From: Secretary of the Navy

Subj: GENERAL EQUIPMENT - ACCOUNTABILITY AND MANAGEMENT

Ref: See Enclosure (1)

Encl: (1) References
      (2) Responsibilities
      (3) Capitalization Thresholds
      (4) Glossary and Terms
      (5) List of Acronyms
      (6) Records Management
      (7) Forms and Reports

1. Purpose. Under the authority of references (a) and (b), this instruction:

   a. Establishes the overarching Department of the Navy (DON) policy for accountability and management policy of General Equipment (GE).

   b. Assigns roles and responsibilities within the DON for accountability and management all DON GE (see enclosure (2)).

   c. Aligns DON policies for GE with Federal regulations, Federal accounting standards, and Department of Defense (DoD) and DON policies for property accountability and management.

   d. Provides a framework for financial and physical accountability and management of GE to support warfighter readiness, financial reporting and auditability requirements.

   e. Establishes standard taxonomy for GE (see enclosures (3) through (5)).

2. Cancellation. SECNAVINST 7320.10A.
3. **Applicability**

   a. This instruction applies to the Office of the Secretary of the Navy (SECNAV), the Chief of Naval Operations (CNO), the Commandant of the Marine Corps (CMC), and all U.S. Navy (USN) and U.S. Marine Corps (USMC) entities within the DON.

   b. This instruction applies to all GE in the DON. Detailed definitions of GE and the reporting categories can be found in the glossary (see enclosure (4)).

   c. For purposes of this instruction, software that is integrated or embedded into GE in order for it to operate is considered part of the GE into which it is integrated.

   d. The physical accountability requirements of this instruction shall apply to all property under Capital Leases when such property otherwise meets the definition of GE in enclosure (4). In the event of conflicting guidance, financial reporting and accounting requirements found in references (c), (d) and (e) shall supersede the financial reporting and accounting requirements of this instruction for Capital Leases. For purposes of this instruction the entity responsible for operating leased property shall be responsible for maintaining physical accountability records as required herein.

4. **Policy.** This policy governs the accountability and management of GE. It is SECNAV policy to:

   a. Execute financial and physical management of GE per references (b) through (x), including the latest policies, procedures, standards and mandates established by the Federal Accounting Standards Advisory Board (FASAB), DoD, DON, Federal regulation, and the laws that pertain to GE accountability and financial requirements. Specific procedures detailing the requirements of this instruction are published in reference (y).

   b. Require GE management processes and internal controls are in place, functioning and are adhered to at all levels of command, including DON oversight of shared service providers.

   c. Require DON personnel entrusted with the accountability of GE are properly trained regarding the proper use, care, physical protection, and financial accounting of GE and are held
to the highest ethical standards per reference (j). DON personnel entrusted with the management of GE may be held financially liable in the event of loss, damage, destruction or other unplanned loss.

d. Require that Service-level policies for implementing accountability and management of GE are in place and reviewed by the Service at least every five years. Initial Service-level policies shall be in place within 18 months following signature of this instruction.

e. Maximize GE visibility and accountability to support sustained auditability and warfighter readiness.

f. Require the use of information technology and automated information systems, i.e., barcode scanners and Item Unique Identification (IUID) where practicable. Utilize only designated automated information systems with standard, common processes for procurement and management of GE. IUID shall be used for GE visibility, management, and traceability for qualifying items per references (g), (k), (l), part 45 of reference (m) and subpart 252-211 of reference (n).

g. Require electronic transactions when transferring Government property between Government activities, to a contractor and upon return of property to DoD. Acceptable methods include utilizing the Government Furnished Property (GFP) modules within the Procurement Integrated Enterprise Environment (PIEE) (formerly the Wide Area Workflow (WAWF) eBusiness Suite) or Defense Logistics Management Standards (DLMS) compliant transactions. When electronic transactions are not available, manual methods, including fillable forms with electronic signatures may be used.

h. Require accountable records and track all Capitalized Accountable and Non-Capitalized Accountable GE in a Government approved Accountable Property System of Record (APSR).

   (1) Accountable records for Capitalized Accountable GE shall include valuation at full cost, ensuring Construction in Progress accruals, capital improvement, and depreciation information are included as appropriate.
(2) Accountable records for Non-Capitalized Accountable GE shall include valuation at original acquisition value.

(3) Locally Accountable GE shall be tracked per local policy and guidance. Locally Accountable GE shall be managed with accountability records that may be maintained in the APSR or another suitable system.

(4) The Budget Submitting Office (BSO) that funds a procurement of GE shall be held responsible for financial reporting unless and until the property is formally transferred. Program Executive Officers (PEO) and Direct Reporting Program Managers assigned life cycle management responsibility for an item of GE, per reference (q), shall retain financial reporting responsibility for the GE, through their supporting BSO, for the duration of the time the asset is owned by the DON. In the event of jointly funded property, written agreements must be in place to clearly identify which funding entity is responsible for financial reporting.

