



## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3400 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3400

OCT 01 2015

ENERGY,  
INSTALLATIONS,  
AND ENVIRONMENT

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Valuation of the Department of Defense Real Property Inventory

Reference: ODUSD(I&E) Memorandum, "Valuation of the Department of Defense Real Property Inventory," August 20, 2014

The attached referenced memorandum includes clarifying details on how to report the "Acquisition Cost to Government" value for real property assets. The attachment which contains instructions on how to calculate and report valuation for real property inventory are hereby rescinded for those Defense Components not having completed a full audit, not currently undergoing a full audit, or not scheduled to assert to a full audit in Fiscal Year 2015.

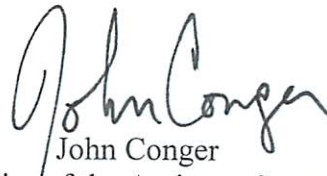
Based on the result of a collaborative effort by this office with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), the Government Accountability Office, the Federal Accounting Standards Advisory Board (FASAB), and the Defense of Defense (DoD) Inspector General, the OUSD(C) Deputy Chief Financial Officer is expected to promulgate a DoD alternative valuation methodology for the Department's real property inventory by October 31, 2015.

The accurate and timely completion of existence, completeness and establishment of a placed in service date, and the accomplishment of an accurate physical inventory for each real property asset (land and facilities) cannot be emphasized enough. These efforts are also foundational requirements for the accurate computation of each facility's Plant Replacement Value (PRV), which will serve as the base value for any alternative valuation and the establishment of a proper depreciation schedule.

Additionally, the algorithm and automated process for computing PRV are to be validated and verified to ensure that they employ the current cost factors and rates as well as access the required real property data elements in order to consistently produce accurate calculations at the asset use and asset level.

Using an alternative valuation method will be a one-time accounting event, with all prospective actions accomplished in accordance with the Statement of Federal Financial Accounting Standards Number 6, *Accounting for Plant Property and Equipment*. This requires a full and validated implementation of business process flows and internal controls for acceptance of real property for each acquisition type. The Department's Unified Facilities Criteria (UFC) 1-300-08, *Criteria for Transfer and Acceptance of DoD Real Property*, is under review to address audit gaps and incorporate all acquisition types. Your Components' continued support in the revision of this UFC will help establish FASAB-compliant acceptance and transfer processes to sustain an audit ready state.

My point of contact for these requirements is Mr. Bob Coffman, at 571-372-6840 or [robert.a.coffman10.civ@mail.mil](mailto:robert.a.coffman10.civ@mail.mil).



John Conger  
Performing the Duties of the Assistant Secretary of Defense  
(Energy, Installations and Environment)

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DIRECTOR, FACILITIES SERVICES DIRECTORATE, WASHINGTON HEADQUARTERS SERVICES

cc:

Deputy Chief Financial Officer, Comptroller  
DASD (FIM)



ACQUISITION,  
TECHNOLOGY,  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

AUG 20 2014

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MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Valuation of the Department of Defense Real Property Inventory

References: (a) Joint AT&L/Comptroller Memorandum, "Elimination of Military Equipment Definition and Increase to Capitalization Thresholds for General Property, Plant and Equipment," September 20, 2013.  
(b) Financial Improvement and Audit Readiness Guidance, November 2013

As required by Reference (a), your Comptroller must adjust the capitalization threshold for real property, and conduct valuation of real property assets in accordance with the Department's Financial Improvement and Audit Readiness (FIAR) guidance (Reference (b)). Your real property and audit readiness professionals are encouraged to work together in order to successfully complete these tasks.

Clarifying details on how to report the "Acquisition Cost to Government" value, based on the "RPA Placed in Service" date of the real property asset are attached. My point of contact for this task is Mr. Bob Coffman at 571-372-6840 or robert.a.coffman10.civ@mail.mil.

A handwritten signature in black ink that reads "John Conger".

John Conger  
Acting Deputy Under Secretary of Defense  
Installations and Environment

Attachment:  
As stated

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**cc:**

**Deputy Chief Financial Officer, Comptroller**