



Defense Health Agency

PROCEDURAL INSTRUCTION

NUMBER 7040.01
November 17, 2021

DAD-FO

SUBJECT: Defense Health Program General Equipment (GE)

References: See Enclosure 1.

1. PURPOSE. This Defense Health Agency-Procedural Instruction (DHA-PI), based on the authority of Reference (a) and (b), and in accordance with the guidance of References (c) through (k), establishes the Defense Health Agency's (DHA) procedures for managing the Military Health System's (MHS) GE. This DHA-PI provides policies and procedures throughout the MHS to establish and maintain financial accountability and effective internal controls for accurate financial reporting.

2. APPLICABILITY. This DHA-PI applies to DHA, DHA components (activities under the authority, direction, and control of DHA), and Military Departments responsible for financial reporting that impacts the Defense Health Program (DHP) consolidated financial statements.

3. POLICY IMPLEMENTATION. It is DHA's instruction, pursuant to References (a) through (h), that applicable divisions and personnel will:

a. Adhere to federal and DoD guidance for GE management and accountability in accordance with this DHA-PI.

b. Have property management processes and physical inventories in compliance with regulations and policies, as well as mitigate the risk of material misstatement in the financial statement.

c. Comply with DoD and federal guidance to support DoD's financial statements.

d. Reconcile all GE data for all assets impacting the DHP financial statements that DHA or the Military Department occupies, operates, or maintains.

4. RESPONSIBILITIES. See Enclosure 2.

5. PROCEDURES. See Enclosure 3.

6. PROPONENT AND WAIVERS. The proponent of this publication is the Deputy Assistant Director, Financial Operations. When Activities are unable to comply with this publication the activity may request a waiver that must include a justification, to include an analysis of the risk associated with not granting the waiver. The activity director or senior leader will submit the waiver request through their supervisory chain to the Deputy Assistant Director, Financial Operations to determine if the waiver may be granted by the Director, DHA or their designee.

7. RELEASABILITY. **Cleared for public release**. This DHA-PI is available on the Internet from the Health.mil site at: <https://health.mil/Reference-Center/Policies> and is also available to authorized users from the DHA SharePoint site at: <https://info.health.mil/cos/admin/pubs/SitePages/Home.aspx>.

8. EFFECTIVE DATE. This DHA-PI:

- a. Is effective upon signature.
- b. Will expire 10 years from the date of signature if it has not been reissued or cancelled before this date in accordance with Reference (c).

9. FORMS

a. Standard Form (SF) 1449, Solicitation/Contract/Order for Commercial Items is available from: <https://www.gsa.gov/forms-library/solicitationcontractorder-commercial-items#>.

b. The following DoD forms are available at the link provided: <https://www.esd.whs.mil/Directives/forms/>.

- (1) DD Form 200, "Financial Liability Investigation of Property Loss"
- (2) DD Form 250, "Material Inspection and Receiving Report"
- (3) DD Form 1149, "Requisition and Invoice/Shipping Document"
- (4) DD Form 1155, "Order for Supplies or Services"

(5) DD Form 1348-1A, Issue Release/Receipt Document

/S/
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Enclosures

1. References
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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5136.01, "Assistant Secretary of Defense for Health Affairs (ASD(HA)),
September 30, 2013, as amended
- (b) DoD Directive 5136.13, "Defense Health Agency (DHA)," September 30, 2013
- (c) DHA-Procedural Instruction 5025.01, "Publication System," August 24, 2018
- (d) Federal Accounting Standards Advisory Board Handbook, Statement of Federal Financial
Accounting Standard 6, "Handbook of Federal Accounting Standards and Other
Pronouncements," November 30, 1995, as amended¹
- (e) Federal Acquisition Regulation, Part I, "Federal Acquisitions Regulations System," 2019, as
amended²
- (f) General Records Schedule, "General Records Schedule 1.1: Financial Management and
Reporting Records," April, 2020³
- (g) U.S. Office of Personnel Management Handbook, Series 0500 Accounting and Budget,
"Handbook of Occupational Groups and Families," December 2018⁴
- (h) DoD 7000.14, "Financial Management Regulation," Volume 4, "Accounting Policy,"
January 2016⁵
- (i) DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other
Accountable Property," April 27, 2017, as amended⁶
- (j) Office of Under the Secretary of Defense Guidance, "Financial Improvement and Audit
Readiness (FIAR) Guidance," April 2017⁷
- (k) Office of Assistant Secretary of Defense Health Affairs Memorandum, "Designating
Defense Medical Logistics Standard Support (DMLSS) as the Accountable Property
System of Record (APSR) for DHA," March 27, 2015⁸

¹ This reference can be found at: <https://fasab.gov/accounting-standards/>

² This reference can be found at: <https://www.acquisition.gov/browse/index/far>

³ This reference can be found at: <https://www.archives.gov/files/records-mgmt/grs/grs01-1.pdf>

⁴ This reference can be found at: <https://www.opm.gov/policy-data-oversight/classification-qualifications/classifying-general-schedule-positions/occupationalhandbook.pdf>

⁵ This reference can be found at: https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_04.pdf

⁶ This reference can be found at:

<https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/500064p.pdf?ver=2019-06-10-100933-460>

⁷ This reference can be found at: https://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Guidance.pdf

⁸ This reference can be found at:

[https://info.health.mil/cos/admin/infraup/assets/DMLSS%20APSR%20DHA%20\(2\).pdf#search=APSR](https://info.health.mil/cos/admin/infraup/assets/DMLSS%20APSR%20DHA%20(2).pdf#search=APSR)

ENCLOSURE 2
RESPONSIBILITIES

1. DIRECTOR, DHA. The Director, DHA will appoint the DHA Component Property Lead (CPL).

2. ASSISTANT DIRECTORS AND DEPUTY ASSISTANT DIRECTORS, DHA. The Assistant Directors and Deputy Assistant Directors, DHA must ensure compliance with publication.

