Property and Equipment Accountability and Management Best Practice Discussion

Name:

Office: **OUSD, (AT&L) P&E Policy**

Date:

Why We Are Here

- The Department of Defense (DoD) is looking at departmental policies, processes, systems, and training associated with the accountability and management of DoD-owned personal property

- As a part of this effort, we are conducting "Peer Sharing" with Federal Agencies who manage and report on similar capital and / or mission equipment

- Our intent is to encourage interagency collaboration and promote effective and efficient management practices government-wide

- Our goal is to strengthen and improve upon policies and practices in place by sharing our combined experience and knowledge
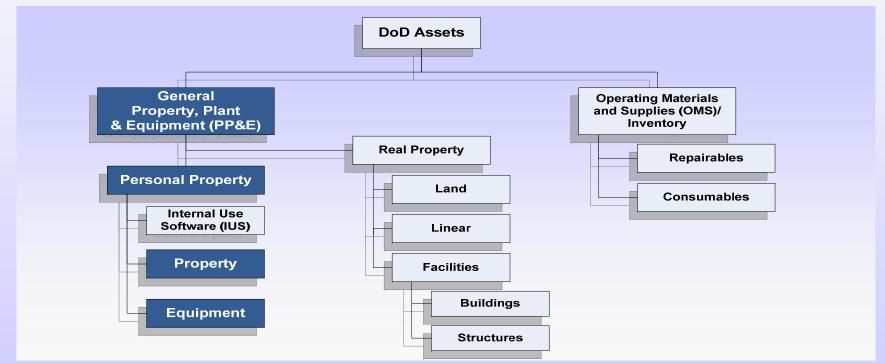
Why This is Necessary

- Department guidance (i.e., Department of Defense Instruction (DoDI) 5000.64), in addition to Statement of Federal Financial Accounting Standard (SFFAS) No. 6, establishes the people, policy, system requirements, and process management to achieve personal property accountability

- Audit reports suggest that the guidance from the Department and Components is insufficient due to inaccuracy and inconsistency in the reporting of DoD-owned equipment

- Specific deficiencies include errors in tracing assets, supporting cost documentation, historical cost valuations, asset categorization and tracking Government Furnished Property (GFP)

- Corrective action plans need to be developed to address equipment and accountable property accountability and management policies, systems, and people business process deficiencies

- Through accurate accountability, the Department will not only achieve improved risk mitigation and a clean audit opinion, but also provide decisional-quality information to leaders to support acquisition decisions

Who We Are

Office of the Under Secretary of Defense, Acquisition, Technology & Logistics (OUSD, AT&L), Acquisition Resources & Analysis (ARA),

Property & Equipment (P&E) Policy Office

Our Mission:

To establish policies and support business process development that enables military services and defense agencies to provide more accurate and reliable information to senior leaders to support management decisions at an enterprise-level.
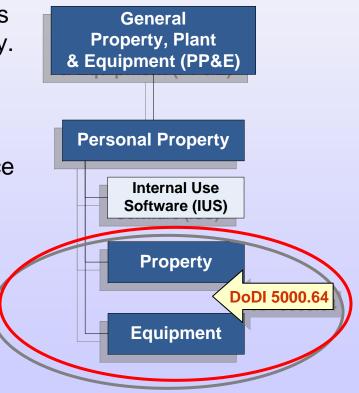
Our Mission Area

DoD-Owned Equipment and Other Accountable Property

Property

- Something in which one has the rights and interests subject to ownership. It includes both tangible property and intangible property.

Equipment

- Non-expendable, tangible, moveable personal property needed for the performance of a task or useful in effecting an obligation.

- Includes general equipment and military equipment.

General Property, Plant & Equipment (PP&E)

Personal Property

Internal Use Software (IUS)

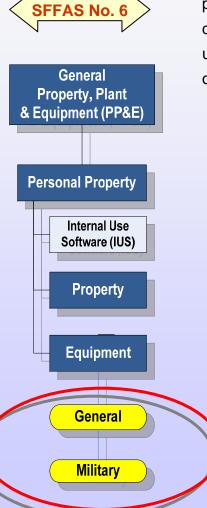Property

Equipment

DoDI 5000.64

DoD Instruction 5000.64

"Accountability and Management of DoD-Owned Equipment and Other Accountable Property"

- Provides the policy and procedures for DoD-owned equipment and other accountable property