(5) Third party property management or accountability systems, such as custodial systems or contractor property management systems shall not supersede or replace accountable property records in the government’s APSR or the accountability records maintained by the DON as required by reference (g).

   i. Enforce the requirements of references (g) and (h) and subpart 252-211 of reference (n) to maintain full accountability of all Government owned GE in the hands of contractors, i.e. GFP.

   j. Require 100 percent physical or by exception inventories of all GE at least every three years per reference (g) except as identified below:

      (1) An inventory is required when there is a change in the custodian. In the event of multiple custodians for a single piece of GE, an inventory is required when any custodian changes.

      (2) Annual inventories are required for all GE with an acquisition cost greater than $1M regardless of current net book value, and any GE with a current net book value greater than zero.
(3) Annual inventories are required for all classified and sensitive property per reference (g).

(4) Annual inventories by the borrowing activity are required for GE in on loan and shall be submitted to the loaning activity per the terms of the specific loan agreement in place.

(5) Inventory requirements established by other instructions for specific categories of GE, e.g., small arms or nuclear weapons related material, shall supersede the inventory frequency requirements of this instruction.

(6) Locally accountable GE shall be inventoried as directed by local guidance.

k. Require location audits, also known as floor-to-book inventories be completed annually. The number of location audits completed shall be equal to or greater than 25 percent of the total known population of Capital Accountable and Non Capital Accountable GE assets.

5. **Responsibilities.** See enclosure (2).

6. **Records Management.** See enclosure (6).

7. **Forms and Reports.** See enclosure (7).

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REFERENCES

(a) SECNAVINST 5430.7R
(b) SECNAVINST 5200.42
(c) DoD 7000.14-R dates vary by volume
(d) SFFAS 6, Accounting for PP&E of Nov 1995
(e) SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment of 4 Aug 2016
(f) SECDEF memo “Elimination of Military Equipment Definition and Increase to Capitalization Threshold for General PP&E” dated 20 Sep 2013 (NOTAL)
(g) DoD Instruction 5000.64 of 27 April 2017
(h) DoD Instruction 4161.02 of 27 April 2012
(i) DoDM 4160.21, Volumes 1-4 of 22 October 2015
(j) DoD Directive 5500.07 of 29 November 2007
(k) DoD Instruction 8320.04 of 3 September 2015
(l) SECNAVINST 4440.34
(m) 48 CFR Chapter 1, Federal Acquisition Regulation, current edition
(n) Defense Federal Acquisition Regulation Supplement, current edition
(o) SECNAVINST 5200.35F
(p) SECNAV M-5200.35
(q) SECNAVINST 5400.15C
(r) SECNAVINST 5200.43
(s) DoDM 4140.01 Volumes 1-12 dates vary by volume
(t) OPM memo M-06-16, “Protection of Sensitive Agency Information” of 23 Jun 2006
(u) OPM memo M-06-19, “Reporting Incidents Involving Personally Identifiable Information and Incorporating the Cost for Security in Agency Information Technology Investments” of 12 Jul 2006
(v) 10 U.S.C. §5025
(y) SECNAV M-5200.45
RESPONSIBILITIES

1. Assistant Secretary of the Navy, Research, Development and Acquisition (ASN(RD&A)) shall:

   a. Ensure adequate policies are in place and provide full oversight for General Equipment (GE) accountability and management within the DON.

   b. Designate a representative to coordinate with Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN(FM&C)) to adjudicate any GE-specific issues unresolved at the Service level and serve as the DON physical accountability representative on all GE related matters.

   c. Designate a representative to coordinate with ASN(FM&C) to co-lead a working group comprised of GE subject matter experts to address issues, share lessons learned and best practices, and assist with developing and managing Service-level GE policies. This working group will convene as needed to address GE issues.

   d. Designate a representative to coordinate with the Office of the Under Secretary of Defense (Acquisition and Sustainment) to ensure property oversight, processes and internal controls are in place for the administrative and physical management of DON assets processed by or in the possession of shared service providers.

   e. Designate a representative to develop physical accountability reporting requirements and metrics with goals that measure effective and efficient physical management of GE and collect data provided by the Services. Collect, consolidate, analyze and provide reports and feedback to the Office of the Secretary of Defense (OSD) and Services as appropriate.

   f. Designate a representative to coordinate with ASN(FM&C) to review, update and promulgate changes to this policy no less than every five years and when changes to legislation, DoD guidance or audit findings drive change to this policy.