3. SECRETARIES OF THE MILITARY DEPARTMENTS. The Secretaries of the Military Departments must ensure compliance with publication.

4. ACCOUNTABLE PROPERTY OFFICER (APO). The APO must be appointed and perform duties in accordance with Reference (i).

5. MARKET, SMALL MARKET AND STAND-ALONE MEDICAL TREATMENT FACILITY ORGANIZATION, AND DEFENSE HEALTH AGENCY REGION DIRECTORS. The Market, SSO, and DHAR Directors must ensure compliance with publication.

6. MTF AND DENTAL TREATMENT FACILITY (DTF) DIRECTORS. The MTF and DTF Directors must establish appointment processes for responsible parties within the MTF.

7. MEDICAL LOGISTICS (MEDLOG) OFFICERS. MEDLOG officers must support CPL and APO activities as needed and ensure logistics responsibilities within this DHA-PI are executed. MEDLOG officers must:
 - a. Assign responsibilities typically performed by Clinical Engineering to MEDLOG personnel. MEDLOG personnel will:
 - (1) Approve new equipment requests (NER) to confirm their accordance with management's general or specific criteria.
 - (2) Receive and retain documentation for GE order.
 - (3) Establish GE accountability in the Accountable Property System of Record (APSR) upon item order.

b. Assign responsibilities typically performed by the biomedical equipment technician (BMET)) to MEDLOG personnel. MEDLOG personnel must:

- (1) Inspect incoming medical equipment.
- (2) Update maintenance records in Defense Medical Logistics Standard Support (DMLSS).
- (3) Apply the equipment control number (ECN) barcode label to the surface of the equipment.
- (4) Test medical equipment for safety and performance to verify that the asset is ready for service.
- (5) Apply any modifications or repairs as required.
- (6) Generate supporting documentation evidencing the maintenance performed and notify APO.
- (7) Confirm equipment is ready for disposal.

c. Assign responsibilities typically performed by the equipment program review committee (EPRC) to MEDLOG personnel. MEDLOG personnel will:

- (1) Ensure appropriate planning, budget, approval, and prioritizing of equipment acquisitions and leases.
- (2) Meet semi-annually to formulate and prioritize all funded equipment.
- (3) Review the equipment management program to validate its effectiveness.
- (4) Consolidate an equipment priority list of the activity and its branch clinics or detachments with final prioritization for the entire organization.
- (5) Consider lease versus buy options and review lease agreements in accordance with Reference (e).
- (6) Monitor the equipment replacement program.

d. Assign responsibilities typically performed by the inventory team to MEDLOG personnel. MEDLOG personnel will:

- (1) Conduct operations according to the physical inventory plan as designed by the APO.
- (2) Validate the existence and completeness of assets.

- (3) Sign the count sheets evidencing results and submit documentation to the APO.
- (4) Determine if a discrepancy exists and notify the APO.
- (5) Report all task completion or designated status updates to the APO.

e. Assign responsibilities typically performed by the warehouse team to MEDLOG personnel. MEDLOG personnel will:

- (1) Be responsible for receiving and turning-in assets.
- (2) Verify existence of an associated equipment due-in.
- (3) Sign receiving or receipt documentation for the equipment.
- (4) Close out the inbound item and notify the APO or property custodian (PC) of the equipment's arrival.

8. COMPONENT PROPERTY LEAD (CPL). The CPL will perform duties in accordance with Reference (i).

9. CONTRACTING OFFICER (KO). The KO will perform duties in accordance with Reference (e).

10. PROPERTY ACCOUNTING TEAM (PAT). The personnel within the PAT will:

- a. Initiate and retain completed reconciliation reports for government property.
- b. Perform reconciliation of APSR reports and general ledger (GL) account balances. Sign documenting the reconciliation review completion.
- c. Create fully supported journal vouchers (JV) and submit JVs for review and approval.
- d. Coordinate with stakeholders to reconcile discrepancies.
- e. Sign the completed reconciliation report evidencing review and certification.

11. PC. The PC will:

- a. Perform responsibilities in accordance with Reference (i).

- b. Verify property on record is available in the physical location or proper custodial area assigned, and has an identification marking and condition recorded.
- c. Identify unrecorded property so it can be reconciled to the property system and financial system.
- d. Locate or identify missing items.
- e. Validate that custodial, accountable, and financial records are reconciled.
- f. Identify items in need of disposition, repair, or are in excess.