- Among other things, requires
  - Accountable Property Officers (APOs) be established in writing
  - Accountable property records established for all property purchased, or otherwise obtained, having a unit acquisition cost of $5,000 or more; leased assets (capital leases) of any value Items
  - Serial management with DoD unique item identification (UIIs)
  - Life-cycle events tracked in an accountable property system of record (APSR) meeting the prescribed criteria
  - Property and Equipment meeting capitalization requirements be valued at full cost
  - Metrics to measure, assess, and report property management maturity

Capitalization Requirements

- For acquisition and financial reporting purposes, **General Equipment** includes any item that is functionally complete for its intended purpose and:

  - Has an expected useful life of two or more years

  - Is not intended for sale in the ordinary course of business

  - Is intended to be used or is available for use by the entity

  - Does not ordinarily lose its identity or become a component part of another article

  - Is not available for the use of the reporting entity in the performance of battlefield missions or to support related training

  Examples of general equipment include fork lifts, servers, copying machines, trucks, and video conferencing equipment.

SFFAS No. 6

General Property, Plant & Equipment (PP&E)

Personal Property

Internal Use Software (IUS)

Property

Equipment

General

Military

- For acquisition and financial reporting purposes, **Military Equipment** assets are defined as weapon systems that can be used directly by the Armed Forces to carry out battlefield missions and:

  - Has an expected useful life of two or more years

  - Is not intended for sale in the ordinary course of business

  - Does not ordinarily lose its identity or become a component part of another article

  - Is available for the use of the reporting entity for its intended purpose

  Examples include combat aircraft, pods, combat ships, support ships, satellites, and combat vehicles. Examples exclude training aircraft and simulators.

Peer Share Objectives

DoD and Civilian Agency Best Practices

- Compare Accountability Strategies

- Compare Policy Language

- Identify Training Improvements and Successes

- Survey Technology Usage

- Discover Lessons Learned

- Compare Evaluation Methods

  Our goal is to strengthen and improve upon policies and practices in place by sharing our combined experience and knowledge

DoD Best Practice
Equipment Management Capability
Maturity Model (EMCMM 1-3)

Performance Measurement	Level 1: Basic Audit possible, but requires heroics	Level 2: Managed Audit possible, but low sustainability	Level 3: Defined Audit possible, greater chance for sustainability
Establish _baseline_ universe of capital assets	Service will identify a total quantity of accountable assets using DPAS	N/A	N/A
Identify serialized assets as an Accountable Property Record (APR)	Assets have a Service assigned serial number	Assets have an assigned serial number unique at the _Service-enterprise level_	Assets have an assigned serial number unique at the _DoD-enterprise level_
Establish serialized APRs in a system of record (APSR)	GE Assets have an established APRs in a Service system.	GE Assets have an APR that contains all the required data elements as outlined by DoDI 5000.64	GE assets have an APR established in a DoDI 5000.64 compliant APSR _thru the asset's life cycle._
Reconcile APRs to financial system	Accountable GE is valued and reported in in a financial system	Accountable GE is _manually_ reconciled between APSR and the financial system	Accountable GE is automatically reconciled between APSR and financial system of record
Assign/Equip Accountable Property Officer (APO)	Service establishes an APO for each of its assets	Service APOs meet DoDI 5000.64 standards for training	APO ensures that physical inventory for each asset is performed at least triennially

DoD Best Practice
Equipment Management Capability
Maturity Model (EMCMM 4-5)

Performance Measurement	Level 4: Predictive **Audit possible, high chance for sustainability**	Level 5: CPI **Continuous improvement**
Establish *baseline* universe of capital assets	**N/A**	**N/A**
Identify serialized assets as an Accountable Property Record (APR)	**100% of assets have a enterprise unique serial number established in their APSR and reconciles to the UID Registry.**	**Utilize AIT to capture and reconcile asset data to the APSR**
Establish serialized APRs in a system of record (APSR)	**Supporting documentation for each GE APR is maintained and accessible within 72 hours**	**Reduce the number of duplicate serial numbers to no more than xx% of total assets**
Reconcile APRs to financial system	**100 percent of assets are reconciled between the APSR and financial system of record.**	**N/A**
Assign/Equip Accountable Property Officer (APO)	**Achieve, at a minimum, a 98 percent physical inventory accuracy rate**	**Physical inventories that do not meet the 98 percent physical inventory accuracy rate are reduced to xx%**

Questions? Comments?

Contact us at:
703-604-6350

**For general questions
and information,
visit our website:**

http://www.acq.osd.mil/pepolicy/

Thank You!