Mr. P. A. Tobin, Chief, Andit Branch, Finance Division

P. B. Conley, Property and Supply Supervisor, Finance Division

HARSHAW EQUIPMENT CONTRACT AT (30-1) 201 PC'S & GHO'S AND CONTRACT N-7405-ENG-276 - SUPPLEMENTS

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The unitization of property and the allocating of the related cost accumulated through the construction account for equipment acquired is indicated by memorandum subject was completed January 14, 1952. Pencil copies of journal vouchers were prepared, supported by detail work sheets. The journals and detail work sheet supports were discussed with the acting chief of the Accounting Branch. The discussions took place prior to the final review and acceptance of these documents for typing and posting to the fixed asset accounts.

The property records will be affected as followss the journal vouchers will adjust the fixed asset accounts, which were previously debited by temporary journals. The temporary journals were necessary for reporting purposes to Washington, D. C.

The adjusting journals will also pick up additional construction cost partaining to equipment listed in property schedules attached to supplements mentioned in memoraneous subject. The detail work papers provide the necessary information for the supporting Property Unit Records.

I have been informed that the journals adjusting cost applicable to equipment acquired through supplement to Contract 276, and cost applicable to equipment acquired through PC's and GWO's have been posted in the capital ledger control fixed asset accounts as a December 1951 posting. The journal for cost applicable to equipment acquired through construction contract AT (50-1) 201 will be posted in the same accounts as a January 1952 posting. Stated below is a brief summery of the work in the order accomplished.

A. Schemules of Property, Barshaw Contract W-7405-286-276 Supplements.

Mr. Robert Musser and I discovered that several of the supplements to the contract mentioned above, contained achedules of equipment. The equipment was listed at acquisition cost and it was found that this was the cost posted to the fixed asset accounts. We also discovered on file in this effice records of engineering estimates,

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Mr. P. A. Tobin

January 16, 1952

F. B. Conley

HARSHAN EQUIPMENT CONTRACT AT (30-1) 201 PC'S & GWO'S AND CONTRACT W-7405-ENG-276 - SUPPLEMENTS

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for freight, design, installation, contingensies, management and equipment. These costs, it was found, agreed with total reinbursement made to the contractor. The difference between the acquisition cost and the cost to the Government of installing the equipment on the schedule was allocated in tarms of a property completion report, to each item of equipment appearing on the schedule.

E. Purchase Centracts & Government Work Orders (PC'S & GRO'S)

The second phase of the work was to set up units of property cost of which was accumulated in our 1680 account. To credit the 1680 account and debit the fixed asset account for equipment acquired in regard to (B) above and also allocate cost to the units of property constructed, replaced, improvements or other changes to existing facilities. This was accomplished by setting up work sheets based on a review of the reimburgement vouchers for the PC's crGNO's which was the authority for the preject and allocating the cost to the fixed assets acquired in terms of a property completion report.

C. Harshaw Construction Contract AT (30-1) 201 (LUMP SUM AGREELENT)

The third phase of the work was to accomplish the same results as outlined in (B) for facilities installed and other construction cost involved under subject (C) above. The work was accomplished by means of Work Order 1225 and other data obtained from the sub-contractor, Ferguson Construction Company. Records on file in Harshaw Chemical Co., Cleveland, Ohio and records on file in this office.

D. Property Unit Records

In regard to A, since record sheets were presently in the records, only schedules of cost by items were furnished to the Property Unit Record Section. New ledger sheets completely posted were prepared and furnished to the Property Unit Record Section for property units resulting from work outlined in (B) & (C) herein.

E. Journal Vouchers

Copies of the journal vouchers will be furnished the Property Section by General Accounting. These copies will have attached the detail work sheets. The copy in General Accounting files will bear reference to this fact.

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## Comolusions

As a result of working on this project it is suggested that all Found on Works adjustments be made on separate journals and that said journals be supported by itemized list. Each item listed to be identified by account elassification. It is further desired to point out that the terminology "Found on Works" is an ald Army Property Accounting fitle, for a document used in cases of abandoned property taken over by the Government. This form was not intended for use in picking up equipment, where there is evidence that it was acquired through purchase, transfer, fabrication or construction. Continuance of this practice may result in inflating our Fixed Asset Accounts. It is felt, that if a Found on Works vencher is macessary, all angles of the problem should be investigated thoroughly.

CC: F.B.Conley L.Stanford

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