12. RESOURCE MANAGEMENT (RM) PERSONNEL. The RM office personnel will perform duties in accordance with Reference (g).

Table: Role Delineation by Component

NOTE: Table was populated using information provided by the respective property instruction implementing components. Roles are determined by the property instruction implementing component and are appropriately reflected in their standard operating procedures.

Role	DHA	NCR-MD	Army	Navy	AF	USUHS
APO	APO	Property Book Officer (PBO)	Property Book Officer (PBO)	Personal Property Manager (PPM)	Account Base Medical Supply Officer (ABMSO)	Property Manager (PM) Property Officer (PO)
BMET	BMET	Biomedical Engineers (BIOMED)	Biomedical Equipment Specialist	BMET	BMET	BMET
Clinical Engineering	Clinical Engineering	Clinical Engineering	Clinical Engineering	Clinical Engineering	Clinical Engineering	Clinical Engineering
CPL	CPL	CPL	CPL	CPL	CPL	CPL
KO	KO	KO	KO	KO	KO	KO
EPRC	EPRC	Director for Administration (DFA)	The Strategic Technology/ Clinical Policies Council (STCPC)	EPRC	Equipment Review Authorization Activity (ERAA)	Logistics Property Management Branch Staff
Inventory Team	Inventory Team	Inventory Team	Inventory Team	Inventory Team	Inventory Team	Inventory Team
PAT	PAT	PAT	PAT	PAT	PAT	PAT
PC	PC	Custodian / Responsible Officer (RO)	Custodian/Hand Receipt Holder (HRH)	Custodian/RO	Custodian/HRH	Custodian
RM	RM	RM	RM	RM	RM	RM
Warehouse team	Warehouse team	Warehouse team	Warehouse team	Warehouse team	Warehouse team	Warehouse team

ENCLOSURE 3

PROCEDURES

1. INTRODUCTION TO GE. GE, as defined in Reference (i), is personal property that is functionally complete for its intended purpose, durable, and nonexpendable. GE generally has an expected service life of two years or more, is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

2. PHASES OF GE LIFECYCLE. DHA must establish lifecycle management over all GE assets provided to or acquired by the DHA Components. Such management confirms proper and authorized use, as well as adequate care and preservation, since no asset can be acquired, placed in service, transferred, placed on the DoD property book, or disposed of without the proper authorization necessary to document and record the transaction.

a. Requisition

(1) PC determines or is notified of an equipment need within the MTF.

(2) PC initiates a NER to detail the requestor, a description of the item needed, and supporting justification.

(3) APO receives a copy of the NER, which includes the DMLSS request number, and an order package is created.

(4) APO determines whether the equipment is capital or non-capital equipment. Capitalized GE are costs of \$250,000 or more and a useful life of 2 years or more. Capital Assets are depreciated over the useful life of the asset.

(a) If the equipment is a Capital Equipment Purchase, continue to step 6 (paragraph 2.a.(6) of this enclosure).

(b) If the equipment is a Non-Capital Equipment Purchase, continue to step 5 (paragraph 2.a(5) of this enclosure).

(5) APO places an order in DMLSS.

(6) EPRC reviews and approves the NER for central procurement and purchase. {Control GE.C.01: Appendix 2}.

(7) Clinical Engineering reviews the EPRC-approved NER to confirm in accordance with Management's general or specific criteria and provide approval. {Control GE.C.02: Appendix 2}.

(8) RM determines if the equipment will be a direct purchase or constructed.

(a) If the equipment is a direct purchase, continue to step 9 (paragraph 2.(a)9 of this enclosure).

(b) If the equipment will be constructed, refer to Chapter 4, Section 040204 of Reference (h).

(9) RM verifies that the individual placing the purchase order is authorized, reviews the availability of existing funds, and determines whether the approved requirement can be achieved through the use of existing contracting options. RM verifies a bona fide need prior to placing the order. {Control GE.C.03: Appendix 2}.

(10) KO creates a legal contract with the vendor. Contract requirements are as follows:

(a) Confirm that the requiring activity has established separately identifiable line items for all capitalized and expensed requirements in the purchase request.

(b) Verify the line item structure aligns with the lines of accounting related to the capitalized and expensed classifications assigned by the requiring activity.

(c) Include appropriate invoicing instructions and acceptance criteria in the solicitation and contract or in the order.

(11) KO receives documentation from vendor then sends a copy of the contract and the associated documents to BMET. Documents must include:

(a) DD Form 1149, "Requisition and Invoice/Shipping Document".

(b) DD Form 1155, "Order for Supplies or Services".

(c) SF 1449, "Solicitation/Contract/Order for Commercial Items".

(12) Clinical Engineering receives and retains documentation from KO and forwards copy to the MTF receiving equipment. The documents are retained for the required retention period (refer to Reference (f)).

(13) Clinical Engineering creates an "inbound item" in DMLSS to establish accountability. {Control GE.C.04: Appendix 2}.

b. Receipt and Acceptance

(1) Warehouse Team signs courier's delivery notification to document proof of receipt.

(2) Warehouse Team verifies order quality and quantity to shipping documents. Orders must include the following: {Control GE.C.05: Appendix 2}.

