ACQUISITION OF PROPERTY THROUGH A
MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM (MMAS)
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Greetings, readers, and Happy New Year!

I sincerely hope that you and yours enjoyed a peaceful holiday season. It’s hard to believe that we are already settling into a new year, getting back into the grind, returning some “less-than-useful” holiday gifts and embarking on our resolutions for 2014. I’m thrilled to have the opportunity to pen the Editor’s Column for the very first issue of this year—The Property Professional’s twenty-sixth!

At the onset of a new year, most of us tend to reflect on the previous one, taking stock of our challenges, successes, maybe even some failures, but we also look to the one ahead as a blank slate of opportunities. Opportunities to better ourselves, take on new challenges, and make new strides. I’ve never been a big one for “New Year’s Resolutions”, but I want to use this opportunity to pose a resolution challenge to our readers: to become more involved in this organization. We all know there are numerous ways, and I have witnessed firsthand how involvement with NPMA and personal rewards increase in direct proportion.

Now, those of us who have ever established a New Year’s Resolution probably know that setting expectations unreasonably high is a recipe for disaster, so let’s be realistic. Resolutions should not be established to set ourselves up for failure, they should be established so that we have an opportunity to think about our goals, codify those goals, and establish a reasonable path forward to reach them.

Our members run the gamut in terms of involvement, so assess where you fall on that spectrum, and set some NPMA-related goals that make sense. If you’re someone who rarely attends monthly chapter meetings, set a goal to attend at least 5 this year. Maybe you’re an avid reader of this publication, and want to work with your regional editor (or me!) to author an article during 2014. Perhaps you have knowledge to share or gain by joining one of NPMA’s Special Interest Groups, so sign up! Maybe you’re a people person, and would like to be involved in member outreach. But remember: make your goals feasible, and make them fun! Set goals around things you want to do, rather than things you think you should do. My bet is that you’ll be successful in reaching them if you take this approach.

With that, I’m happy to introduce the first issue of 2014 which, fittingly, deals with Acquisition. We have several interesting articles starting with “Acquisition of Property Through a Material Management and Accounting System” by Richard Culbertson and Wayne Norman CPPM, CF. This issue also includes an article by three of our CFs – Marlene Lynn, Kathy McFarland, and Pam McFarland – entitled “Counterfeit Parts – What’s All The Buzz About?”; “Excess Personal Property Management and Green Purchasing: Ways to Create a More Sustainable Supply Chain” by Barbara Matos, CPPM; and “Challenges of Shared Funding” by Bob Mahaney, CPPS.

Ladies and gentlemen, we present this edition of The Property Professional.
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Serving Your Association
One of the greatest privileges of being the President of our Association is the opportunity to visit with Chapters and members. I am ever amazed at the exceptional talent and knowledge of our members. The overwhelming willingness of our members to help one another and share their experience and expertise with their fellow Property professionals is so inspiring. It is time again for elections at the National and Regional levels.

Our officers serve the Association on a voluntary basis for a two-year period. To serve the Association will require time and commitment, but can be a rewarding life changing experience, resulting in establishing professional relationships and friendships that will last throughout your life.

The one thing that continues to puzzle me is why many of you are not stepping up to run for an office or position of leadership. John Quincy Adams said “If your actions inspire others to dream more, learn more, do more and become more, you are a leader.” I have seen these attributes in many of our NPMA members, and recognized the potential for many of you to be great leaders who inspire others to become the best they can be in their professions.

Some may not pursue leadership positions because they fear they may fail. Winston Churchill correctly stated, “Success is not final, failure is not fatal: it is the courage to continue that counts.” Never fear failure in our Association, because the great members we have are always ready to extend a helping hand to get you back on your feet and moving down the path toward success. I hope you will seriously consider running for a leadership position in our Association. My experience and the testimony of many other leaders has been that you cannot out give our Association, no matter how much you give, you will receive greater than you give. For information on the upcoming National elections, visit: http://www.npma.org.
SIG Program Reaches 600-Member Milestone
Milestone

The SIG Program reached a milestone in December with 600 registered members. Kudos go to the Contract Property SIG – Co-Chair Brian Thompson, CPPM CF, reports that their December 4th webinar, a presentation by Dr. Douglas Goetz, CPPM, CF, was maxed out with more than 75 participants. Doug’s presentation also drew 12 new members to the SIG Program. Monthly webinars on topical issues have both expanded the SIG Program and further demonstrated the value of NPMA membership. Don’t miss out on networking with 600+ Property professionals...the SIG Program is a benefit of your NPMA membership.


You can start right now!

Join NPMA SIGs to be part of a professional community that advances knowledge, as well as leadership, and provides the tools, resources, and opportunities to enhance and support your professional performance.

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- **UNIVERSITY, COLLEGES & OTHER NON-PROFITS SIG**  
  Chairperson: Bob Mahaney, CPPS
Background and brief history of the clause:
The MMAS clause is a significant clause for the property professional. While very rich with content it is not easily understood when read out of context.

The clause is from DFARS – a DoD Supplement of the Federal Acquisition Regulation (FAR) and was first published in 1989 under subpart 242.72–CONTRACTOR MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM with a corresponding clause 252.242-7004.

Prior to 1989, material management requirements under multiple cost objectives were provided in FAR 45 Government Property, specifically paragraph FAR 45.505-3(f) Multicontract cost and material control. Essentially the requirements of the contractor’s MMAS and their property control system were combined under property management and the Government’s property administrator, including financial and associated audit functions. When the MMAS clause was published in 1989, the primary responsibility for material management oversight for DoD contracts was essentially withdrawn from the government’s property administrator (FAR 45) and retained by the administrative contracting officer under DFARS 242.
The DFARS as written; however, did not explain how to reconcile the conflicting direction between the FAR and the DFARS. In practice the Multicontract cost and material control system was never placed in operation by the contractor community and was finally removed from FAR 45 when the last major rewrite of the FAR 45 occurred in June, 2007.

When dealing with material, practitioners must consider and reconcile requirements and intent of both the FAR and the DFARS. Also view and understand variations in the regulations – pre and post changes prompted by the Business Systems Rule.

**Intent and Requirements**

The primary purposes of an MMAS is to have a system to acquire, manage and account for material to support the costs and schedules of multiple contracts awarded to a contractor, but to particularly minimize the material and administrative cost on contracts.

Under DoD regulations, contracts that meet the simplified acquisition threshold (i.e., $150,000 see FAR Part 2 Definitions) -- for the acquisition of non-commercial items and are either Cost-reimbursement contracts; or Fixed-price contracts with progress payments. These contracts must include the MMAS clause DFARS 252.242-7004.