2. ASN(FM&C) shall:
a. Provide DON policy and guidance for accounting and financial management of GE. Accounting and financial management includes, but is not limited to recording, valuing, depreciating, reporting and disposing of GE.

b. Designate a representative to coordinate with ASN(RD&A) to adjudicate any GE-specific issues unresolved at the Service level and serve as the DON financial representative on all GE related matters.

c. Designate a representative to develop property accountability reporting requirements and metrics with goals that measure efficient financial management of GE and collect data provided by the Services. Collect, consolidate, analyze and forward reports and feedback to OSD and Services as appropriate.

d. Designate a representative to coordinate with the Office of the Under Secretary of Defense (Comptroller) to ensure property oversight, processes and internal controls are in place for the administrative and financial management of DON assets processed by or in the possession of shared service providers.

e. Designate a representative to coordinate with DON BSOs and the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to develop valuation methodologies for GE.

f. Designate a representative to collect and review GE financial information for reasonableness and accuracy and reconcile GE financial information from the APSR(s) with the general ledger account balance on a quarterly basis.

g. Designate a representative to coordinate with the CNO and the CMC to ensure and periodically test that proper internal controls for GE management required in references (o) and (p) are met.

h. Designate a representative to coordinate with ASN(RD&A) to co-lead a working group comprised of GE subject matter experts to address issues, share lessons learned and best practices, and assist with developing and managing Service-level GE policies and strategies. This working group will convene as required to address GE issues.
i. Designate a representative to collect and review financial data submitted for financial reporting. Coordinate with the Defense Finance and Accounting Service to ensure all GE is properly reported on the DON Financial Statements as required by reference (q).

j. Approve Accountable Property System of Record (APSRs) in coordination with the DON Office of the Chief Management Officer for use within the DON and maintain a list of approved government APSRs per reference (a).

k. Designate a representative to coordinate with ASN(RD&A) to review, update and promulgate changes to this policy no less than every five years and when changes to legislation, DoD guidance or audit findings drive change to this policy.

3. CNO and CMC shall:

   a. Appoint in writing a Service-level Accountable Property Officer (APO) per references (b) and (g).

   b. Publish Service-level policies and procedures relating to GE management and accountability and review them at least every five years. Service-level policies shall enable proper management control and safeguarding of DON’s GE while balancing risk and operational readiness. Initial Service-level policies shall be in place within 18 months following signature of this instruction.

   c. Develop Service-level unique reporting requirements and metrics with specific goals that measure effective and efficient management of GE.

   d. Consolidate, evaluate and forward with Flag Officer or Senior Executive endorsement, annual Inventory Progress Reports submitted by BSOs per paragraph 4.f of this enclosure and revise Service-level policy as needed based on the content of the reports. A consolidated Service level report summarizing BSO submissions shall be submitted to ASN(RD&A) and ASN(FM&C) annually, no later than 45 calendar days following end of the 3rd quarter of each fiscal year.
e. Designate which approved government APSRs are authorized for financial and physical management of GE within their respective Service.

f. Require resource sponsors to resource requirements to enable fully accountable management of GE. Resource requirements include, but are not limited to manpower, information technologies and systems architectures that support GE management requirements.

g. Establish Service-wide standard taxonomy and business practices for procuring, managing, reutilizing and reporting GE.

h. Develop guidelines for acquiring, recording, valuing, transferring, depreciating and reporting donated and reclaimed GE.

i. Enforce adherence to FASAB, OSD and DON policies and regulations with respect to procuring, managing, reutilizing, accounting, disposing and reporting GE, including but not limited to unique item traceability requirements, GE in the hands of contractors and GE in the hands of the Operating Forces. Records and accountability for GE of any value in the custody of contractors are maintained per references (b), (c), (g) and (h).

j. Require Program Executive Officers, Program Managers and procuring officials to maximize reutilization and procurement efficiencies by reviewing Enterprise-wide availability of existing or cataloged material and like items before procuring GE.

k. Execute the DON’s Management Internal Controls Program for all GE per references (o) and (p).

l. Support input to the Financial Management Reporting processes as required in reference (p).

4. BSOs shall:

a. Appoint a Command Property Officer (CPO) in writing per reference (b) whose duties include but are not limited to providing oversight of Command-wide GE accountability and management.
b. Support common business practices across Program Offices and subordinate activities.

c. Assign trained, capable and qualified individuals to provide contracting, financial and logistics support to PEOs and PMs to properly manage GE per reference (q).

d. Establish local training programs to ensure all personnel entrusted with the management of GE are familiar with and abide by GE rules and regulations.

e. Disseminate current GE guidance and information throughout the Command including the latest policies, procedures, standards and mandates established by FASAB, DoD, DON, Federal regulation, and the laws that pertain to GE accountability and financial requirements.

f. Verify that all subordinate activities are performing physical inventories as required by reference (g) and this instruction. Activities are required to submit Inventory Progress Reports to the BSO via their Chain of Command substantiating performance against established inventory plans. Inventory Progress Reports shall be submitted using SECNAV 5200/4 available at https://navalforms.documentservices.dla.mil/.

g. Submit summary of annual physical Inventory Progress Reports to CNO or CMC as appropriate indicating that all of their subordinate commands have met the inventory requirements of reference (g) and that corrective action plans with estimated compliance dates are published for any portion of the inventory failing to meet the standards of reference (g) or this policy. Subordinate reports shall be submitted on SECNAV 5200/4 as directed by Service-level guidance to support Service submission not later than 45 days following the end of the 3rd quarter of each fiscal year.

