Placed In Service)
RECNINSV	Real Property Reconciliation Report (Not Placed In Service)
RECONAST	General Ledger to Asset Cost Table Reconciliation Report
REMIS	Real Estate Management Information System

SOP 405-1-1
APP B
10 May 1999

REMISEXC Real Property Exception Report (Property in
CEFMS Not in REMIS - REMISEXC)

RE-PR Real Estate Division, Planning & Control Branch,
Control & Reports Section

RM-F Resource Management Office, Finance and
Accounting Branch

RPAO Real Property Accountable Officer

S&A Supervision and Administration

SOP Standard Operating Procedures

SUMINSV Real Property Reconciliation Report (Project
Summary - Placed in Service) - SUMINSV

WBS Work Breakdown Structure

