

HEADQUARTERS EUFOR

HQ EUFOR / NHQ Sa SOP – DCOS SPT / HQ CAMP CMDT SOP 6234

EUFOR / NHQ Sa THEATRE PROPERTY ACCOUNTING AND CONTROL

AUTHORITY: HQ CAMP CMDT
DRAFTER: SUPPLY MANAGER
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REFERENCES:

- A. ACE 60-80 – PROPERTY ACCOUNTING AND CONTROL, DATED 08 NOV 1994.
- B. ACE 60-1 – CONTROL OF FUNDS, DATED 23 NOV 1982.
- C. AD 55-1 – ACO MOTOR TRANSPORT MANAGEMENT, DATED 24 FEB 2006.
- D. ACE DIRECTIVE 60-100 – CONTROL OF FUNDS, DATED 21 OCT 2003.
- E. BI-SC 60-10 COMMAND PROCUREMENT DIRECTIVE, 30 JUN 2015.
- F. FINANCIAL RULES APPLICABLE TO ALL EXPENDITURE FINANCED THROUGH ATHENA, 27 MAR 2015.
- G. HQ EUFOR WRITE OFF COMMITTEE – ACTIVATION AND APPOINTMENT, DATED 29 SEP 2012.
- H. HQ EUFOR SOP 6236 - PROCEDURE FOR WRITE-OFF OF INTERNATIONAL PROPERTY, DATED 09 JAN 2020.
- I. HQ EUFOR/NHQ SA COMMON SOP 6235 – THEATRE PROPERTY DISPOSAL OFFICER (TPDO) AND PROPERTY DISPOSAL CONTROLLER (PDC) RESPONSIBILITIES, DATED 25 JUN 2020.
- J. NHQ SA SOP 6301 – CJ6 BRANCH ORGANIZATION AND PROCEDURES, DATED 11 JAN 2019.
- K. NCSA 081 A-16-04 PROPERTY ACCOUNTING AND EQUIPMENT MANAGEMENT FOR NATO CIS AND AFFILIATED EQUIPMENT.

1. BACKGROUND:

- a. NATO and EU have established unique relationships with respect to their operations in Bosnia and Herzegovina, particularly in the realm of sharing personnel, property and services. For the most part such is regulated by EUFOR HQ Camp CMDT Common Standing Operating Procedures (SOPs) to include the current SOP 6234.
- b. Having established a NATO system for property accounting and control on the ground (NATO Depot Supply System, NDSS) in 2004, in addition to the Berlin+ arrangements in the area of property accounting and control, EUFOR subsequently accepted the use of the NDSS system and the application of NATO policies and

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regulations. At the same time EUFOR is obliged to implement Financial Rules Applicable to ATHENA (See REFERENCE F) and give consideration to the EU College of Auditors recommendations, particularly in the area of EUFOR property accounting and control.

2. PURPOSE:

The purpose of this SOP is to provide further guidance on procedures for EUFOR/NHQ Sa property accounting and control in addition to the REFERENCES A and F. It is essential that visibility be maintained on all Accountable Property (NATO) and Physical Asset Inventory (EUFOR).

3. APPLICABILITY:

This SOP is applicable to the management of all EUFOR/NATO internationally funded property held by HQ EUFOR/NHQ Sa.

4. DEFINITIONS:

a. NATO (See REFERENCE B, ANNEX B):

- (1) Property:** All assets (e.g. supplies, stationary, furniture, equipment, spare parts, land, buildings) purchased or rented with international funds, lent by a national administration, or otherwise made available to and under control of a NATO body.
- (2) Accountable Property (Controllable Property):** All non-expendable property and such items of expendable property that are considered susceptible to personal use (e.g. briefcases, calculators, tools, automobile accessories).
- (3) Non-Expendable Property:** Articles which retain their original identity during the period of intended use. The term excludes most spare parts, minor fixtures and articles with an acquisition unit price of less than 5% of Level A of the Established Financial Limit¹ (EFL), but includes books and all items of furniture, irrespective of cost.
- (4) Expendable Property:** Articles which are consumed or lose their original identity when put into use, or have an acquisition unit price of less than 5% of level A of the EFL. The term excludes books and all items of furniture, irrespective of cost.
- (5) Property Records (Accounts)²:** The system by which a Property Accounting Officer is able to show, by line item, the receipt, issue and disposal of property, the balance on hand and such other identifying or stock control data as may be required.
- (6) Property Accounting Officer (PAO):** An officer, or A-grade civilian, designated to be responsible for requisitioning, receiving, inspecting for quantity and

¹ EFLs are defined by SHAPE on yearly basis. ATHENA has through an amendment of the Athena Financial Rules adopted the same thresholds. They are: Level A – 9,750 EUR; Level B – 19,500 EUR; Level 2B – 39,000 EUR; Level C – 78,000 EUR; Level D – 156,000 EUR; Level E – 780,000 EUR.