h. In conjunction with ASN(FM&C) develop valuation methodology for all GE.

i. Ensure accountable records that include valuation data are established for all GE upon initial receipt, including but not limited to receipt and acceptance of newly procured GE, transfers, or gains by inventory. Valuation data shall include
Construction in Progress (CIP) accruals and Capital Improvements for GE under construction/modification. The BSO that funds a procurement of GE is the owner and shall be held responsible for financial reporting until the property is formally transferred to another BSO.

j. Compile and report all GE financial information to ASN(FM&C) on a quarterly basis not later than 10 working days following the end of each quarter either directly to the Defense Departmental Reporting System - Budgetary or through the Data Collection Module.

k. Derive complete lists of all Capitalized Accountable GE from APSRs and other property management systems in use at the end of each fiscal quarter. These quarterly asset lists shall be retained locally for two years to support audit requirements. Fourth quarter asset lists shall be forwarded to ASN(FM&C) within 10 working days of the end of the quarter to substantiate General Ledger ending balances for the fiscal year.

l. Establish procedures to ensure all subordinate activities are using a Service-directed APSR, data is complete and accurate, and financial information is being reported properly.

m. Support ASN(FM&C) reconciliation of GE financial information as applicable.

n. Retain all records in support of GE accounting for two years after the property is disposed and removed from the DON’s financial statements.

o. Establish controls to ensure every GE transaction is recorded in the designated APSR to support auditability and warfighter readiness.

p. Require PEOs, Program Managers (PMs) and procuring officials to review Enterprise-wide availability of GE and like items to maximize reutilization to the maximum extent practicable before procuring GE.

q. Support periodic testing to ensure proper internal controls for GE management required by reference (p) are met.
r. Consolidate subordinate responses to ASN(RD&A), ASN(FM&C) or Service data calls.

5. PEOs, PMs and requiring officials shall:

   a. Execute controls to ensure every GE transaction is recorded in the designated APSR to support auditability and warfighter readiness.

   b. Support common business practices across Program Offices and subordinate activities.

   c. Ensure accountable records that include valuation data are established for all Capital Accountable and Non-Capital Accountable GE upon initial receipt, including but not limited to receipt and acceptance of newly procured GE, transfers or gains by inventory. Valuation data shall include CIP accruals and Capital Improvements for GE under construction or modification and depreciation as appropriate. CIP accruals shall be reconciled annually with actual contract progress.

   d. Ensure proper processes and internal controls are established and in place for oversight of DON assets in the possession of or administered by Shared Service Providers.

   e. Maintain and retain financial accountability for the life of any asset where life cycle management responsibility is assigned per reference (q). Financial reporting responsibility shall be completed through the supporting BSO for the duration of the time the asset is owned by the DON.

   f. Review Enterprise-wide availability of GE and like items to maximize reutilization to the maximum extent practicable before procuring GE.

   g. Utilize electronic transactions when transferring Government property between Government activities, to a contractor and upon return of property to DoD. Acceptable methods include utilizing the GFP module within PIEE (formerly the WAWF eBusiness Suite) or DLMS compliant transactions and fillable forms with electronic or digital signatures. When electronic transactions are not available, manual methods, including fillable forms with electronic signatures are authorized.
h. Implement standard processes for transferring GE to other Government and DoD activities that includes notifying the receiving organization of the pending delivery and providing all necessary documentation to maintain accurate, complete and auditable accountable records. Clear statements of intent to transfer ownership and full financial reporting responsibilities or to only transfer custody of the asset must be included on the transfer documentation.

i. Support periodic testing to ensure proper internal controls for GE management required by reference (p) are met.

j. Consolidate subordinate responses to ASN(RD&A), ASN(FM&C), Service, SYSCOM or BSO data calls.

k. Designate eligible APOs and assistant APOs in writing. Copies of all APO appointment letters shall be forwarded to the BSO CPO upon the APO acknowledging that appointment.

6. BSO level Command Property Officers (CPO) shall:

a. Act as the single point of contact for implementing and coordinating all GE data calls and policy ensuring proper management processes are in place.

b. Implement DON and Service-level policies and procedures to manage all GE acquired, leased, or otherwise obtained throughout the property’s lifecycle from initial acquisition and receipt, through accountability and custody, until formally relieved of accountability by authorized means, including disposition, or through a completed evaluation and investigation for property loss.

c. Identify and recommend systems for approval as APSRs to ASN(FM&C) via the BSO chain of command. Recommended systems shall integrate with core financial and other systems and processes, particularly those for logistics and acquisition.

d. Perform required reviews and audits to assess GE accountability, management system effectiveness and policy compliance throughout the command per reference (p).
e. Require appointment, in writing, of Accountable Property Officers (APO)s at appropriate levels throughout their organization per reference (b).