- (a) DD Form 1149
- (b) DD Form 1155
- (c) SF 1149
- (d) DD Form 250, "Material Inspection and Receiving Report"
- (e) Contract
- (f) Invoice
- (g) Bill of Lading
- (h) Packing slip

(3) Warehouse Team receipts equipment in DMLSS. Upon receipt, an ECN is automatically generated. This applies to new requisitions and transfers-in.

(4) Warehouse Team places the received equipment on an "APO Hold" hand receipt and initiates Custodian Action List (CAL). {Control GE.C.06: Appendix 2}.

(5) APO verifies whether the correct item(s) are received according to the purchase order.

(a) If the equipment ordered is not correct, continue to step 6 (paragraph 2.b(6) of this enclosure).

(b) If the equipment ordered is correct, continue to step 7 (paragraph 2.b(7) of this enclosure).

(6) APO reconciles order with vendor. If a new piece of equipment is expected, {return to step 1 (paragraph 2.b(1) of this enclosure)}.

(7) APO manually establishes an accountable property (AP) record to add the new equipment into DMLSS. {Control GE.C.07: Appendix 2}. This must be completed within 7 calendar days from the date of receipt. For equipment comprised of multiple components, the specific cost of the component should be included in the total cost reported on the record of the parent asset and not on the record of the specific component. All components are required to be tagged and reported in the system as a component to the parent asset. The required data elements for a GE accountable record are as follows:

- (a) Name, part number, description (noun, nomenclature), model number, serial number, and national stock number, if known.
- (b) ECN.
- (c) Unique Item Identifier (UII) or DoD recognized item unique identification equivalent.
- (d) Location (e.g., DoD activity address code, unit identification code, commercial and government entity code).
- (e) Owner (both accountable and custodial organization).
- (f) Status (e.g., active, inactive (retired), staged, stored, in-transit, transferred, declared excess, awaiting disposal, disposed of).
- (g) Quantity (e.g., received, fabricated, issued, and on-hand) and unit of measure.
- (h) GL classification (e.g., military or GE, loaned or leased, or a means to apply business rules for making such a determination).
- (i) Value or original acquisition cost (usually determined by contract, to include ancillary costs).
- (j) Depreciation (calculated using straight-line depreciation which is the recorded cost less salvage value and divided equally among the accounting).
- (k) Estimated useful life (5 years). If BMET determines that an acquired GE asset has a useful life of at least 2 years, but less than 5 years, the MTF can elect to depreciate the asset over a recovery period that more accurately reflects its useful life.
- (l) Posting reference (e.g., receiving report number, contract number, purchase order, other procurement identification number, or invoice number).
- (m) Date Placed in Service (DPiS) (the DPiS is not always recorded on receipt; if the equipment requires installation it is recorded on the completed installation date).
- (n) Transaction type (e.g. received, accepted, inventoried, transferred shipped, retired, disposed).
- (o) Transaction date.
- (p) Hazardous material recognition (i.e., yes or no).

(8) APO retains valuation supporting documentation for the required retention period (refer to Reference (f)). {Control GE.C.08: Appendix 2}. These include obligating documents supporting asset acquisition and any related asset improvements, such as:

- (a) Contracts/Statements of Work.
- (b) Work Orders (WO).
- (c) Reimbursable Agreements.
- (d) Military Interdepartmental Purchase Requests.
- (e) Purchase orders.
- (f) Receiving Reports and Invoices.
- (g) Appraisal Reports for Donated Assets.

(9) APO verifies if equipment has an associated Environmental and Disposal Liability (E&DL) reporting requirement by reviewing the contract and purchase order.

(a) If equipment has documented E&DL, continue to step 10 (paragraph 2.b(10) of this enclosure).

(b) If equipment does not have documented E&DL, continue to step 12 (paragraph 2.b(12) of this enclosure).

(10) The APO catalogs E&DL in DMLSS when it is probable and estimable.

(11) APO retains supporting documentation evidencing E&DL amount for the required retention period (refer to Reference (f)). {Control GE.C.09: Appendix 2}.

(12) APO creates an acceptance work order (AWO) in DMLSS.

(13) BMET receives the AWO in DMLSS.

(14) BMET catalogs model and serial numbers found on the equipment in DMLSS.

(15) BMET performs technical inspection on equipment.

(16) BMET updates maintenance records in DMLSS as they perform the technical inspection.

(17) BMET determines equipment inspection status and notifies APO.

(18) Did the equipment pass inspection?

(a) If equipment fails inspection, continue to step 19 (paragraph 2.b(19) of this enclosure).

(b) If equipment passes inspection, continue to step 20 (paragraph 2.b(2) of this enclosure).

(19) APO returns equipment to vendor.

(20) APO prints ECN label.

(21) BMET affixes the ECN label in a visible location on the surface of the equipment.

(22) BMET closes out the AWO in DMLSS. {Control GE.C.10: Appendix 2}.

(23) APO updates equipment status to “in service” in DMLSS and records the date (this signals depreciation to begin). {Control GE.C.11: Appendix 2}.

(24) APO transfers equipment to the PC in DMLSS.

(25) APO prints the CAL.

(26) PC signs the CAL and retains copy for the required retention period (refer to Reference (f)).