The contractor's system must satisfy the criteria identified paragraph “(d) System criteria. The MMAS shall have adequate internal controls (this is the desired outcome) to ensure system and data integrity…”

It is important to have a good understanding of what internal controls are. The internal controls requirement is not only present in the MMAS clause but also the Government Property Clause FAR 52.245-1(b) Property management. “(1) The Contractor shall have a system of internal controls…” Internal controls are important and go beyond protecting assets and data integrity. The term has broad meaning and is required for publically traded entities and Government entities and is defined in generally accepted auditing literature, such as the 1992 and 2013 publications of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) -- Internal Control-Integrated Framework and the US Government’s GAO Yellow Book. The fundamental requirements have remained consistent over the years – there are three major elements. The short version per the GAO Yellow Book “an organization’s system of internal control designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial and performance reporting, or compliance with applicable laws and regulations.” [Emphasis added]

In many companies, MMAS is controlled by the procurement/supply chain and accounting organizations. Yet material is a property category, and thus the property professional should become knowledgeable, as it can impact the property system rating. If the asset management property professional is not familiar with the concept of internal controls – the time spent would be worthwhile, as now contracts and laws require self assessments and these assessments should be based upon the concepts and requirements of internal controls -- good sources include the two mentioned above, internal policy and OMB Circular A-123 - Management’s Responsibility for Internal Control.

From an internal auditing point of view, a good approach to look at systems-- processes, practices and infrastructure and determine -- do they positively and optimally contribute to effective and efficient operations? If so, do these processes, practices and infra-structure produce reliable information -- it is relevant, timely and useful for decision making purposes? And lastly, are the processes, practices, infrastructure in compliance company policy and working instructions, contracts, regulations and laws? If the answer is no to any of these questions – make necessary and appropriate disclosures and prompt corrections.

For external auditing, follow established audit guides.

The intent to include the MMAS clause in contracts is to drive the achievement of the three elements of the internal controls. For this to work – the contracting, procurement/supply chain, production planning, program offices, asset management and auditing communities must have a common understanding of the requirement of internal controls and the contractor's approach, as defined in the contractor's procedures. Without understanding the concepts and requirements of entity internal controls
– particularly the requirement to have effective and efficient operations, the system can be designed to be systemically ineffective and inefficient.

It is important to remember the clause was written in the 1989 timeframe and some implications in the clause may be obsolete. Since that time there have been major changes in the way business is conducted including: information technology, supply chain approaches – e.g. just in time deliveries to the manufacturing floor, Lean/ Six Sigma e.g., minimization of storage, handling and movement of material, accounting since the Sarbanes Oxley law, e.g., minimize off balance sheet transactions, etc. Current company material management approaches should not be welded to 1989 approaches.

The ten criteria listed in paragraph (d) of the clause are process related but also include the ways to achieve adequate internal controls.

“Criteria (1) Have an adequate system description including policies, procedures, and operating instructions that comply with the FAR and Defense FAR Supplement;”

Comment: These documents should include the scope of the MMAS system (including does it include system integration or not, for example the manufacturing system), processes, workings of systems, centralized operations and decentralized functions, product lines. Note: The internal control requirement for compliance to the regulations -- the FAR and DFARS.

“Criteria (2) Ensure that costs of purchased and fabricated material charged or allocated to a contract are based on valid time-phased requirements as impacted by minimum/economic order quantity restrictions.”

Comment: Valid time-phased requirements and economic orders are ways to achieve effective and efficient operations.

(i) “A 98 percent bill of material accuracy and a 95 percent master production schedule accuracy are desirable as a goal in order to ensure that requirements are both valid and appropriately time-phased.”

Comment: This requirement traces back to effective and efficient operations, reliable reporting, as well as compliance – if the system orders the wrong parts, then associated cost may be unreasonable, therefore unallowable for recovery purposes under FAR 31--Contract Cost Principles and Procedures.

(ii) “If systems have accuracy levels below these, the Contractor shall provide adequate evidence that—

(A) There is no material harm to the Government due to lower accuracy levels; and
(B) The cost to meet the accuracy goals is excessive in relation to the impact on the Government;”

Comment: This exception is included consistently with the concepts of accounting and Federal regulations that requirements will provide net benefits. This a fundamental requirement in FAR Part 1.102-2 -- Performance Standards, (b) Minimize administrative operating costs. “(1) In order to ensure that
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maximum efficiency is obtained, rules, regulations, and policies should be promulgated only when their benefits clearly exceed the costs of their development, implementation, administration, and enforcement. This applies to internal administrative processes, including reviews, and to rules and procedures applied to the contractor community.”

[Emphasis added] The 98 and 95 percentages need to be recognized as arbitrary – best value goals may be more or less.

“Criteria (3) Provide a mechanism to identify, report, and resolve system control weaknesses and manual override. Systems should identify operational exceptions, such as excess/residual, as soon as known;”

Comment: Internal controls require some sort of self assessments and systemically built in applications to facilitate good operations and efficiency. What is not mentioned but still required in FAR 45 is that excess is the first source of supply and when worthwhile, excess material must be transferred to other needing cost objectives. We will review this later in this article.

“Criteria (4) Provide audit trails and maintain records (manual and those in machine-readable form) necessary to evaluate system logic and to verify through transaction testing that the system is operating as desired;”

Comment: This requirement is part of reliable reporting. Is the information provided from the system reasonably free from error or bias and is it faithfully represented?

“Criteria (5) Establish and maintain adequate levels of record accuracy, and include reconciliation of recorded inventory quantities to physical inventory by part number on a periodic basis. A 95 percent accuracy level is desirable. If systems have an accuracy level below 95 percent, the Contractor shall provide adequate evidence that—

(i) There is no material harm to the Government due to lower accuracy levels; and
(ii) The cost to meet the accuracy goal is excessive in relation to the impact on the Government;”

Comment: See same comment as provided in (2)(i) above. Also, this is a good level to consider establishing for material variance versus loss reporting. It is suggested that metrics can be kept to track inventory or cycle counting performed for the material stock on hand. If you maintain an inventory accuracy level of 95%, one will have met the criteria of this clause. Consider what actions you will take or be triggered if your accuracy levels fall below 95%.

“Criteria (6) Provide detailed descriptions of circumstances that will result in manual or system generated transfers of parts;”

Comment: This information should be included and available as part of the adequate system description required in criteria (1). Consistent direction and detained procedures minimize variations – thereby improving reliability of reporting.

“Criteria (7) Maintain a consistent, equitable, and unbiased logic for costing of material transactions as follows:

(i) The Contractor shall maintain and disclose written policies describing the transfer methodology and the loan/pay-back technique.

(ii) The costing methodology may be standard or actual cost, or any of the inventory costing methods in 48 CFR 9904.411-50(b). The Contractor shall maintain consistency across all contract and customer types, and from accounting period to accounting period for initial charging and transfer charging.

(iii) The system should transfer parts and associated costs within the same billing period. In the few instances where this may not be appropriate, the Contractor may accomplish the material transaction using a loan/pay-back technique. The “loan/pay-back technique” means that the physical part is moved temporarily from the contract, but the cost of the part remains on the contract. The procedures for the loan/pay-back
technique **must be approved by the ACO.** When the technique is used, the Contractor shall have controls to ensure—

(A) Parts are paid back expeditiously;
(B) Procedures and controls are in place to correct any overbilling that might occur;
(C) Monthly, at a minimum, identification of the borrowing contract and the date the part was borrowed; and
(D) The cost of the replacement part is charged to the borrowing contract;"

**Comment:** The Clause states the MMAS, by definition, may be either manual or automated. The requirement of “consistent, equitable and unbiased logic...” decisions with manual decision making may be very difficult to prove. Manual systems in modern times are impractical and the more the system is automatic, the greater capability to have an effective and efficient system. Many companies have deployed sophisticated MRPII (Manufacturing Resource Planning) or ERP (Enterprise Resource Planning) system solutions that allow for the planning of requirements, scheduling, control, financial accounting all in one integrated solution. You need to understand the costing methodology that your company deploys in transferring parts between contracts, which should be proceduralized and consistently applied. There are many options available including MAUC (moving average unit cost), FIFO (first in-first out), LIFO(last in –first out).