7. Commanders, Commanding Officers and Officers in Charge shall:

   a. Be accountable for all command GE, regardless of custodian or physical location in the Command.

   b. Publish local implementing instructions to ensure all command GE is safeguarded, maintained, and accounted for by properly recording and reporting accurate physical and financial information. This includes reporting any deficiencies in accordance with references (o) and (p).

   c. Perform required reviews and audits to assess GE accountability, management system effectiveness and policy compliance throughout the command per reference (p).

   d. Designate eligible personnel as APOs and assistant APOs in writing. Copies of all APO appointment letters shall be forwarded to the BSO CPO upon the APO acknowledging that appointment.

   e. Allow personnel assigned as APOs adequate time and funding to undergo formal training required to fully qualify as an APO. While APOs should be fully qualified prior to appointment, Commanders, Commanding Officers and Officers in Charge shall ensure APOs meet all formal training requirements not later than six months following appointment.

   f. Approve in writing physical inventory plans detailing the approach for ensuring 100 percent of all Capital Accountable GE, Non Capital Accountable GE and any locally accountable GE requiring special management is physically sighted and inventoried as required. Specific inventory requirements can be found in reference (g), this instruction, and any instruction that establishes unique inventory requirements for specific categories of property, e.g., small arms or nuclear weapons related material. Locally accountable GE without unique inventory requirements shall be inventoried per local direction. Physical inventory plans shall describe the methodology used to determine inventory candidates, which inventory methods are used
and anticipated timelines for each inventory segment. Signed physical inventory plans, with their supporting annual inventory progress reports shall be retained for no less than six years and be provided upon request for audit or inspection.

g. Submit Inventory Progress Reports via the chain of command as required by the BSO using SECNAV 5200/4 to certify accuracy of records.

h. Serve as the Approving Authority for financial liability investigations of property loss as defined in chapter 7 of volume 12 of reference (d). The approving authority’s responsibilities may be delegated; however, the delegations must be in writing.

8. Accountable Property Officers (APO) shall:

a. Be appointed in writing by activity Commanders, Commanding Officers or Officers in Charge at all levels of accountability per reference (b). The responsibilities of the APO are inherently governmental and therefore not assignable to a contractor or other non-government entity. However, contractors may perform certain functions in support of the APO. These functions must be mandatory requirements, requiring no personal judgment or discretion on the part of the contractor.

b. Ensure proper management and accountability of GE at the activity level, regardless of echelon, and at shared service providers if applicable.

c. Establish and maintain the organization’s accountable property and financial records, for all GE, regardless of whether the property is in the individual’s or Command's immediate control and/or possession. This includes the requirement for maintaining a complete trail of all transactions, suitable for audit, and the ability to implement and adhere to associated internal controls. When key data elements are missing, APOS shall use SECNAV 5200/3, Key Supplemental Supporting Documentation, to record required information.

d. Develop physical inventory plans detailing the approach for ensuring 100 percent of all GE is physically sighted and inventoried per reference (g) and this instruction. A minimum 98 percent physical inventory accuracy rate (100 percent for
classified and sensitive property) will be achieved and maintained.

e. Develop and implement corrective action plans when inventory accuracy falls below 98% or inventory frequency requirements are not maintained. Corrective action plans shall include a determination of root cause, planned actions to correct specific deficiencies and underlying systemic problems and an estimate of when the corrective action is expected to be complete.

f. Coordinate physical inventories per the published physical inventory plan and to meet the requirements of reference (g). Certify that all GE is properly inventoried.

g. Designate custodial areas within an accountable area and appoint property custodians, in writing, for each custodial area designated.

h. Conduct a financial liability investigation of property loss inquiry when designated by the Approving Authority or assist the individual designated to conduct the inquiry. Serve as Accountable Officer, per chapter 7 of volume 12 of reference (c).

i. Upon completion of an investigation of property loss, or during the investigation if the actual property loss is not in question, ensure financial records are adjusted per chapter 7 of volume 12 of reference (c).
CAPITALIZATION THRESHOLDS

General Equipment (GE) that has an acquisition cost, or when applicable an estimated fair market value, equal to or greater than the capitalization threshold identified in Table 1 shall be capitalized and reported on the DON Financial Statements. Acquisitions made prior to fiscal year 1996 shall use the capitalization threshold established at the time the GE was acquired.