² NDSS is under this definition.

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quality, accounting for, warehousing and issuing of property, in accordance with pertinent directives.

b. EUFOR (See Reference F)

- (1) Physical Assets Inventory:** All items with a period of use normally greater than one year, regardless of the cost, shall be recorded in the physical inventory³.
- (2) Assets:** All items with a period of use normally greater than one year, functioning in its own right and retaining its identity during the period of use, are to be entered in the [physical] inventory [...]. There is no exemption as regards the value of items, only their duration is taken into account. Small electronic equipment (GSM phones, satellite phones, computers, GPS, furniture, books, etc.) should be recorded in inventories.
- (3) Consumables and Spare Parts Inventory:** Every item which is not considered as an asset has to be recorded according to REFERENCE A, Chapter 4.

5. EUFOR/NHQ SA PROPERTY ACCOUNTING AND CONTROL STRUCTURE, RESPONSIBILITIES AND PROCEDURES:

- a. Material Accounting Concept of Operations** for HQ EUFOR/NHQ Sa is one of centralized control and decentralized execution.
- b. EUFOR/NHQ Sa Property Accounting and Control Structure, and Responsibilities** (See Chart on Page 5).
 - (1) The HQ EUFOR DCOS SPT/NHQ Sa J4 Chief and NHQ Sa J6 Chief** (only for NATO CIS equipment) are responsible for ensuring that all EUFOR/NHQ Sa property is administered and controlled as per REFERENCES A and F. The NHQ Sa J4 Chief is both the Theatre Property Accounting Officer (TPAO) as well as Theatre Property Disposal Officer (TPDO) in regards to NATO property. NATO CIS property functions of TPAO and TPDO lie with Chief J6. For EUFOR property all responsibilities of TPAO and TPDO are accommodated by DCOS SPT and the nominated Write-off Committee (See REFERENCES G and H). In addition, through the HQ Camp CMDT (HQ Camp CMDT Logistics Section and Trans Coy) both EUFOR DCOS SPT and NHQ Sa J4 Chief have transferred the responsibility for day-to-day material administration and control to the appointed Property Accounting Officers (PAOs).
 - (2) The HQ Camp CMDT** (through HQ Camp CMDT Logistics Section and Trans Coy) manages two accounts in HQ EUFOR/NHQ Sa. The third account is kept by the NHQ Sa J6 through NHQ Sa J6 Depot 22. HQ Camp CMDT Logistics Section, Trans Coy, and NHQ Sa J6 Depot 22 are responsible for ensuring that all HQ EUFOR/NHQ Sa property entrusted to them is accounted for and controlled in accordance with REFERENCES A through F. To assist them in their role, HQ Camp CMDT Logistics Section, Trans Coy, and NHQ Sa J6 Depot 22 have within their respective organizations nominated PAOs.

³ This definition is more detailed by Fiche 6-11/EN updated on 7/05/2010 by ATHENA (LP), Point 4 – “Elements to be controlled”.

(3) The PAOs must be appointed in writing by his/her Commander. PAOs in turn will delegate responsibility for the international Non-Expendable Property (NATO), or an Asset (EUFOR) to the Memorandum Receipt Account Holders (MRAHs) who are responsible for direct custody of property issued to them.

(4) Property Account Officer (PAO) is responsible for:

- (a) Ordering equipment as authorized, safeguarding all property, controlling and processing the delivery of the items within his/her Area of Responsibility (AOR).
- (b) Issue and custody of property.
- (c) Establishing, creating and maintaining property accounts for assigned systems within his/her AOR.
- (d) Processing and submitting applications for write-off.
- (e) Producing an annual inventory inspection plan (See ANNEX A) to ensuring inventory inspections are performed accordingly and the process to determine the location and condition of an international property. A copy of this plan is to be forwarded to HQ EUFOR FINCON at the beginning of the year.
- (f) Maintaining records to provide status of all Memorandum Receipt Accounts (MRA)⁴ including the date of last inventory, the date of the next scheduled inventory and departure of the MRAH.

