

VOLUME 15

“GARRISON PROPERTY AND GARRISON MOBILE EQUIPMENT”

SUMMARY OF VOLUME 15 CHANGES

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VOLUME VERSION	SUMMARY OF CHANGE	ORIGINATION DATE	DATE OF CHANGES
ORIGINAL VOLUME	N/A	DD MMM YYYY	N/A

Submit recommended changes to this Volume, via the proper channels, to:

CMC (LPC-2)
 3000 Marine Corps Pentagon
 Washington, DC 20350-3000

Cancellations. N/A

VOLUME 15: GARRISON PROPERTY AND GARRISON MOBILE EQUIPMENT

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REFERENCES

- (a) SECNAVINST 7320.10A
- (b) DoDI 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," May 19, 2011
- (c) Statement of Federal Financial Accounting Standards 3 (SFFAS 3), "Accounting for Inventory and Related Property," Oct 27, 1993
- (d) DoDM 4140.01-V6, "Department of Defense Supply Chain Materiel Management Procedures: Materiel Returns, Retention, and Disposition," Feb 10, 2014
- (e) MARCORMAN W/CH 1-3
- (f) DoDM 4140.01-V7, "Department of Defense Supply Chain Materiel Management Procedures: Supporting Technologies," Feb 10, 2014
- (g) DoD 7000.14-R, "Department of Defense Financial Management Regulation (FMR)," Volumes 1-15, Dates Vary by Volume
- (h) Title 10, United States Code (U.S.C.)
- (i) Title 31, United States Code (U.S.C.)
- (j) MCO 5200.24D
- (k) MCO 4400.150
- (l) SECNAVINST 5000.2E
- (m) MARADMIN 331/15, "Offline and Internet-Based Ordering Policy," Jul 9, 2015
- (n) DoDI 8320.04, "Item Unique Identification (IUID) Standards for Tangible Personal Property," September 3, 2015
- (o) MCO 4410.28
- (p) MCBUL 4440.4 "Financial Liability Investigation of Property Loss (FLIPL)," 12 Sept 2016
- (q) Title 40, United States Code (U.S.C.), Section 11101
- (r) DoDI 8115.02, "Information Technology Portfolio Management Implementation," 30 Oct 2006
- (s) MCO 11000.12
- (t) OUSD MEMO, "Strategy for Internal Use Software Audit Readiness," Sep 30, 2015
- (u) NAVAIR 00-80T-114, "NATOPS ATC Manual," Nov 2002
- (v) MCO 7300.21B
- (w) OMB Circular No. A-11, Part 3, "Planning, Budgeting, and Acquisition of Capital Assets"
- (x) MCO 10110.14
- (y) MCO 11240.106B

VOLUME 15: CHAPTER 1

“GENERAL OVERVIEW”

SUMMARY OF SUBSTANTIVE CHANGES

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CHAPTER 1

GENERAL OVERVIEW

0101 GENERAL

This Volume provides specific guidance to Marine Corps organizations to facilitate improved and standardized management of garrison property (GP) and garrison mobile equipment (GME) regardless of the funding stream used for procurement (e.g., Operations & Maintenance Marine Corps (O&M, MC), Procurement Marine Corps (PMC), and Working Capital Funds (WCF)). Proper application of this guidance will ensure the management of GP and GME will meet the requirements for financial accounting and property accountability established by references (a) through (i). Volume 1 of this Order outlines basic guidance and responsibilities for managing property under Marine Corps control. The goal of this Volume is to achieve full inventory accountability and visibility of GP and GME in the accountable property system of record (APSR), financial systems of record, and Department of Defense (DoD)-compliant procurement and requisitioning systems in accordance with DoD laws and regulations for resource management.

0102 SCOPE

This Volume guides the execution of GP and GME management for retail level supply operations within the Marine Corps and applies to all organizations. This Volume aligns with other volumes of this Order regarding management of property in the possession of the Marine Corps, specifically Volume 1 (Accountability and Responsibility), Volume 3, (Retail Supply Management), Volume 4 (Physical Inventory Control Program), and Volume 6, (Dispositions, Exchanges, and Returns of Marine Corps Property), and is necessary to cover gaps not covered in other volumes to address GP and GME specific policies. In addition to the general responsibilities applicable to all DoD and Marine Corps personnel, the following Marine Corps specific roles and responsibilities will be established to fulfill Title 10 and Title 31 United States Code (U.S.C.) mandates, U.S. Navy regulations, and Marine Corps Manual requirements for the management of equipment, materiel, and resources within the Marine Corps.