(27) APO retains the signed CAL for the required retention period (refer to Reference (f)). {Control GE.C.12: Appendix 2}.

c. Maintenance

(1) PC identifies the need to perform maintenance on equipment and updates the APO (maintenance includes: repairs and/or capital modifications, modernizations, upgrades, and improvements).

(2) PC notifies BMET to inspect equipment.

(3) BMET physically inspects the equipment and confirms serviceability or capital modification (an impairment or the need of a capital improvement). {Control GE.C.13: Appendix 2}.

(4) BMET determines whether equipment is serviceable or unserviceable.

(a) If the equipment is serviceable, continue to step 5.

(b) If the equipment is unserviceable, continue to paragraph 2.d of this enclosure. Disposition, step 2.

(5) BMET notifies and submits service request to APO.

(6) APO approves service request.

(7) BMET makes necessary repairs or modifications.

(8) BMET generates supporting documentation evidencing the maintenance performed and gives the documentation to the APO.

(9) APO reviews and retains supporting documentation for the required retention period (refer to Reference (f)). {Control GE.C.14: Appendix 2}.

(10) APO updates the AP record in DMLSS with maintenance changes and asset value changes as a result of modification, modernization, upgrade, and/or improvement.

(a) The full cost of modifications that extend the useful life of an end item will be added to its net book value and depreciated over the end item's new remaining useful life.

(b) The cost of modifications that enlarge or improve the capacity of an item, but do not extend its useful life, will be capitalized by:

1. Adding the modification cost to the end item's net book value and depreciating the resulting cost over the remaining useful life of the end item. This option will not be used if the modification's remaining useful life is less than the useful life of the base asset; or

2. Capitalizing the modification as a separate item and depreciating the modification over the lesser of the life of the modification or the remaining useful life of the end item.

(c) Cost of a component capital modifications for parent/child relationships, should be included in the total cost reported on the record of the parent asset and not on the record of the specific component. All components are required to be tagged and reported in the system as a component to the parent asset.

d. Disposition

(1) PC identifies equipment as excess or inoperable.

(2) APO places equipment on the "APO Hold" Hand Receipt in DMLSS.

(3) APO marks equipment as inactive in DMLSS. Once the equipment is marked as inactive, depreciation is no longer calculated. {Control GE.C.15: Appendix 2}.

- (4) APO verifies whether the equipment is marked excess or inoperable.
 - (a) If the equipment is marked inoperable, continue to step 5 (paragraph 2.d(5) of this enclosure).
 - (b) If the equipment is marked excess, continue to step 14 (paragraph 2.d(14) of this enclosure).
- (5) APO processes disposition and automatically generates DD Form 1348-1A, Issue Release/Receipt Document in DMLSS. {Control GE.C.16: Appendix 2}.
- (6) APO physically transfers equipment from its location to the warehouse and notifies the Warehouse Team.
- (7) Warehouse Team prepares and stores equipment.
- (8) Warehouse Team prints and signs DD Form 1348-1A, generated in DMLSS.
- (9) Warehouse Team emails a signed copy of DD Form 1348-1A to disposal services.
- (10) Warehouse Team determines whether the equipment is marked for transfer or disposal.
 - (a) If the equipment is marked for disposal, continue to step 11 (paragraph 2.d(11) of this enclosure).
 - (b) If the equipment is marked for transfer, continue to step 12 (paragraph 2.d(12) of this enclosure).
- (11) Warehouse Team schedules appointment with Defense Logistics Agency Disposition Services for disposal.
- (12) Warehouse Team transfers equipment to receiving party.
- (13) APO retains signed DD Form 1348-1A for the required retention period (refer to Reference (f)). {Control GE.C.17: Appendix 2}.
- (14) APO verifies if the equipment is requested within their MTF.
 - (a) If the equipment is not requested within the MTF, continue to step 15 (paragraph 2.d(15) of this enclosure).
 - (b) If the equipment is requested within the MTF, continue to step 16 (paragraph 2.d(16) of this enclosure).

(15) APO posts on TRIMEDS for the required time period of 45 days. If there is no reutilization or sale of asset within the required time period, then {return to step 5 (paragraph 2.d(5) of this enclosure)}.

(16) APO issues WO for repairs. Refer to paragraph 2.c(2) of this enclosure. Maintenance, steps 2-4, then continue to step 17 (paragraph 2.d(17) of this enclosure)}.

(17) BMET notifies the APO of repair results.

(18) BMET returns equipment to service.

(19) APO transfers equipment to PC in DMLSS.

(20) APO prints CAL.

(21) PC signs CAL.

(22) APO retains signed CAL for the required retention period (refer to Reference (f)). {Control GE.C.18: Appendix 2}.

e. Periodic Inventory

(1) APO designs the physical inventory schedule and plan in the DMLSS Equipment Management Module in accordance with Reference (i).

(2) APO assigns teams to complete the inventory.

(3) APO initiates the physical inventory when notification occurs in DMLSS.

(4) APO prints the count sheet (e.g., hand receipt and/or Customer Receipt/Location List from the Inventory Module and provides it to the Inventory Team). The count sheet should have the following data elements listed for each equipment:

(a) Name, description (noun, nomenclature), serial number.

(b) ECN.

(c) Location.

(d) Status.