(5) **MRAH** is an officer, senior non-commissioned officer, or a NATO/EUFOR civilian of equivalent grade who is delegated responsibility by a PAO for the custody of international Non-Expendable Property (NATO), or an Asset (EUFOR), issued to a HQ EUFOR/NHQ Sa element (Division/Branch) on a Memorandum Receipt Account (See REFERENCE B, ANNEX B, Para 57). During the MRAH hand-over/take-over, an Inventory Balance Sheet should be signed by outgoing and incoming MRAHs after the particular inventory has been performed.

(6) The **PAO/MRAH commander** is to appoint a PAO/MRAH⁵ in writing to ensure that property is appropriately managed, administered and accounted for. This includes a hand-over/take-over of all inventories.

(7) **HQ Camp CMDT/NHQ Sa Chief J6** is responsible for the planning, organizing and evaluating of inventories. Inventory teams will consist of a responsible unit MRAH, PAO, and HQ Camp CMDT/NHQ Sa J6 representatives.

(8) **HQ EUFOR Chief J8/NHQ Sa Chief J6** controls and supervises EUFOR/NHQ Sa inventory in accordance with REFERENCES A and F (Article 6).

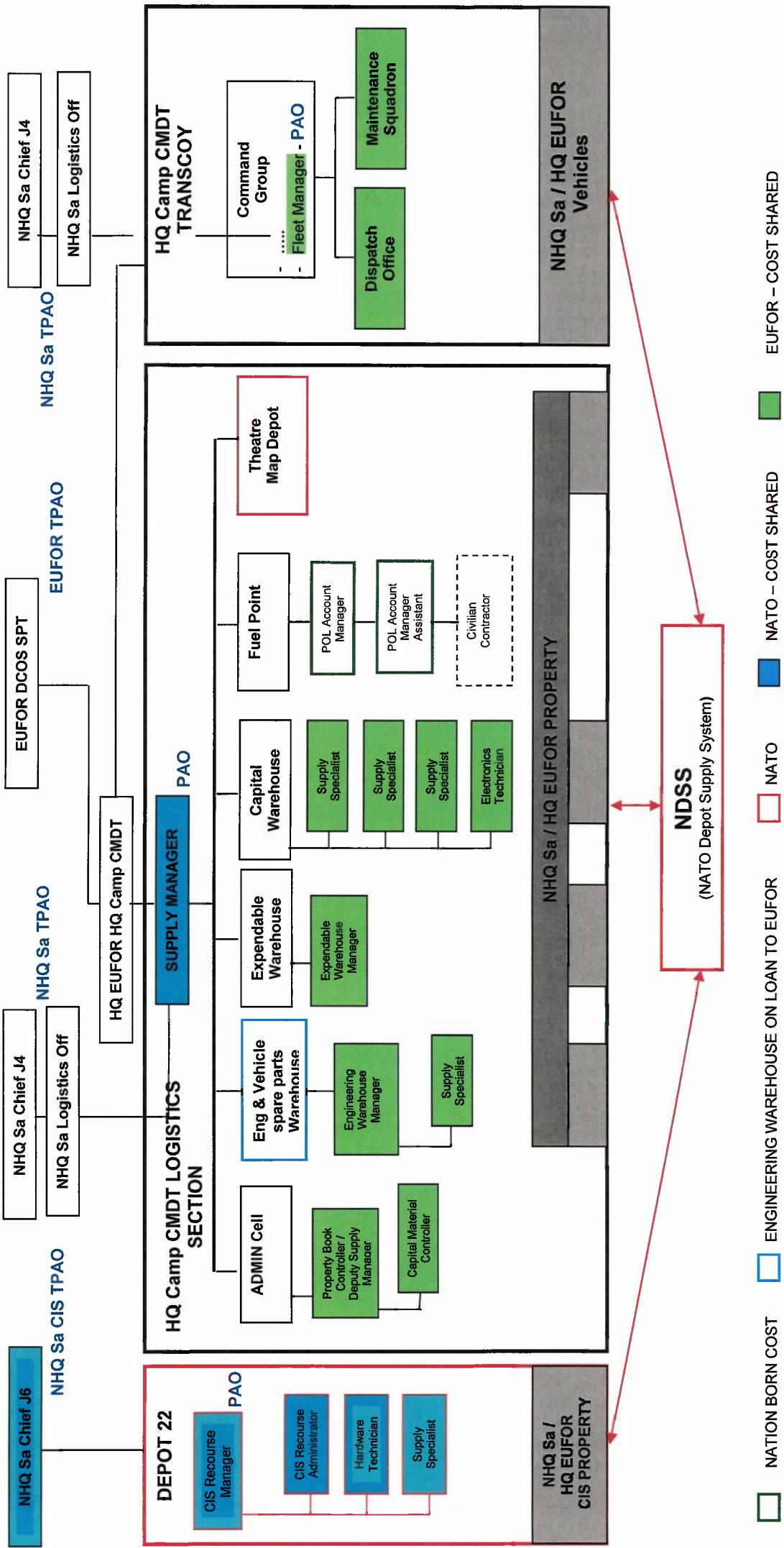
⁴ Memorandum Receipt Account is a document that records the issue of Non-Expendable Property (NATO), Asset (EUFOR) – See REFERENCE B, ANNEX B, Para 56.