Use much caution for material transactions using a loan/pay-back technique. Again this clause was written with 1989 thinking – or old school. 'The "loan/pay-back technique" means that the physical part is moved temporarily from the contract, but the cost of the part remains on the contract.' [Emphasis added] In other words the borrow payback technique is an “off book transaction”. Off book may also mean the technique is manual rather than integrated with the automated MMAS system -- using off book transactions greatly increases audit risk. The contracting officer cannot approve processes that are counter to other laws a regulations, particularly accounting requirements to properly recognize acquisitions and dispositions.

“Criteria (8) Where allocations from common inventory accounts are used, have controls (in addition to those in paragraphs (e)(2) and (7) of this clause) to ensure that—

(i) Reallocations and any credit due are processed no less frequently than the routine billing cycle;
(ii) Inventories retained for requirements that are not under contract are not allocated to contracts; and
(iii) Algorithms are maintained based on valid and current data;"

**Comment:** This criterion drives the three elements of internal controls – effective and efficient operations, reliable reporting, and compliance. This should be proceduralized.

“Criteria (9) Have adequate controls to ensure that physically commingled inventories that may include material for which costs are charged or allocated to fixed-price, cost-reimbursement, and commercial contracts do not compromise requirements of any of the standards in paragraphs (e)(1) through (8) of this clause. Government-furnished material shall not be—

(i) Physically commingled with other material; or
(ii) Used on commercial work; and”

**Comment:** This criteria is somewhat different from the other criteria in that commingling cannot be used if there is compromise to the other previous criteria. However, with a good SAP (Systems Application Programming)/ERP system, the industry leading practice is to stock common parts together and let the system manage the costs and accountable contract assignments. This has become a cost effective method of reducing stockroom space and operating costs. This criteria assumes commingling of material items under various cost objectives. Commingling of material should be addressed in the entity’s internal procedures. Centralized manufacturing for established products would cause a greater likelihood for the need for a commingled stockroom environment. On the other hand, in a a decentralized environment with diverse products there is a less likelihood for a commingled environment. The main drivers, however, should be effective and efficient operations along with any risk considerations.
“Criteria (10) Be subjected to periodic internal reviews to ensure compliance with established policies and procedures.”

Comment: The MMAS clause, as does the Government Property clause, requires some sort of self-assessment. The self assessment should include an internal control or performance approach as well as a financial approach, similar to a customer audit. Note: government audit oversight is typically done by the Defense Contract Audit Agency (DCAA).

Acquiring Material/Parts for a New Requirement

A good way to look at systems and systems operations that is useful and also consistent with the ASTM Capability Maturity Model is to first look at, evaluate and improve infrastructure then look at, evaluate and improve throughput. Below is a high level summary of a typical throughput process through the MMAS.

STEP ONE

The bill of material requirement is established, which becomes a listing of all parts and materials that will be required to complete the contract deliverables. The requirement (need) for the item is then loaded in as the Manufacturing Bill of Material into your system, including the quantities required. Note it is an acceptable practice, per 31.205-26 -- Material Costs, to allow reasonable quantities for expected or anticipated levels of attrition. This is typically determined by the requirements planner based on the commodity and the historical performance if known.

STEP TWO

The MMAS/MRP/ERP system should determine if the part number has any available quantity on hand that can be deployed to this effort. The MMAS system for an entity is an excellent way to look across all material requirements on all contracts, and let the system maximize usage of available quantities on hand that do not have a firm demand/requirement associated with them at this time. Once identified and confirmed, the item is then transferred at cost, and assigned to this effort. Note that in these instances, the item remains contractor acquired material on the new contract.

Available on hand inventory can occur for various reasons such as:

- Because a demand went away on another effort
- Min/Max ordering created extra quantity on hand
- Minimum lot size purchase requirements from a supplier
- Lower than forecasted attrition on another demand

If there is any, then the item should be redirected and transferred to the new demand at cost, using a disclosed/consistent practice for moving material and cost.

Again, one of the primary purposes of an MMAS to is minimize the material cost on contracts. Generally, when material needs are met on a contract there is some residual material – the business rhythm of the product line should be considered when determining the optimal length that items should remain available within the MMAS. When the optimal length has passed, the available items should be evaluated to determine if those items should be identified as excess and taken out of inventory and processed through the disposition cycle. This available material represents real money and if the available material is transferred to a needing contract then overall contract cost is reduced – this is very important under both cost plus and fixed price arrangements. Cost versus benefit considerations should apply. The entity should determine how long to hold onto unassigned/available material that is a common part with possible anticipated needs on another effort. During the performance of a contract it is common practice to retain any available quantities until all obligations have been met (all delivery orders completed). But this situation can particularly come into play during the contract closeout process, where hard decisions have to be made. The responsible contracting officer should be involved to balance the objectives of minimizing contract cost through reutilization and expediting contract closeout. Even deploying company owned stock or residual from a fixed price contract will help reduce the total cost of operation for that company.

Note: This is also an area where in some circum-
stances the parties on a program jointly discuss the desire to move material from one contract to another occasionally at no cost (leaving the cost sunk on the current contract). Caution should be deployed here. Moving accountability of a part without costs requires contracting officer approval and contract modification (zero cost transfer). It also requires that the item be segregated (as it is now government furnished) and be moved out of the MMAS/MRP/ERP grouping instance since it no longer has a moving cost associated with it. This can raise a flag from an audit perspective of accounting practices if not handled correctly, as it is contrary to customary cost objective rules. You still have to prove that the actions were taken in an unbiased manner, meaning the items were truly over and above the requirements of the current contract and both customers concur with the no-cost transfer action.

STEP THREE
If available excess stock is not on hand, it is then routed to a buyer for a new procurement. Note that the MRP/ERP system may be able to detect new demands for like items to the buyer, and the buyer may be able to get a better deal by ordering these items together on a single purchase order. In this case, the system can manage the quantity and cost assignments to each different contractual demand.

STEP FOUR
Receive, inspect, verify quantities, and enter the new material in stock. Again, if a common commingling stock room environment is deployed, then the labor and stockrooms costs are minimized.

Conclusion
The asset management property professional is a vital part of the overall MMAS team, per regulation and Defense Contract Management Agency (DCMA) instruction that is required to review a contractor’s Material Management and Accounting System. On the company’s side, the asset management property professional is also a vital part in contributing to the success of the system. The business system process is very complex, the elemental rules of system are very complex and sometimes obsolete and conflicting, but still desired outcomes must be understood and not lost in the detail. You should understand how the rules and processes are structured at your company, so that you can access it, and contribute to offering solutions as part of the team, as situations arise. To a large extent, each system is a work of art – the built-in internal controls -- effectiveness and efficiency, reliable reporting and compliance depends on the knowledge, involvement and competence of individuals and the overall team. This is a challenge and big responsibility for you, the property professional, and should be treated as a duty. Enjoy the journey.