(5) Inventory Team conducts book-to-floor procedures in accordance with the schedule by physically locating the inventory from the count sheet (steps 5-7 can occur at the same time as steps 8-10 [paragraphs 2.e(5) through (7) of this enclosure]). {Control GE.C.19: Appendix 2}.

(6) Inventory Team reconciles the data elements on the count sheet to the equipment. This verifies property existence, correct location, accurate quantity, correct ECN label, a match between ECN and serial or model number, and AP record existence and completeness.

(7) Inventory Team signs the count sheets evidencing results and submits documentation to the APO.

(8) Inventory Team conducts floor-to-book procedures by selecting half of the number of assets on the count sheet for book-to-floor testing (i.e. if there are 20 book-to-floor assets on the count sheet, 10 floor-to-book assets should be inventoried). Record ECN and serial number from the assets found on the floor (steps 5-7 [paragraph 2.e(5) through (7) of this enclosure]) can occur at the same time as steps 8-10 [paragraph 2.e(8) through (10) of this enclosure]. {Control GE.C.20: Appendix 2}.

(9) Inventory Team reconcile ECN and serial number to the APSR.

(10) Inventory Team signs recorded data, evidencing results submitted to the APO.

(11) Inventory Team determines if a discrepancy exists.

(a) If a discrepancy does not exist, continue to step 12 (paragraph 2.e(12) of this enclosure).

(b) If a discrepancy does exist, continue to step 16.

(12) APO reviews inventory results and annotates the count sheets.

(13) APO updates the last inventory date in DMLSS.

(14) APO retains printed physical inventory results from DMLSS. Retain documentation for the required retention period (refer to Reference (f)). {Control GE.C.21: Appendix 2}.

(15) APO reviews equipment's Chief Financial Officer (CFO) folders containing all key supporting document's (KSD) are retained for the required retention period. Refer to Reference (f).

(16) Inventory Team notifies the APO if discrepancies exist.

(17) APO researches any issues found with the physical inventory results within 7 working days after inventory completion.

(18) APO determines which remediation path is necessary.

(a) For equipment found on installation, continue to step 19 (paragraph 2.e(19) of this enclosure).

(b) For any changes/updates to records, continue to step 20 (paragraph 2.e(20) of this enclosure).

(c) For any missing equipment, continue to step 21 (paragraph 2.e(21) of this enclosure).

(19) APO processes a gain to remediate any equipment that is found but is not recorded. For equipment that is found on site but is not accounted for, the PC or APO must work to determine the ownership of the equipment by searching the barcode or serial number in DMLSS. If the component owns the equipment, the APO must obtain or create the appropriate supporting documentation. A fair value assessment is performed, and the placed-in-service date is recorded as the date the equipment is found on site. The APO updates DMLSS with the appropriate data elements to add the equipment to the property book (continue to step 14 (paragraph 2.e(14) of this enclosure).

(20) APO changes/updates asset records to reflect any disparities noted using the procedures below:

(a) For equipment that has a serial number or ECN (or UII) mismatch, the correct serial number or ECN (or UII) should be noted on the count sheet and corrected in the system. A new barcode should be printed and affixed to the equipment.

(b) For catalogue disparity, the correct catalogue should be noted on the count sheet and corrected in DMLSS.

(c) For location disparity, the correct location should be noted on the count sheet and corrected in DMLSS.

(d) For condition discrepancy, appropriate action (disposal or maintenance) should be taken on any equipment noted as unserviceable or damaged. DD Form 200, Financial Liability Investigation of Property Loss is used to officially report the facts and circumstances supporting the assessment of financial charges for the damage or destruction of equipment. The correct condition should be noted on the count sheet and corrected in DMLSS.

(e) For equipment that is missing an ECN barcode label, the APO must print a new label from DMLSS and place it on the equipment {continue to step 14 (paragraph 2.e(14) of this enclosure)}.

(21) APO determines if lost equipment was properly disposed.

(a) If the equipment was properly disposed, continue to step 22 (paragraph 2.e(22) of this enclosure).

(b) If the equipment was not properly disposed, continue to step 23 (paragraph 2.e(23) of this enclosure).

(22) APO verifies supporting KSDs showing proper disposal and removes the equipment from DMLSS {continue to step 14 (paragraph 2.e(14) of this enclosure)}.

(23) APO processes a loss by using thorough search and all possible procedures should be conducted to find the equipment. DD Form 200 is used to officially report the facts and circumstances supporting the assessment of financial charges for the loss of equipment.

f. Reconciliation

(1) PAT initiates monthly reconciliation, in accordance timeline specified in Reference (h), with DFAS financial reporting guidance while concurrently notifying APO to begin as well.

(2) PAT prints the beginning Trial Balance (TB) from the GL system as of 12 AM the day after.

(3) APO processes a reconciliation in DMLSS “as of 12 AM” on the same day, simulating a closing out of DMLSS for the reporting period.

(4) APO prints the Asset Reconciliation Report with the following financial related information. This includes a summary of all additions, deletions, and changes (+/-/Δ) in the equipment and depreciation line item (United States Standard Government Ledger (USSGL) 175000 and 175900).

(5) APO reconciles all gains and losses to the Asset Reconciliation Report while gathering supporting documentation.