⁵ For appointment of MRAH – See REFERENCE J, ANNEX A.

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- (a) An annual evaluation of the conducted EUFOR inventories will take place under the direction of HQ EUFOR Chief Finance at the beginning of the following year.
- (b) Once per rotation,(a minimum of once during the Fiscal Year) (FY), HQ EUFOR Chief Finance will conduct a random inventory of assets assigned to the Branches (sample selection) and an outstanding count of a sample selection of stocked items.

EUFOR/NHQ SA PROPERTY ACCOUNTING AND CONTROL STRUCTURE



EUFOR/NATO UNCLASSIFIED RELEASEABLE TO
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DCOS SPT/HQ CAMP CMDT SOP 6234

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6. EUFOR/NHQ SA PROPERTY ACCOUNTING AND CONTROL PROCEDURES:

a. Demand and Accounting Process and Procedures.

- (1) **Procurement:** Material required in support of the HQs, excluding Automated Data Processing equipment, is purchased primarily through the HQ EUFOR/NHQ Sa Procurement Agency, TACO (Theatre Allied Contracting Office).
- (2) **Delivery of goods:** EUFOR/NATO international property shall be inspected upon delivery to the warehouse by the PAO. All goods delivered to the PAO must be identified as EUFOR/NATO property. EUFOR/NATO stickers must be completed and affixed to the item(s) by the PAO.
- (3) **Payment:** Suppliers' invoices should be sent directly to the FISCAL OFFICE in accordance with contract, general terms and conditions.
- (4) **For Requesting and obtaining Expendable and Non-Expendable Property (Assets) by the MRAH – See REFERENCES J and K.**
- (5) All transactions for property shall be supported by appropriate documentation in the form of vouchers or other relevant document or electronic file system/database to record the receipt, issue, disposal and other accounting steps such as inventory taking in the control of property. The NATO Depot Supply System (NDSS) will be used for computerized accounting.

b. Monitoring and Control Procedures.

REFERENCES A and F state that it is essential that visibility be maintained on all EUFOR/NATO assets/accountable property. Furthermore, activity concerning EUFOR/NATO-owned equipment and procurement measures, for new or replacement asset requirements, must be controlled and monitored by DCOS SPT (HQ EUFOR) and NHQ Sa J4 Chief. This is done by the HQ Camp CMDT through the nominated PAOs and includes provision when required (or on request) of updated lists of all assets/accountable property from the Property Database (NDSS) and the status of EUFOR/NHQ Sa-owned equipment. For the year-end and including the month of January of the following year, the HQ Camp CMDT, through PAOs, will provide EUFOR DCOS SPT/NHQ Sa J4 Chief and HQ EUFOR Chief J8/NHQ Sa Finance Officer with a complete report detailing all changes (modification, alterations, replenishments, new acquisitions and write offs) in respect of the annual accounts with a view to updating EUFOR/NATO property inventory list(s).

c. Inventories:

- (1) A complete physical inventory of all assets/accountable property should be completed annually or upon hand-over of the PAO position. In addition, a complete physical inventory will be completed at least 30 days but not sooner than 45 days prior to a scheduled HQ EUFOR/NHQ Sa closure, in order to assist PAOs in conducting timely write-off and disposal. An inventory report will

be completed and made available for viewing by HQ EUFOR DCOS SPT/ NHQ Sa J4 Chief when required.