BIographies: Richard Culbertson recently retired from Lockheed Martin and was for many years their representative to the Aerospace Industries Association and a responsible property manager at many Lockheed Martin sites. He is an expert at commenting on proposed Government regulations, business operations and asset management. He has an MBA from Pepperdine University; a graduate of GE’s Financial Management Program and is a certified Lean/Six Sigma Black Belt. He can be reached at Richard.c.culbertson@Gmail.com or 609-410-0108.

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SUGGESTED READINGS:
- DFARS 242.72—CONTRACTOR MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM with corresponding clause 252.242-7004 prior and post the Business Systems Rule.
- DCMA Internal Instructions -- Material Management and Accounting System (MMAS) Review – Instruction Folder 44
- Committee of Sponsoring Organizations of the Treadway Commission (COSO) -- Internal Control-Integrated Framework
- The GAO Yellow Book under the topics of performance audits and internal control.
- OMB Circular A-123 - Management’s Responsibility for Internal Control
- CAS 411 Cost Accounting Standard—Accounting for Acquisition Costs of Material
- Various articles available on the web concerning GAAP and acceptable methods of material costing
- IFRS and the acceptability of the last-in, first-out (LIFO) costing method
Excess Personal Property Management and Green Purchasing: WAYS TO CREATE A MORE SUSTAINABLE SUPPLY CHAIN

by Barbara Matos, CPPM, Federal Center Chapter

Introduction

IT equipment is used as an example of a property requirement because electronics manufactured without consideration for the environment would likely contain numerous toxic constituents such as mercury, cadmium, nickel, and lead, and would require special handling at their end-of-life. This anecdote illustrates the critical links between the Federal Green Purchasing and Excess Personal Property Programs as they connect to supply chain management.

(Telephone rings.)

Greg: Good morning. IT Asset Management Services. This is Greg. How may I assist you?

Jeff: Hi, Greg. This is Jeff in Accounting. Listen, the budget is due at the end of the month and my computer keeps freezing. I've already opened six Help Desk requests. I need a new computer and I need it ASAP!

Greg: I hear you, Jeff, and I'll get right on it.

Later that week

(Telephone rings.)

Greg: Good morning, Jeff. It's Greg. I've got a computer for you. It has the memory and storage you requested and all the latest features.

Jeff: That's great, Greg! How did you purchase it so quickly?

Greg: I didn't. It's from excess personal property. I checked our asset management database and found a computer in our satellite office that's in good condition and met all of your specs.

Jeff: But I don't want a used computer – I want a new one! The one you found will freeze like my old one did and I have important work to do.

Greg: I can understand your concern, Jeff, but in accordance with Part 8 of the Federal Acquisition Regulation or FAR, as a Federal agency, we have to see what we have available in-house first, or what another agency may have that's excess to their needs that may fit ours, before going out and buying new equipment. And, rest assured, the equipment must be in good condition and meet the user's needs if we plan to reutilize it.

In addition, our agency policy states that reutilization must be our top priority in meeting our property requirements. This is really important as...
the Federal Excess Personal Property Program is also a “reuse and reduce” program – a way to conserve resources – both environmental and financial.

**Jeff:** Now that’s something I can relate to!

**Greg:** There’s even more good news about your excess computer: It’s EPEAT-certified.

**Jeff:** What does that mean?

**Greg:** EPEAT is a type of environmentally preferable product. It stands for “Electronic Product Environmental Assessment Tool.” It’s a consensus-based standard to help purchasers identify “greener” electronics, including desktops, laptops, monitors, imaging equipment, and TVs.

Not only are EPEAT-certified products more energy efficient, less toxic, longer lasting, and less wasteful, but they are also easier to recycle at their end-of-life – which makes my life and the lives of our asset managers much easier. By the way, Jeff, I learned about EPEAT from Mary, our environmental program manager, who sits on the acquisition planning team with me and Roger, our lead contracting officer, along with other key personnel. As a budget analyst, you might want to join the team as well.

**Jeff:** Thanks for the information, Greg. It’s made me aware that we all play a role in sustainability – something that’s especially important in these days of limited resources. Now, do you think you can get me an EPEAT-certified printer from excess?

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**Excess Personal Property Management and Green Purchasing**

Every day we are inundated by messages that drive us to acquire: “We want more.” “More is better than less.” “New is better than old.” These messages lead us to be equally inundated by things we may already have, don’t really need, have no room to store, or have difficulty disposing of.

The environmental impacts of “things” – personal property – are substantial throughout their lifecycle. Imagine how many “things” the Federal government acquires and disposes of each year. Unless we acquire, manage, and dispose of our property in an environmentally sound and responsible manner, today’s environmental issues will be a continuing burden for future generations. The Federal Excess Personal Property Program (authorized by the Federal Property and Administrative Services Act of 1949, as amended, and implemented by the Federal Management Regulations¹), provides Federal agencies guidance to reduce their need to acquire new property and efficiently dispose of property they no longer have use for.²

To save taxpayers hundreds of millions of dollars annually and to reduce the environmental impacts of manufacturing, distribution, and disposal, the Federal Acquisition Regulation (FAR) requires agencies to use excess personal property as a first source of supply before initiating a new acquisition.³ This allows agencies to get the maximum usage out of property purchased with taxpayer funds, and ensures that hard-to-find dollars aren’t being spent when perfectly adequate assets are available for use.

The asset manager’s role in safeguarding property and maximizing its usage is key to effective acquisition planning and ultimately to creating a more sustainable supply chain. Once a requirement is identified, the asset manager should be among the first members of the acquisition planning team to be contacted. The asset manager will determine whether the required item is available from within the agency, or whether it can be acquired from another Federal agency. Asset managers can utilize tools such as the agency’s asset management database and GSAXcess.gov, the Federal Government’s web portal, to search for and obtain excess personal property. By reutilizing available property in good condition, the asset manager is achieving several important outcomes. Not only is s/he extending the useful life of items and helping the receiving agency reduce procurement costs and the environmental impacts of newly-manufactured items, but s/he is also helping to free up limited storage space at the owning agency and keep property the agency no longer requires out of landfills or incinerators. As we can see, when reutilization practices are employed, everyone benefits.

While the use of excess personal property is preferred, there are going to be times when it just doesn’t meet an agency’s requirements and new items must be procured. Given that the Federal Government spends billions of dollars annually on goods and services, history shows it is essential those goods and services be “environmentally friendly.” In the years following the industrial and economic boom of post-World War II, the American landscape was marred by toxic waste dumps, contaminated groundwater,
polluted air, and natural resource depletion.

To address these hazards and their impacts on human health, Congress enacted significant environmental protection legislation, including the Resource Conservation and Recovery Act (RCRA) of 1976. RCRA governs the disposal of solid and hazardous waste. The law is implemented primarily through source reduction, reutilization, recycling, and the Federal procurement of products made with recycled content; acquisition and logistics processes more commonly known as “Reduce, Reuse, Recycle, and Buy Recycled.”