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<thead>
<tr>
<th>Fund Type</th>
<th>Original Acquisition Value</th>
<th>GE Category</th>
<th>Record Type</th>
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<tr>
<td>USN General Fund</td>
<td>Less than $5K</td>
<td>Locally Accountable</td>
<td>Accountability Record</td>
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<td></td>
<td>$5K - &lt;$1M</td>
<td>Non-Capitalized Accountable</td>
<td>Accountable Record in APSR</td>
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<td></td>
<td>$1M or more</td>
<td>Capitalized Accountable</td>
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<td>USMC General Fund</td>
<td>Less than $5K</td>
<td>Locally Accountable</td>
<td>Accountability Record</td>
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<td>$100K or more</td>
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<td>Working Capital Fund</td>
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<td>$250K or more</td>
<td>Capitalized Accountable</td>
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GLOSSARY AND TERMS

1. **Accountability.** The obligation imposed by law, lawful order, or regulation, accepted by an organization or person for keeping accurate records, to ensure control of property, documents, or funds, with or without physical possession. The obligation, in this context, refers to the fiduciary duties, responsibilities, and obligations necessary for protecting the public interest.

2. **Accountable Record/Accountable Property Record.** The record contained within the APSR. Accountable records shall be established in the APSR for:

   a. All GE purchased or otherwise obtained having a unit acquisition cost of $5,000 or greater.

   b. As required by law, policy, regulation or agency direction.

   c. Capital leases.

   d. GE of any value with controlled inventory item codes identifying them as controlled, classified or sensitive which have no alternate governing DON or DoD issuance.

   e. GE of any value provided to a contractor for performance on a contract.

3. **Accountability Record.** A non-financial record used to ensure custodial accountability without affecting the custodian’s financial reports. Accountability records are used for locally accountable GE, and GE in on loan. Accountability records may be maintained in the APSR or another suitable system. Also known as management records.

4. **Accountable Property Officer (APO)/Eligible APO.** An individual who, based on his or her training, knowledge, and experience in property management, accountability, and control procedures, is appointed in writing to establish and maintain an organization’s accountable property records, systems, or financial records, in connection with government property,
irrespective of whether the property is in the individual’s possession. AP Os are assigned in writing at all levels of the chain of command.

5. Accountable Property System of Record (APSR). The government system used to manage and control accountable property records. A subset of existing organizational processes related to the life cycle management of property; the system that is integrated with the core financial system. The APSR may also control and manage accountability records. For the DON, APSRs are approved by the ASN(FM&C). Approved APSRs are designated for use at the Service level. A full list of data elements required for approval as an APSR is located in reference (g).

6. Full Accountability. Full accountability of GE requires that supporting documentation is maintained in sufficient detail to permit tracing balances from their source systems to amounts reported in financial statements. The supporting documentation shall demonstrate the inventory validity, existence, completeness, accuracy of physical and financial balances, valuation and rights of obligations including but not limited to receipts, material on hand validations and documentation recording material condition.

7. Acquisition Cost. The net amount of both trade and cash discounts paid for the property, plus transportation costs and other ancillary costs.

8. Ancillary Costs. Costs other than the basic asset acquisition costs that were required to bring the GE to its form and location suitable to its intended use. These costs should be included for capital assets when they are, in management’s opinion, significant and identifiable.

9. Capital Improvement. Any improvement in which the cost equals or exceeds the DoD capitalization threshold and the capability, size, efficiency, or useful life of the property is increased. Regardless of cost, maintenance and repairs, including preventive maintenance, replacement of parts, systems, or components, and other activities needed to preserve or maintain the asset are not considered capital improvements.

10. Contractor Acquired Property (CAP). Any property acquired, fabricated or otherwise provided by the contractor for performing
a contract, and to which the Government has title. CAP that is subsequently delivered and accepted by the Government for use on the same or another contract is considered Government Furnished Property as defined in references (g) and (r).

11. **Construction in Progress (CIP).** Material specifically designated for installation in or construction of a new end item (ship, aircraft, spacecraft, submarine, or land vehicle) or a capital improvement to an existing end item (see capital improvement above).

12. **Custodial Area.** A segment of the accountable area (e.g., a ward in a hospital, a division in an organization, within an accountable area). There may be as many custodial areas and officers as are required to execute effective property management.

13. **Custodian.** An individual appointed by the APO who accepts custodial responsibility for property, typically by signing a hand receipt. The property custodian is directly responsible for the physical custody of accountable property under his control.

14. **Donated Personal Property.** Personal property that is received from a non-Federal entity without exchange or payment.

15. **Fair Market Value.** An unbiased, equitable or just value based on the cost of a similar asset or the price that an impartial buyer would be willing to pay for the asset or a similar asset (also known as fair value).

16. **Garrison Mobile Equipment (GME).** GME is a type of GE consisting of commercially available owned, leased, or otherwise controlled passenger vehicles, cargo vehicles, material handling equipment, engineer equipment, and railway rolling stock. GME is operated in support of transportation and maintenance requirements at Marine Corps activities and is neither deployed nor used for tactical purposes. This term is used exclusively by the Marine Corps.