- (2) The inventory should reflect the size and nature of the current and predicted operational role and must supply all the required information for the maintenance of accounts and the safeguarding of assets/accountable property.
- (3) All items with a period of use normally greater than one year and which are not consumables (a consumable is an asset used and then discarded, goods or materials that have a shelf life, e.g. batteries, hospital one-time-use patient care items, or supplies used to keep equipment operational such as printers, copiers, fax cartridges, etc.) shall be entered into the inventory and recorded in the fixed assets accounts. A fixed asset is tangible property, used in the operation of its mission, but not expected to be consumed or converted into cash.
- (4) The inventory shall contain an appropriate description of each item and specify its location, the date of its acceptance, and its unit purchase or production cost.
- (5) **HQ EUFOR Inventory specifics.** The physical inventories of HQ EUFOR have to cover Physical Assets Inventory and Consumables/spare parts Inventory.

(a) Physical Assets Inventory and Reports:

- i. **Althea Asset Report:** According to ATHENA regulations⁶ a list of all assets with a cost greater than or equal to 420 Euros has to be submitted to HQ EUFOR Chief Finance at the beginning of the year. This report shall consist of all fixed assets purchased and written off during the fiscal year.
- ii. **Inventory Report:** At least once each calendar year, HQ Camp CMDT informs HQ EUFOR Chief Finance in writing, that a complete Physical Assets Inventory is conducted. The complete inventory report shall be submitted to HQ EUFOR Finance through HQ Camp CMDT and shall list all controlled items with stock number, nomenclature, and quantity.
- iii. **Periodic Ad-hoc Reports:** The Physical Assets in use and stock inventory can be requested when required, e.g. for random checks or the HOTO of the HQ EUFOR Chief Finance.

(b) Consumables and Spare Parts Inventory and Reports:

- i. Every item which is not considered as an asset has to be recorded according to REFERENCE A.
- ii. All items shall be received by the warehouse where possible, however some items such as fuel and food are not recorded in the warehouse system but stock levels are still reported to HQ EUFOR Finance on a monthly basis and/or at the end of the year.

⁶ Council Decision 2015/528 CFSP of 27 March 2015 establishing a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (Athena) – Chapter X/Article 36 - Inventories.

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- iii. At least once each calendar year, HQ Camp CMDT informs HQ EUFOR Finance in writing that a complete Consumables/Spare Parts inventory of stock is conducted. The complete **Inventory Report** shall be submitted to HQ EUFOR Finance through HQ Camp CMDT during the FY however NLT January of the following FY. NDSS report of the stock inventory is available.
- iv. **Periodic ad-hoc Inventory Reports** can be requested when required, e.g. for random checks or on the occasion of the HOTO of the HQ EUFOR Chief Finance.
- v. **End of Year (EOY) Inventory Valuation, Transaction and Verification Reports** shall be submitted to HQ EUFOR Finance in order to satisfy HQ EUFOR Financial Statement requirements. These reports shall be verified and signed by the PAO as an accurate valuation of HQ EUFOR inventory.

(c) **Physical inventory counts** are to be carried annually. When conducting a physical inventory, a Balance List is to be used. For auditing purposes the following information is required:

- i. Stock number.
- ii. Serial number.
- iii. Part number.
- iv. Nomenclature.
- v. Actual count.
- vi. Recorded quantity.
- vii. Signature of PAO.
- viii. Date of inventory taking.

(d) **Upon the discovery of a discrepancy, the following action will be taken:**

- i. A recount of the items for which there is a discrepancy by another individual who was not involved in the first count.
- ii. Research the possible causes of discrepancies (i.e. loan, HR, misplaced, previous years balance list).
- iii. If no supporting documentation is found, the quantity found is to be annotated in red ink immediately next to the balance list on-hand.

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(e) Physical Inventory taking options:

- i. Upon a change of MRAH, a 100% inventory will be conducted. It has to be signed by the outgoing and the incoming MRAH, commander of the respective MRAH, and the respective PAO (See ANNEX C).
- ii. A complete inventory of property shall be conducted each calendar year. It has to be signed by the inventory team (See ANNEX B).
- iii. Periodic checks will be conducted and recorded by the PAO to assure continued maintenance of accurate data and records.
- iv. A complete inventory of expendable/non-expendable property held in stock shall be conducted at least once during the calendar year. It must be signed by the inventory team and approved by the HQ Camp CMDT/NHQ Sa J6 Chief.



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ANNEXES: A. INVENTORY PLAN
B. CERTIFICATE OF HAND-OVER/TAKE-OVER OF INVENTORY
C. INVENTORY CERTIFICATE