Since 1976, with the passage of numerous other laws, regulations, and Executive Orders (EO), the Federal “Green Purchasing” Program - which began with the requirement for agencies to give procurement preference to products with recycled content has grown considerably. EO 13514, “Federal Leadership in Environmental, Energy, and Economic Performance,” requires agencies to ensure that 95 percent of their new contract actions for products and services are energy-efficient, water-efficient, biobased, non-ozone depleting, contain recycled content, are non-toxic or less-toxic alternatives, or are environmentally preferable.

Environmentally preferable products (EPP) have multiple environmental and/or energy attributes. As defined in the Instructions for Implementing EO 13423 (the precursor to EO 13514), “Strengthening Federal Environmental, Energy, and Transportation Management,” EPP means “products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose.” The second part of the definition, “This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service,” makes a clear connection between the purchase of green products and sustainability in the supply chain.

As highlighted in S. Srivastar’s 2007 study on the subject in the International Journal of Management Reviews [1(9)(1), 53-80], green supply chain management “integrates environmental thinking into supply chain management, including product design, material sourcing and selection, manufacturing processes, delivery of the final product to the consumers, and end-of-life management of the product after its useful life.” This type of thinking is essential given the Administration’s increased focus on what agencies acquire to ensure they effectively carry out their environmental responsibilities, while also effectively managing taxpayer dollars.

In conclusion, Federal agencies can significantly reduce their environmental footprint, improve public health and safety, ensure sustainability in the supply chain, and save taxpayer dollars by:

- Involving asset managers in the acquisition planning process and maximizing the use of excess personal property;
- Purchasing green products when excess does not meet the need;
- Searching for green products using the General Services Administration’s Green Procurement Compilation, which contains information on greening services contracts, as well green product lists, at http://www.sftool.gov/GreenProcurement;
- Ensuring their environmental policies are communicated to suppliers; and
- Ensuring that all personal property is reused, recycled, or otherwise properly disposed of at its end-of-life.

END NOTES


BIography: Barbara Matos, CPPM, has been a member of the NPMA Federal Center Chapter since 2004, and has been a frequent presenter at NPMA National Education Seminars on the topics of sustainable acquisition and environmental requirements for personal property managers. Ms. Matos currently serves as Executive Assistant in the Office of Logistics and Supply Chain Management, Department of Veterans Affairs (VA). She previously managed award-winning national-level environmental programs at VA and the Treasury Department.
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You might have heard some buzz about “Counterfeit Parts” over the past couple of years, and you may have been wondering what affect, if any, they have on your organization. Through this article, we intend to explain what “Counterfeit Parts” are and how organizations, large and small, are being impacted by the decisions being made by Corporate and Government Management. Policies are being developed by your organization based on the regulations and standards which have been or are being proposed and implemented. Property/Asset Managers may expect to be called upon to assist in the risk management efforts to deal with this issue. By the end of this article, we hope you will feel better equipped to understand the ramifications of “Counterfeit Parts” and will be able to assist in addressing them at your organization.

So what is a COUNTERFEIT PART?
Since 2009, the widely used definition is: “a suspect part that is a copy or substitute without legal right or authority to do so, or one whose material, performance, or characteristics are knowingly misrepresented by a supplier in the supply chain...”. Some examples are:

- Parts that do not contain the proper internal construction (die, manufacturer, wire bonding, etc.) consistent with the ordered part.
- Parts that are used, refurbished or reclaimed, but represented as a new product.
- Items with a different package style or surface plating/finish than the ordered parts.
- Parts that have not successfully completed the Original Component Manufacturer’s (OCM)’s full production and test flow, but are represented as a completed product.
Upscreened parts, which have not successfully completed upscreening.
Parts with modified labeling or markings intended to misrepresent the part's form, fit, function, or grade.¹

In 2007, SAE International, a U.S.-based, globally active professional association and standards organization for engineering professionals in various industries, formed its Counterfeit Electronics Parts Committee (G-19). This committee was chartered to address aspects of preventing, detecting, responding to and counteracting the threat of counterfeit electronic components. Participants were the Federal Government, Aerospace & Defense manufacturers, Industry groups, and testing laboratories. In April 2009, they released the Aerospace standard AS5553, which the Department of Defense (DoD) adopted in August 2009 and is an accepted practice by NASA.²

Many of us are familiar with “Black Market” items such as designer handbags and clothing but how many of us understand that those “Black Market” items include the parts we use in our products? The United States Trade Representative Special 301 Report dated in April 2011,³ stated: “[Counterfeiting] has evolved in recent years from a localized industry concentrated on copying high-end designer goods to a sophisticated global business involving the mass production and sale of a vast array of fake goods”. According to the Department of Homeland Security,⁴ “Data on Goods Seized at the Border for Violations of Intellectual Property Rights reflects growth, indicating more than 400 percent increase in the number of seizures between 2002 and 2011”.

As you can see, this is a growing global issue, first coming to the attention of Government entities both home and internationally, initially being one of the preferred methods of financing terrorist activities and crime syndicates, according to a report from Interpol in 2003.⁵ In 2005, the U.S. Chamber of Commerce estimated that counterfeiting cost the global economy over $600 billion per year, and accounted for over 7 percent of global merchandise trade.⁶ The International Chamber of Commerce released a report in 2011 estimating the total impact of counterfeit and pirated products, just for the G20 nations, was between $455 and $650 billion in 2008, and anticipated it growing to $1.2 to $1.7 trillion by 2015.⁷ The Federal Aviation Administration estimates two percent of the 2 million airline parts installed each year are counterfeit, accounting for over $20,000 parts.⁸ The U.S. Senate Committee on Armed Services’ “Inquiry into Counterfeit Electronic Parts in the Department of Defense Supply Chain Report” of May 2012 stated “The report identified approximately 1,800 cases of suspected counterfeit parts in the defense supply chain in 2009 and 2010.” In its Fiscal Year 2011 Seizure Statistics report, the U.S. Customs and Border Protection reported 24,792 seizures, a 24 percent increase over 2010, most coming from China.⁹ The Defense Logistics Agency identified 19 suspected counterfeit parts each used in more than 100 U.S. military systems.¹⁰ In a trip to China in 2008, electronic debris was seen being stored in citizens’ yards and components were seen piled up on sidewalks. Children were seen salvaging parts from circuit boards, and adult laborers were seen de-soldering circuit boards over coal-fired grills. Components were being washed in the local river and dried on the river bank in the sun.¹¹ Several major U.S. Defense Contractors have unfortunately been the victims of the “Black Market” suppliers.