010201. The treatment of military equipment; real property (land and buildings); operating materials and supplies; inventory (items held for sale); and intellectual property are not covered in this Volume. Detailed descriptions of property types are discussed in Volume 1 of this Order.

010202. Personnel assigned responsibility for the custody, accounting, and disposition of GP and GME are required to comply with the provisions of this Volume.

010203. Commanding generals, commanders, commanding officers, directors, and officers in charge (hereafter referred to as commander(s)) at Marine Corps organizations may issue supplementary instructions when necessary to address specific/unique requirements of their organizations.

0103 DEFINITIONS

010301. Garrison Property. GP is used to provide general government services or goods in the support of end item development, maintenance, storage, and/or to support the operations of a Marine Corps installation and its tenant activities. GP includes, but is not limited to: office equipment, automated data processing equipment, industrial plant equipment, training equipment, special tooling, and special test equipment. The Marine Corps classifies GP as a sub-category of general equipment. GP does not include: inventory items (e.g., items intended for sale), operating materials and supplies, real property (i.e., land, buildings, and structures, or items of a historical nature), or military equipment (i.e., TAMCN items). GP does not deploy.

010302. Garrison Mobile Equipment. GME is used to perform transportation and automotive maintenance functions at Marine Corps installations. Commercially available GME includes passenger vehicles, cargo vehicles, non-tactical material handling equipment, engineer equipment, and railway rolling stock.

0104 ROLES AND RESPONSIBILITIES

To achieve and sustain property accountability and audit readiness, organizations and individuals must fulfill both supply and financial management roles and responsibilities. In addition to the roles and responsibilities published in Volumes 1, 3, and 4 of the Order, and to safeguard the effective implementation of this Volume, execution of the following responsibilities is paramount.

010401. Deputy Commandant, Installations and Logistics (DC I&L)

- A. Coordinate with Commander, Marine Corps Installations Command (COMMCICOM) to provide updated policy for the management of GP and GME.
- B. As required by the Defense Federal Acquisition Regulations Supplement (DFARS), ensure required end item information, Unique Item Identification (UII), and Invoicing, Receipt, Acceptance, and Property Transfer (iRAPT) acceptance, are captured in financial, acquisition, and lifecycle systems of record.

010402. Commander, Marine Corps Installations Command (COMMCICOM)

- A. Act as the Marine Corps Executive Agent for GP and GME asset management and ensure policies contained in this directive are supported and emerging inventory management practices are addressed.
- B. Act as the lead agency for the development, coordination, management, and reporting of enterprise sourcing strategies for all GP and GME.
- C. Perform Program Manager (PM) responsibilities for GP and GME to include lifecycle management.

D. Develop, input and maintain accurate technical, contract, depreciation and delivery information in the APSR (i.e., Defense Property Accountability System (DPAS)) to facilitate accountability and improved delivery visibility.

E. Coordinate with Marine Corps Systems Command (MARCORSYSCOM) PMs to develop lifecycle management plans as required. Develop and implement effective GP and GME procedures to facilitate the execution of this Volume.

F. Exercise command and control of Marine Corps installations to provide oversight, direction, and coordination of installation services and to optimize support to the operating forces and tenant activities.

G. Analyze and reconcile financial data monthly to ensure acquisitions and disposals are captured properly.

H. Utilize quarterly physical inventory reports to ensure adjustment transactions for GP and/or GME records are reported accurately to the Deputy Commandant, Programs and Resources (DC P&R) (RFA).

I. Provide visibility, monitoring, and reporting of enterprise GP and GME requirements as well as available and planned inventory to fill GP or GME deficiencies.

010403. Deputy Commandant, Combat Development and Integration (DC CD&I). Coordinate with Assistant Deputy Commandant, Installations and Logistics (Logistics Facilities) (ADC I&L (LF)) to effectively manage GP and GME requirements.

010404. Deputy Commandant, Programs and Resources (DC P&R)

A. In coordination with DC CD&I and COMMCICOM, ensure adequate resources are programmed through the Program Objective Memorandum (POM) process to efficiently and economically support the Marine Corps' GP and GME requirements.

B. In coordination with Commander MARCORSYSCOM, ensure adequate resources are programmed through the POM process to efficiently and economically support assigned centrally-managed GP and GME programs of record.

010405. Commander, Marine Corps Systems Command (COMMARCORSYSCOM)

A. Serve as PM for assigned centrally-managed GP and GME assets purchased by MARCORSYSCOM.

B. In coordination with COMMCICOM, Commanding General, Marine Corps Logistics Command (CG MARCORLOGCOM), and Commanding General, Training and Education Command (CG TECOM), ensure that all centrally-acquired GP and GME birth records and supporting documentation are entered into the appropriate APSR.