(6) APO signs certifying DMLSS data and sends the Asset Reconciliation Report to the PAT. {Control GE.C.22: Appendix 2}.

(7) APO submits the reconciled report to the PAT no later than the deadline specified.

(8) PAT verifies if they received the Asset Reconciliation Report from the APOs.

(a) If the PAT does not receive the report, continue to step 9 (paragraph 2.f(9) of this enclosure).

(b) If the PAT does receive the report, continue to step 10 (paragraph 2.f(10) of this enclosure).

(9) PAT notifies CPL that APO did not provide the certified Asset Reconciliation Report within 48 hours {return to step 7 (paragraph 2.f(7) of this enclosure)}.

(10) CPL directs APO to provide the DMLSS activity report within 48 hours. {Control GE.C.23: Appendix 2}.

(11) PAT reconciles the Asset Reconciliation Report to the GL TB. Actions include:

- (a) Reconciliation of gains to expenditures within USSGL 175000.
 - (b) Re-Calculation of monthly depreciation USSGL 175900.
 - (c) Validate deletions with supporting documentation (to include preparing a JV for losses). {Control GE.C.24: Appendix 2}.
- (12) PAT verifies if DMLSS GE balances reconcile to what is reported on the GL.
- (a) If the amounts reported on the Asset Reconciliation Report and the GL TB reconcile, continue to step 26 (paragraph 2.f(26) of this enclosure).
 - (b) If the amounts reported on the Asset Reconciliation Report and the GL TB does not reconcile, continue to step 13 (paragraph 2.f(13) of this enclosure).
- (13) PAT researches the source of any non-reconciling item(s).
- (14) PAT determines whether the non-reconciling item(s) is a DMLSS or Interface/Entry Error.
- (a) If the error is a DMLSS error, continue to step 15 (paragraph 2.f(16) of this enclosure).
 - (b) If the error is an interface/entry error, continue to step 20 (paragraph 2.f(2) of this enclosure).
- (15) PAT notifies CPL of non-reconciling item(s).
- (16) CPL delegates DMLSS adjustments to the responsible APO.
- (17) APO makes appropriate DMLSS adjustments.
- (18) APO prints, signs, and sends the updated Asset Reconciliation Report to the PAT.
- (19) CPL provides updated Asset Reconciliation Report to PAT.
- (20) PAT investigates the variance of the non-reconciling item(s).
- (a) If the variance is an interface issue, review the Interface Exception Sheet and adjust the appropriate variance.
 - (b) If the variance is a manual entry issue, adjust with a fully supported JV.
- (21) PAT determines if a JV is required.
- (a) If a JV is required, continue to step 23 (paragraph 2.f(23) of this enclosure).

- (b) If a JV is not required, continue to step 25 (paragraph 2.f(25)of this enclosure).
- (22) PAT creates a fully supported JV and submits to the appropriate authority for review and approval. {Control GE.C.25: Appendix 2}. Fully supported JVs include:

(a) Additions:

1. Contracts/Statements of Work.
2. WOs.
3. Reimbursable Agreements.
4. MIPRs.
5. Purchase Orders.
6. Receiving Reports and Invoices.
7. Appraisal Reports for Donated Assets.
8. Signed CAL with ECN and Location.
9. Book Value.
10. Documentation evidencing DPiS.

(b) Deletions:

1. Accumulated Depreciation.
2. Signed CAL with ECN and Location.
3. Signed DD Form 1348-1A.
4. Book Value.

(c) Depreciation:

- (d) Re-Calculation: {Control GE.C.26: Appendix 2}.

- (23) PAT makes adjustments to the item(s) in the GL system.
- (24) PAT compares the updated Asset Reconciliation Report to the TB.
- (25) PAT prints adjusted TB.

(26) PAT signs the completed reconciliation report evidencing review and certification (refer to Reference (f)). {Control GE.C.27: Appendix 2}. A completed report includes:

- (a) Adjusted TB (signed).
- (b) Final Asset Reconciliation Report (signed).
- (c) Depreciation Calculation (signed).

APPENDIX 1

PROCESS MAPS

1. GE process mapping refers to activities involved in defining the life cycle of a GE asset. It delineates roles and responsibilities in the various steps within the lifecycle process. These maps mirror the Procedures Enclosure found above and provide a pictorial workflow.

2. GE Process Maps are available at:

[https://info.health.mil/bus/fi/ppe/DHP_Policy_and_Procedures/General%20Equipment%20\(GE\)](https://info.health.mil/bus/fi/ppe/DHP_Policy_and_Procedures/General%20Equipment%20(GE))

APPENDIX 2

RISK AND CONTROL MATRIX

1. GE Risk and Control Matrix is internal control assessments allow reporting entities to determine the stability of their control environments. They also enable reporting entities to evaluate year-to-year changes in their control environments, identify new risks, and develop and implement corrective action plans.