The parts that are counterfeited are often difficult to find and are usually expensive. The suppliers are making fortunes through their deception, putting our Military and many, if not all of us, at risk. In news articles and on the Internet, you can find case studies and detailed descriptions of the efforts to thwart these unethical suppliers and have them prosecuted to the fullest extent of the law. A California company, MVP Micro, was caught selling counterfeit ICM71701PG microprocessor-compatible real-time clocks which are manufactured by Harris/Intersil. Their Operations Manager was sentenced to 20 months in prison for conspiring to sell counterfeit electronics to the U.S. Military in February 2012.¹² In this one instance, parts were bought for two cents each and were modified and resold at $38 each. About 45,000 parts per month were harvested, modified and repackaged, yielding about $2 million per month. This operation went on for approximately nine months, beginning in January 2009. Over 400,000 parts were produced and are potentially still in the supply chain. In another case, investigated by the FBI, CISCO Routers, Switches and other equipment were counterfeited.¹³ Between May 2003 and July 2005, $788,000 of counterfeit equipment was sold to DoD, GSA, defense contractors, and power companies in the United States. A 1721
Router, which retailed for $1,375 was being sold for $234. One of these parts brought down a North American Weather Communication System, while another caused a fire in a network, and a third shut down a user network in Pittsburgh, PA. In addition, it is believed these pieces of equipment were relaying information back to the Chinese.

So now that we know about the problem, WHAT ARE WE DOING ABOUT IT?

The DoD issued DI-MISC-81832, “Counterfeit Prevention Plan” and MIL-STD-3018 Change 1,” Parts Management” in 2011. More recently, the 2012 National Defense Authorization Act (NDAA), Section 818, was issued and later amended in 2013, by the addition of Section 833, “Contractor responsibilities in regulations relating to detection and avoidance of counterfeit electronic parts.” These actions resulted in DFARS Case 2012-D055 and a subsequent proposed rule issued in the Federal Register in May 2013. It provides a ‘new’ definition for counterfeit parts. “Counterfeit part” means—

1) An unauthorized copy or substitute part that has been identified, marked, and/or altered by a source other than the part’s legally authorized source and has been misrepresented to be from a legally authorized source;
2) An item misrepresented to be an authorized item of the legally authorized source; or
3) A new, used, outdated, or expired item from a legally authorized source that is misrepresented by any source to the end-user as meeting the performance requirements for the intended use.”

It also defines contractor responsibilities as: detecting and avoiding the use of counterfeit electronic parts, using trusted suppliers and reporting counterfeit and suspect electronic parts. Comments were due July 15, 2013, with a final action estimated for February 2014. Additionally, in April 2013, the DoD issued its “Counterfeit Prevention Policy” # 4140.67. Besides the U.S. Government, organizations like SAE International, the European Aviation Safety Agency, NASA, TechAmerica, and the International Electrotechnical Commission have created standards to address this issue. The NDAA 2012 Section 818 spells out the penalties for distributing counterfeit parts, both for individuals and corporations.

In some of the cases described above, the parts went through 7 or more brokers before they got to the final distributor. Everyone in the chain would be subject to prosecution.

What are our companies DOING TO RESPOND TO THIS THREAT?

Those of us in the Aerospace Industry are probably using the SAE standard AS5553A (21 Jan 2013) as our guide. It identifies several ways to mitigate this risk.

1) Supplier Assessments - Are we confident we can trust the suppliers we use?
2) Supply Chain Traceability – Do we know where the parts came from, all the way back to the manufacturer?
3) Purchased Product Verification – Do we do our own testing to make sure the part is what it is supposed to be?
4) In Process Investigation – Are the proper manufacturing processes being followed in the production of the part?
5) Material Control – Are we reviewing and revising corporate policies and procedures to ensure control of material?
6) Reporting – As expected, are we reporting suspected or known counterfeit parts upon discovery?

As a result, our companies are designing and implementing systems, policies, procedures, and tools to detect and avoid counterfeit electronic parts.

So what does all of this have to do with PROPERTY OR ASSET MANAGEMENT?

For the most part, Property or Asset Management organizations are “responsible” for the overall effectiveness and oversight of the material system. However, we are not typically “in charge” of those systems. Those of us who have been in this business for a while probably know of contracts on which material was furnished from previous contracts. The program may or may not know the origin of the parts. If any of those parts are counterfeit, your company could be at risk. Additionally, these old parts take up valuable space, as well as manpower to inventory, maintain records, do reporting, and support various audits that may include this material. Your company’s Legal Department may be delaying or forbidding the sale of excess parts, opting instead for mandatory
As you can see, there is a lot to this issue. We
have really only touched the “tip of the iceberg” in
this article. Additional information on this topic is
available in the 2013 NES Presentations that can be
found on the NPMA website under the ‘Resource’
tab and see the presentation we did on behalf of the
Aerospace Industries Association (AIA) Government
Property Systems Committee which includes some
graphic photographs! Our recommendation is, if
you are not aware of how your company is dealing
with the issue of counterfeit parts, talk to your
Material Management, Procurement, or Supply
Chain personnel and find out what is already being
done. Once you know, you can evaluate what you
need to do from a Property or Asset Management
perspective to support the organization. We hope this
article has raised your awareness and increased your
understanding of the issue of counterfeit parts and
has started you thinking about how you can help to
mitigate the risk to your company, our Military and
the world at large.

ENDNOTES
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Meetings%20and%20Projects/2012/NDAA%20FY2012%20Sec%20
818%20Counterfeit.pdf

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BAE Systems Electronic Systems. Her responsibilities include the management of
Government/Customer and company owned Capital assets at 8 sites across the U.S.
She holds a Masters of Science Degree in Applied Management and has been in the
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to Women In Industry (TWIN) Award from the YWCA and was awarded Consulting
Fellow status by the NPMA in 2011. Marlene is past President and founder of the
Garden State Chapter of NPMA, and currently holds positions as Chapter Vice Presi-
dent, Eastern Region Director of Job Awareness, National Director of Job Awareness
and was a member of the National Nominating Committee. Marlene has presented
training sessions at NPMA National Education Seminars and for use at NPMA chapter
meetings. Married to her husband Brian for 38 years, Marlene is the mother of two
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Kathy McFarland, CPPM CF, is the Sr. Manager, Government Property Compli-
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Pam has won numerous literary awards for her articles titled, “The FAR Re-write and
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and The Ugly”, and “Contractor Risk Assessments – Risky Business” awarded by the
Challenges of

SHARED FUNDING

by Bob Mahaney, CPPS, Houston Lone Star Chapter

In institutions of higher education and other non-profits, shared funding as a source of payment for the acquisition of equipment or supplies provides challenges for any asset manager. There are many possible combinations of funding sources and reasons for using a shared funding approach to acquire assets. Before we look at shared funding, let’s take a moment to review the various acquisition methods.

Methods of acquisition can vary depending on how the university acquires an asset. Assets can be acquired through a Sponsor when they furnish or loan assets to the institution for the duration of a Sponsored Project (e.g. grant or contract). The university can acquire stand-alone assets or specific materials or parts needed to fabricate an asset directly from a retailer. University departments can acquire assets by reuse of an item deemed surplus by other departments or entities. Assets can also be leased for temporary or long term use, as needed. Donation is another method of acquisition that allows a university to gain ownership of assets. This can be in the form of a gift, transfer from another entity, and title transfer of ownership. The chart on the facing page illustrates these concepts:

Involvement of the purchasing system is not required for all methods of acquisition. Unless otherwise specified in the operational procedures, it is primarily required when an expenditure is incurred and payment is made to a vendor or supplier for the purchase or lease of assets. Ideally, a single source of funds for a given purchase simplifies the accounting and accountability processes; however, frequently multiple funding sources are used to maximize the purchasing capability and benefit to the institution.