17. **General Equipment (GE).** Tangible personal property that is functionally complete for its intended purpose, durable, and nonexpendable. GE typically has an expected service life of two years or more; is not intended for sale; does not ordinarily lose its identity or become a component part of another article when
put into use; and has been acquired or constructed with the
intention of being used. Per reference (f), property formerly
classified as Military Equipment is now categorized as GE. For
purposes of this instruction, GE includes Garrison Mobile
Equipment. DON GE is classified into two primary categories:

a. Accountable GE. All Accountable GE requires accountable
property records be established and maintained in the APSR per
reference (g). Accountable GE is divided into two primary
subcategories:

(1) Capitalized Accountable GE

(a) All GE purchased, or otherwise obtained, that has
a unit acquisition cost equal to or above the capitalization
threshold identified in Enclosure (1) at time of acquisition or
is classified as a capital lease.

(b) Capitalized Accountable GE shall be reported as
an asset and depreciated per reference (c) on DON financial
statements.

(2) Non-Capitalized Accountable GE

(a) All GE purchased, or otherwise obtained, that has
a unit acquisition cost less than the capitalization threshold
identified in Enclosure (1) at time of acquisition and meets at
least one of the following four criteria:

1. GE with an acquisition cost of $5,000 or
more.

2. As required by law, policy, regulation, or
agency direction.

3. Assets of any value with Controlled Inventory
Item codes identifying them as Controlled, Classified, or
Sensitive which have no alternate governing DoD issuance or items
specifically identified in reference (g).

4. GE of any value provided to a contractor for
performance on a contract.
(b) Non-Capitalized Accountable GE is not reported as an asset on DON financial statements.

b. Locally accountable GE: Locally accountable GE requires accountability records be established and maintained in either an APSR or another suitable system per reference (g). Locally accountable GE must be managed in accordance with volume 4, chapter 6 of reference (c) and references (g) and (h) but is not reported as an asset on the DON financial statements. Locally accountable GE includes all GE purchased, or otherwise obtained, with a unit acquisition cost less than $5,000 that meets at least one of the following criteria:

(1) Notwithstanding the acquisition cost, the GE must be controlled and managed to protect against unauthorized use, disclosure, or loss; or when otherwise required by law, policy, regulation or agency direction per reference (g).

(2) Information technology property containing personally identifiable information, per the requirements of references (t) and (u) or other sensitive agency information. This property may include, but is not limited to desktops, laptops, and mobile computing devices, mobile information storage devices and auxiliary hard drives, regardless of cost.

(3) Pilferable GE when it has been identified as a problem area.

(4) GE hazardous to public health, safety, or the environment. Such property is typically regulated by federal or state environmental and safety laws.

(5) Small arms. See reference (s) for small arms management information.

(6) Seized and confiscated GE.

(7) GE with national security implications.

(8) Tooling subject to Title VIII, Subtitle B, Section 815 of reference (x).

(9) Mobile buildings
(10) Any GE that does not meet the criteria of (1) through (9) above and is identified locally as requiring property management controls to maintain visibility and protect against loss. Note: Accountability records for locally identified GE may be maintained using any system or process as directed by local policy.

c. GE does not include Real Property, Stewardship Land, Heritage Assets, Internal Use Software, Inventory, Operating Materials and Supplies or Contractor Acquired Property prior to acceptance by the Government per references (g) and (h). Per reference (i), property purchased with Non Appropriated Funds are not considered Federal property and therefore are not subject to this instruction.

18. General Fund. For purposes of this instruction, the General Fund represents all appropriated funds provided by Congress to the DON. General Fund monies may be used to pay acquisition, procurement, maintenance, research, development, operations and personnel costs as directed in the appropriating legislation.

19. Heritage Assets. GE of historical, natural, cultural, educational or artistic significance, e.g., aesthetic; or with significant architectural characteristics. Heritage Assets are expected to be preserved. Heritage Asset values may be indeterminable or may have little financial meaning (e.g., museum collections, monuments, assets acquired in the formation of the nation), or allocating the cost of such assets (e.g., military weapons systems) to accounting periods that benefit from the ownership of such assets is not meaningful.

20. Inherently Governmental. A function so intimately related to the public interest as to require performance by Federal Government employees.

21. Internal Use Software. Software used in conjunction with the operation of equipment, which is not the same as the integrated or embedded software, is considered Internal Use Software (IUS) if all of the following criteria apply (note, IUS is not subject to the requirements of this policy):

   a. The software was developed separately from the equipment.
b. The software is not required for the equipment to perform its core purpose and functions.

c. The quantity of equipment items on which the software will be installed is unknown.

22. Inventory

a. The act or process of locating, counting and reporting property.

b. Tangible property that is (1) held for sale, (2) in the process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory is not part of GE. The term “held for sale” shall be interpreted to include items for sale or transfer to (1) entities outside the federal government, or (2) other federal entities. The principal objective of the sale or transfer of inventory is to provide a product or service for a fee that generally recovers full cost or an identified portion of the cost. “Other federal entities” may include entities within the same organization/agency. Sales transactions may be executed through transfer of funds between federal entities; it is not essential that the transaction be an exchange of goods for cash or cash equivalents. In addition, inventory may be acquired through donation or barter. Inventory excludes some other property held for sale, such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. These items may be sold; however, the purpose of acquiring them is not to provide a product or a service for a fee.