2. GE Risk and Control Matrix is available at:

[https://info.health.mil/bus/fi/ppe/DHP_Policy_and_Procedures/General%20Equipment%20\(GE\)](https://info.health.mil/bus/fi/ppe/DHP_Policy_and_Procedures/General%20Equipment%20(GE))

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

AP	accountable property
APO	Accountable Property Officer
APSR	Accountable Property System of Record
AWO	acceptance work order
BMET	biomedical equipment technician
CAL	Custodian Action List
CPL	Component Property Lead
DHA	Defense Health Agency
DHA-PI	Defense Health Agency-Procedural Instruction
DMLSS	Defense Medical Logistics Standard Support
DPiS	Date Placed in Service
ECN	Equipment Control Number
E&DL	Environmental and Disposal Liability
EPRC	Equipment Program Review Committee
GE	General Equipment
GL	general ledger
JV	journal voucher
KSD	key supporting document
KO	Contracting Officer
MEDLOG	medical logistics
MTF	military medical treatment facility
NER	new equipment request
PAT	Property Accounting Team
PC	Property Custodian
RM	Resource Management
TB	Trial Balance
UII	Unique Item Identifier

USSGL United States Standard Government Ledger
WO Work Order

PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this DHA-PI.

acceptance. A formal certification that goods or services have been received and conform to the terms of the contract.

acquisition. Acquiring hardware, supplies, or services through purchase, lease, or other means. Other means of acquisition include transfer or fabrication, whether the supplies or services are already in existence or must be created, developed, demonstrated and evaluated. Acquisition also refers to acquiring by contract with appropriated funds of supplies or services.

acquisition cost. The amount net of both trade and cash discounts, the amount paid for the property, transportation costs, and other ancillary cost to bring the item to their current condition and location.

APO. An individual who, based on his/her training, knowledge, experience in property management, accountability, and control procedures, is appointed by proper authority to establish and maintain an organization's accountable property records, systems, and/or financial records, in connection with government property, irrespective of whether the property is in the individual's possession. Comparable terms include: Army-Supply Support Accountable Officer/Property Book Officer; Navy-Personal Property Manager; Air Force-Accountable Officer/Chief of Supply/Chief of Material Management; Marine Corps-Accountable Officer; Joint Commands-Joint Property Book Officer; and Defense Logistics Agency-APO.

appropriation line. A sum of money devoted to a special purpose from which the allocation is made.

APSR. The business system/application used to account for and maintain accountability of government property. It is a subsidiary ledger to the financial system general ledger and represents the transactions impacting the asset.

AWO. A DMLSS maintenance work order for initial acceptance of GE (e.g., inspection, testing, and installation).

CAL. The procedures in which a PC must adhere to. CAL must comply with policy.

capitalization. Including a material expenditure as part of the value of an asset; the threshold value of the asset is determined by the entity.

CPL. An individual responsible for the maintenance and implementation of policies for all GE within DHA. The position resides in DHA Infrastructure Support Division within the Administration and Management directorate.

DMLSS. Provides on-line capability to support all functions that are associated with property accountability and equipment management. DMLSS serves as the DHA APSR.

E&DL. If a hazardous waste (or future outflow of resources for environmental cleanup) related to the equipment's disposal is probable, then a reasonable estimate of E&DL must be recorded when the asset is placed into service.

ECN. A number generated within DMLSS to identify a specific piece of equipment.

excess. The amount of inventory above the sum of the Approved Acquisition Objective and inventory retained for economic and/or contingency purpose.

expenditures. The act of spending funds.

Federal Accounting Standards Advisory Board. An advisory committee that develops accounting standards for U.S. federal government agencies. The Federal Accounting Standards Advisory Board is designed to improve government accountability by issuing federal financial accounting and reporting standards that adhere to industry best practices.

GE. General equipment, as defined in Reference (h), is personal property that is functionally complete for its intended purpose, durable, and nonexpendable. GE generally has an expected service life of two years or more, is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

impairment. The diminishing in quality, strength, amount, or value of an asset.

improvement. The enhancement in quality, strength, amount, or value of an asset.

inbound item. An item or material placed on order establishing accountability to the property book.

internal controls. A process for assuring achievement of DHA's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with U.S. laws, regulations, and policies.

invoice. A bill, or a list of an asset(s) or services provided.

inventory. Tangible personal property that is held for sale, in the process of production for sale, to be consumed in the production of goods for sale, or in the provision of services for a fee.

JV. A written statement for every financial transaction a company makes or for every transaction that meets certain criteria.

KSDs. The critical document that proves a management assertion.

physical count. The process of physically counting the item(s) in order to verify the accountable property record's posted balance.

physical inventory. The verification of property existence, accountable property record completion, location and quantity. The process may also involve verifying additional information, performing reconciliation, and modifying the accountable property records.

procurement. The action or occupation of acquiring military equipment and supplies.

receipt. A transmission or other acknowledgment made by a receiving entity to indicate that a message, good, or service has been satisfactorily received. A receipt is often denoted by signing a situation specific form, such as DD Form 250, Material Inspection and Receiving Report.

reconciliation. An accounting process that uses two or more sets of records to prove figures are correct and in agreement.

TB. A statement of all debits and credits in a double-entry account book, with any disagreement indicating an error.

useful life. The estimated remaining period during which the property is expected to be economically usable by one or more users with normal repairs and maintenance for the purpose for which it was intended at the inception.

WO. An order received by an organization from a customer or client, or an order created internally within the organization that may be for products or services.