NOTE: Other acquisition methods like donation and transfers could use a source of funds to cover relatively minor costs of transportation. In some cases, a more material cost of space renovation may be required to place the transferred asset in service. Sponsor furnished or loaned assets may or may not require the use of university funds. A source of funds may be needed for asset installation or space renovations to utilize the asset provided. This would depend on the responsibilities outlined in the sponsor agreement.

The source of funding for the payment may come from a variety of sources including unrestricted or general funds, donated funds, or Sponsor funds from one or more award. There are a variety of funding sources at most universities. There is also a limited amount of funding within each source and further
limitations on how the funds can be used. For example, unrestricted general funds are typically separated into two distinct annual budgets. The operating budget defines income expectations for the university and funding level for departmental operations while the capital budget provides funding for capital asset acquisitions. There are additional allocations for future growth. Each source of funds has limitations in the amount available to spend and allowable expenditures.

Choosing a funding source for asset acquisitions is a critical part of the acquisition process. The funding source(s) selected will directly affect key factors such as ownership, accountability, taxability – all which impact the administrative and management requirements throughout the life of the asset.

To facilitate the decision regarding funding, a few essential questions come to mind. What funds are spent first? Is it the university’s unrestricted funds or restricted funds? Or, is it better to spend philanthropy (gift) funds before you spend general funds? One university system has defined the spending order for multi-funded construction projects based on how the funding source is repaid and its impact on the university’s cash position. Is this the answer for shared funding of equipment expenditures? No, not necessarily, but it can be. The choices begin to be driven by whether the university is a state or private university. Other factors include the ability of the institution to maintain or increase income levels, to have sponsored agreements pick up the cost of assets used for research without jeopardizing research dollars, and the amount of gift funds received.

At a summary level, shared funding possibilities for equipment acquisition are either unrestricted or restricted funds or a combination of both. Each combination of funding sources has its own requirements for use, reporting, and asset tracking. It is the restricted funds that bring greater complexity to shared funding. The table on page 26 illustrates shared funding combinations.

Funding sources that can be used for equipment are a limited resource at any university. Does shared funding always provide the best use of resources? The easy answer is “it depends”. It depends on the source of funds and any tradeoffs associated with using a particular source. All of the unrestricted general funds at a university are not available for equipment acquisition. These funds must cover operations, future growth, capital equipment acquisitions, and other business obligations. There is always a tradeoff within these budgets at any university. The question may become how many general fund dollars are made available for equipment funding and can a department meet its needs within its allocation? If not, shared funding with other departments for needed equipment may be a win-win for each department.

Restricted funds whether donated or awarded by sponsors can have provisions for purchasing equipment. Donated restricted funds will have donor
requirements outlining how the funds can be spent. If equipment purchases are allowed by the donor, clarification may be needed from the donor before using the funds as a shared funding source. This is necessary to be sure the shared funded equipment purchase is in line with the donor’s requirements.

Sponsor awarded grants or contracts have a budget specifically identifying how the funds can be spent and for what purpose. Some will allow equipment purchases and others will not. These restricted funds may even have a provision that addresses shared funding as an award requirement. Shared funding for equipment is also added to some proposals as an enhancement to win the award. If this technique works, the university adds award income, pays less to acquire capital equipment, and increases indirect cost recovery amounts with the new award. A risk with shared funding for equipment within an award is that the university’s resources are being used to cover the cost of research equipment thus limiting a departments operating or capital budget.

Sponsor funds have a further classification of private, state, or federal funding. Each will have the common element of special treatment for spending restrictions and/or reimbursement. Additionally, each source can have different tracking, record keeping, reporting, and disposal requirements. Balancing these requirements against the non-shared use of unrestricted general funds for equipment purchases deserves careful consideration.

When using unrestricted general funds for shared funding combined with sponsor funds (single or multiple), there are many issues to address. What is the controlling funding source for ownership, tracking, reporting, and disposal? It will most likely be the most restrictive. These will be the minimum requirements to meet in the shared funding arrangement. Even if the university will own the asset being purchased, all other requirements from the restricted funding sources would need to be met for the duration of the grant or contract. The reporting requirements may be quarterly verses annual for unrestricted assets. Annual financial statement presentation can vary depending on the sponsor.

One additional but critical aspect of shared funding involving sponsor funds is asset disposal. If the university continues to use the asset with the sponsor retaining ownership, there will be the question of proper disposal and potential distribution of funds to the sponsor. If the university has ownership of the equipment, the original agreement may still require a partial distribution of funds to the sponsor.

Each combination of funding sources used to share funding for equipment has an impact on the university’s budget and financial statements. The advantage or disadvantage of shared funding is dependent on many factors. The matrix on page 27 provides a high level view of the outcomes.

Is shared funding the best approach for the acquisition of equipment? It definitely depends on the university’s ability to generate funding sources and whether it has an asset management system that can support the various sponsor requirements for asset tracking, reporting, and disposal. One of

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<th>Source of Funds</th>
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<td>Single Restricted</td>
<td>Sponsor</td>
<td>Medium - Standard purchase as allowed by sponsor or contract. Standard tracking or more restrictive dependent on sponsor or contract requirements.</td>
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<tr>
<td>Multiple Unrestricted</td>
<td>General</td>
<td>Low - Standard purchase by contribution percentage. Tracking complications if more than one owner.</td>
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<td>Multiple Restricted</td>
<td>Sponsor</td>
<td>Medium - Standard purchase as allowed by sponsor adjusted for separate compliance requirements. Standard tracking or more restrictive dependent on separate contract requirements.</td>
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<td>Multiple Restricted</td>
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<td>High - Must coordinate purchase and tracking requirements between multiple sponsors and contracts.</td>
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<td>Multiple Restricted</td>
<td>Multiple Sponsors and Award Types</td>
<td>Highest - Must coordinate purchase and tracking requirements between multiple sponsors, contracts, and award types and their respective terms and conditions.</td>
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<td>lowest - standard purchase and tracking.</td>
<td>medium - standard purchase as allowed by sponsor or contract. Standard tracking or more restrictive dependent on sponsor or contract requirements.</td>
<td>medium - standard purchase as allowed by sponsor adjusted for separate compliance requirements. Standard tracking or more restrictive dependent on separate contract requirements.</td>
<td>High – must coordinate purchase and tracking requirements between multiple sponsors and contracts.</td>
</tr>
</tbody>
</table>
the biggest wins appears to be unrestricted shared funding between departments. This offers both cost reduction to the university by reducing purchases of duplicate assets that may not be fully utilized by any one department. It also increases the acquired asset’s utilization.

The use of donor funds to leverage the buying power of unrestricted funds through shared funding is also a win for the university and the department. If the university has a successful development office with a good track record for raising funds for specific equipment needs, sharing some cost with general funds can spread the benefit of the donor funds to more departments.

Acquiring equipment through the use of shared sponsor funding can have advantages. Shared funding may be the only option to be considered for the award. It may also be the preferred method to acquire specialized equipment for the award and future university use. Getting the award adds financial value and depending on the results of the performance of the research, can bring additional sponsor awards.

There are many facets to the effectively managing the challenges posed by using shared funding to acquire assets. We have touched on some of the key points for you to consider. This option has definite advantages as long as the implications are understood and the risks are deemed acceptable for your organization.