23. Item Unique Identification (IUID). A system of establishing globally unique identifiers within the Department of Defense, which serves to distinguish discrete items from other like and unlike items. Full IUID capability requires items to be marked, Automated Information Technology to read the marks, information systems to be modified to use the mark, and business processes to be re-engineered to utilize the capability.

24. Life Cycle Management. A management process applied throughout the life of a system that bases all programmatic decisions on the anticipated mission-related economic benefits derived over the life of the system. This encompasses the
acquisition program, in-service support and sustainment, modernization and final disposal.

25. **Operating Materials and Supplies (OM&S)**. Tangible personal property to be consumed in normal operations. DON OM&S is comprised of material such as replacement parts, components, assemblies, and residual property that are to be consumed in normal operations but are not held for sale.

26. **Personal Property**. All property (systems and equipment, materials, and supplies) except real property (land and improvements to facilities), and records of the Federal Government. Personal Property includes (but is not limited to); Military Platforms (e.g. Ships Aircraft, and Tanks), Weapons (including small arms and light weapons), Weapon Systems, support equipment, office equipment, industrial plant equipment, vehicles, material handling equipment, automated data processing equipment or property acquired through capital or operating leases.

27. **Real Property**. Land and any interest in land, together with any buildings, fixtures, affixed improvements and structures, growing crops located thereon, and related appurtenances regardless of funding source.

28. **Shared Service Provider**. An organization external to DON assigned specific responsibilities, functions and authorities to provide defined levels of support for operational missions, or administrative or other designated activities that involve two or more of the DoD components.

29. **Stewardship Land**. Land and land rights other than that acquired for or in connection with General PP&E, land acquired via the public domain, or land acquired at no cost.

30. **Tangible Personal Property**. Anything other than real property (land and buildings) that is used in normal operations. In comparison to intangible personal property, tangible property can be touched.

31. **Working Capital Fund (WCF)**. A revolving fund (or account) that relies on sales revenue rather than direct Congressional appropriations to finance its operations. A WCF generates revenue by charging customers a stabilized cost recovery rate to
offset the full costs of its operations, and to finance the fund’s continuing operations without fiscal year limitation. A revolving fund is intended to operate on a break-even basis over time; that is, it neither makes a profit nor incurs a loss. WCFs provide a funding mechanism for DoD and DON corporate structures to absorb risk in planning investment programs for maintenance and supply.
**LIST OF ACRONYMS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASN(FM&amp;C)</td>
<td>Assistant Secretary of the Navy, Financial Management and Comptroller</td>
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<tr>
<td>ASN(RD&amp;A)</td>
<td>Assistant Secretary of the Navy, Research, Development and Acquisition</td>
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<td>APO</td>
<td>Accountable Property Officer</td>
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<tr>
<td>APSR</td>
<td>Accountable Property System of Record</td>
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<tr>
<td>BSO</td>
<td>Budget Submitting Office</td>
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<td>CAP</td>
<td>Contractor Acquired Property</td>
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<tr>
<td>CIP</td>
<td>Construction in Progress</td>
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<tr>
<td>CPO</td>
<td>Command Property Officer</td>
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<tr>
<td>FASAB</td>
<td>Federal Accounting Standards Advisory Board</td>
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<td>GE</td>
<td>General Equipment</td>
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<tr>
<td>GF</td>
<td>General Fund</td>
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<tr>
<td>IUID</td>
<td>Item Unique Identification</td>
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<tr>
<td>OM&amp;S</td>
<td>Operating Materials and Supplies</td>
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<tr>
<td>PIEE</td>
<td>Procurement Integrated Enterprise Environment</td>
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<tr>
<td>PP&amp;E</td>
<td>Plant Property and Equipment</td>
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<tr>
<td>WCF</td>
<td>Working Capital Fund</td>
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RECORDS MANAGEMENT

1. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned according to the records disposition schedules found on the Directives and Records Management Division (DRMD) portal page: https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx.

2. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local Records Manager or the DRMD program office.
FORMS AND REPORTS

1. Forms

   a. SECNAV 5200/3, Key Supplemental Supporting Documentation form can be obtained on Navy forms on-line at: https://www.secnav.navy.mil/doni/NFOL/Forms/AllItems.aspx

   b. SECNAV 5200/4, General Equipment Inventory Progress Certification form listed in enclosure (2), paragraphs 4f, 4g and 7g can be obtained on Navy Forms on-line at: https://www.secnav.navy.mil/doni/NFOL/Forms/AllItems.aspx

2. Reports Control. SECNAV Reports Control Symbol (RCS) 5200-3 has been assigned to SECNAV 5200/3, Key Supplemental Supporting Documentation and SECNAV RCS 5200-4 has been assigned to SECNAV 5200/4, General Equipment Inventory Progress Certification.