**BIOGRAPHY:** Bob Mahaney, CPPS, is the Manager of Program Accounting & Finance at the University of Texas M. D. Anderson Cancer Center. He graduated from Texas A&M University with a degree in accounting. Bob has 20 years of higher education and hospital experience in asset management. His current responsibilities focus on the fixed asset life cycle. Bob joined NPMA in 2002 and is contributing to NPMA as a chapter president, Vice Chair of the UCNP SIG, and National Director of Membership – Retention.
CALL FOR CANDIDATES
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*Candidates for VP Certification and VP Professional Development must be certified at the CPPM level to serve in those offices.

Schedule and Deadlines
The NPMA Bylaws state, in Article VIII, Section 1 (A) that the chair of the Nominating Committee will submit a complete slate of proposed officers to the National President not later than 90 days prior to the annual meeting.

To meet this deadline, candidates will be accepted for inclusion on the slate until Friday, March 21, 2014. Candidates may be nominated from the floor but will not be included on the official slate presented to the National President.

Traditionally, the names, photos, and bios of the candidates have been presented in an issue of The Property Professional magazine. This tradition will continue and to be included in the magazine, a candidate must submit materials by February 17, 2014. Information received after February 17, 2014 will not appear in the magazine.

In addition, candidates’ information including material received by April 23, 2014 will be placed on the NPMA website.

Submission Process
All candidates for office must submit the following materials to their region representative with a copy to ed.winters@lmco.com which includes:
1. Your name, position sought, NPMA certification level, chapter affiliation, length of NPMA membership, your current job title and employer name.
2. If you plan on participating in any activity for which you would receive payment from the NPMA during your term of office (for example serving as an NPMA instructor) this should be disclosed with your submission.
3. A brief statement, limit 100 words, stating the experience you would bring to your office, if elected.
4. A brief statement, limit 100 words, of your mission and goals for your office.
5. A color digital headshot photo (at least 300 dpi in jpeg format) must be submitted to the NPMA National Office (pparker@npma.org) by December 6.
Publicity Dates
Photos and bios received by **February 17, 2014** will be published in *The Property Professional*. Material may be edited for consistency. Photos and bios will be placed on the NPMA website beginning in **April 2014**.

**NOTE:** Candidates for the positions of President, Executive Vice President and Vice President Finance are required to furnish their social security numbers and other personal information in order to participate in NPMA financial affairs.

Nomination Committee Members

**National:**
- Cheri Cross, CPPM, CF, Eastern, crosscl@tds.net
- Ed Winters, CPPM, CF, Central, ed.winters@lmco.com

**Eastern Region Representatives:**
- Jim Begis, CPPM, CF, Federal Center, jbegis@aol.com
- Al Green, CPPM CF Federal Center algbag@verizon.net

**Central Region Representatives:**
- Barbara Bays, CPPM, Duke City, babays@sandia.gov
- Lauren Grooms, CPPS Austin lgrooms@signaturescience.com

**Western Region Representatives:**
- Wayne Norman, CPPM, CF, Los Angeles, wayne.norman@ngc.com
- Cinda Brockman, CPPM, CF, San Diego Mission, brockmanck@gmail.com

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March-April NPMA Course Schedule

Register today for an NPMA course!
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Seating is limited!

If you have questions about NPMA courses, call 727-736-3788 or email education@npma.org. For more information or to register, visit the website at www.npma.org and click on the Education tab.

Inventory Methods & Techniques
March 3-5/Tampa, FL
Effective inventory processes are the cornerstones of a property control system. Ineffective inventory processes can cause inaccurate property records, resulting in over or understating the amount of property in the possession or control of a contractor. This class will provide the student with an understanding of contractual requirements and the various methods used to periodically perform, reconcile, record, and report physical inventories. Class presentations and discussions will focus on the various methods that may be used to perform inventories and the benefits an effective inventory can have on the overall property control system.

UII and Non UII GFP
March 10-11/Tampa, FL
This two-day course will provide you with an understanding of the government’s Unique Identification (UID) Program and the DFARS clauses on UID. The course will provide the guidance and practical knowledge that contractors need to accomplish the initial report submittal to the IUID Registry and recognition of trigger events for subsequent reporting. This class will benefit property professionals and those who are responsible for GFP reporting.

Intermediate Property Management Studies (2014 Pre-Seminar)
March 29-31/Silver Spring, MD
This course takes the property professional from the beginning life-cycle stages of property operations into the broader value-added world of organizational partnering and strategic property management concepts. Attendees will experience an in-depth examination of property management topics ranging from voluntary consensus standards, requirements determinations, contracting and assistance, risk, consumables, and fleet management to value-added solutions and environmental considerations. The Intermediate Studies of Property Management manual is included as part of this course.

Fundamentals of Personal Property Management (2014 Pre-Seminar)
March 30- April 1/
Silver Spring, MD
Property management is first and foremost a general management assignment no different than the management of any other resource such as money, personnel, or facilities. Personal property managers are directly accountable to a higher authority for the acquisition, use, redistribution, and disposition of personal property. As stewards of our company or agency’s personal property, we have a fiduciary responsibility to manage property in a prudent and compliant way. The Fundamentals of Personal Property Management course is designed to teach the basics of property management, cradle-to-grave, including how to effectively manage personal property.
2 NPMA Webinars in March

Managing Subcontractors: Yes, There IS an Easy Way
March 4
2:00-3:30 p.m. EDT
This session will cover some basic concepts in dealing with subcontractors beginning with the Statement of Work through disposition of property at a subcontractor’s facility. The learning outcomes are: (1) Incorporation of requirements into deliverables; (2) Determining risk of a subcontractor; and, (3) Participants will come away with useful tools in dealing with subcontractors such as risk assessment criteria and audit worksheets.

The Basics of Statistics in Performing Property Management System Analyses and Contractor Self Assessments
March 10
2:00-3:30 p.m. EDT
Focusing first on the traditional methods of statistical sampling when performing a Property Management System Analysis (PMSA) and then looking at the recently published ASTM E2936 – 13, Standard Guide for Contractor Self Assessment for U.S. Government Property Management Systems, this webinar will provide an introductory overview of Statistics, population definition, random sample selection, evaluation of a sample – both quantitatively and qualitatively. No, you do not need to be a mathematical whiz – Dr. Goetz will present this in terms that every Property Professional can understand!

NPMA Certification Reviews & Testing

The NPMA Certification Program is designed to elevate professional standards and enhance individual performance for those who demonstrate a high level of competence that is essential to the practice of property management. If you have made a commitment to a career in property management, you should consider obtaining your NPMA certification. Join a distinguished group of peers worldwide who have chosen to attain this high level of excellence.

For information about NPMA certification, visit the website at http://www.npma.org/pages/certification.htm

CPPS Certification Review & Testing
(2014 Pre-Seminar)
March 30-April 1/ Silver Spring, MD

CPPA Certification Review & Testing
(2014 Pre-Seminar)
March 29-31/Silver Spring, MD

CPPM Certification Review & Testing
(2014 Pre-Seminar)
April 1/ Silver Spring, MD
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