C. In coordination with COMMCICOM, develop fielding and lifecycle support plans for assigned centrally-managed GP and GME programs.

010406. Commanders, Marine Forces, Marine Corps Installations and Supporting Establishment

A. Provide oversight and management to all commands that possess GP and GME, ensuring this Order is made available, understood, and used by all personnel responsible for GP and GME property management at retail-level supply activities.

B. Prioritize GP and GME requirements and maintain and verify GP and GME source documentation to ensure assets are properly maintained, safeguarded, accounted for, and accurately reported via the chain of command.

C. Assist commanders and comptrollers in ensuring effective and accurate control of funds and resources provided for mission accomplishment.

D. Collect, review, and consolidate requirements and allocate funding to initiate the acquisition process.

E. Conduct physical inventories of GP and GME as required.

F. Personal Property Managers (PPMs) will ensure GP and GME assets are properly valued and supported with key supporting documentation or an alternate valuation method.

0105 INTERNAL CONTROLS

Internal controls are policies and procedures designed to provide reasonable assurance that specific entity objectives will be achieved. Per reference (j), programs must operate efficiently, and resources must be used in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement. Effective internal controls provide reasonable assurance that significant weaknesses in the design of program processes or inherent program weaknesses which might adversely affect the Marine Corps' ability to meet its audit readiness objectives can be prevented or detected and mitigated in a timely manner. Commanders, heads of staff agencies, and managers at all levels of the Marine Corps have a fundamental responsibility to develop and maintain effective internal controls over the functions, programs, and operations under their authority. Internal controls are identified and managed in accordance with reference (j).

VOLUME 15: CHAPTER 2

“ACCOUNTABILITY”

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CHAPTER 2

ACCOUNTABILITY

0201 GENERAL

This chapter provides property definitions, property accountability procedures, and asset classifications for GP and GME.

0202 ACCOUNTABILITY OF GP AND GME

020201. Accountable Records. Per reference (a), accountable records shall be established and maintained in a compliant APSR for all personal property, to include GP and GME non-expendable materiel purchased, leased (capital or operating leases as applicable), or otherwise obtained, having a unit acquisition cost of \$5,000 or more, as well as items that are below \$5,000 and are categorized as sensitive, classified, or meet all of the following three criteria:

A. Pilferable. Items that have a ready resale value or application to personal possession and are subject to theft.

B. Critical to the Activity's Business/Mission. Items required to accomplish the Table of Organization mission.

C. Hard to Repair or Replace. The property cannot be repaired or replaced within 6 months, regardless of funding availability.

020202. Categories of GP and GME. Per reference (a), personal property, which includes GP and GME, is categorized as capitalized, minor, and sub-minor property.

A. Capitalized Property. Capitalized property must be captured in an APSR and depreciated in accordance references (a) and (g). Capitalized property must meet all of the following criteria:

1. Has an acquisition cost (as defined in paragraph 040201 of this Volume), book value, or when applicable, an estimated fair market value equal to or greater than the Marine Corps capitalization threshold. The Marine Corps capitalization threshold is \$100,000 regardless of the date purchased.

2. Has an estimated useful life equal to or greater than 24 months.

3. Is not intended for sale in the ordinary course of operations.

4. Has been acquired or constructed with the intention of being used or available for use by the Marine Corps in its operations.

B. Minor Property. Minor property is GP and GME that has an acquisition cost equal to or greater than \$5,000 and less than the Marine Corps capitalization threshold; or has an

acquisition cost greater than the Marine Corps capitalization threshold, but does not meet all of the capitalization criteria. Minor property assets must be captured in an APSR. They are not depreciated.

C. Sub-Minor Property. Sub-minor property is GP and GME that has an acquisition cost less than \$5,000. These assets should be tracked but are not required to be maintained in an APSR unless they meet the accountability criteria outlined in para 020201. They are not depreciated.

020203. Component Inventories. Components for GP and GME are generally not accounted for within an APSR unless deemed sensitive. They are however, identified as part of a components list for each system and accounted for by the responsible officer (RO) during routine inventories.

0203 GP AND GME LIFECYCLE EVENTS

The lifecycle for GP and GME consists of several stages beginning with requirements identification and ending with disposal and reconciliation. Each lifecycle event is outlined as a business process with responsibilities specified for stakeholders at various levels.

020301. Requirements Identification. GP and GME lifecycle events begin with requirements identification.

A. Garrison Property

1. GP requirements can be identified by an RO at any time, or they can be submitted in response to an annual data call published by ADC I&L (LF). Once requirements are received and compiled at the unit level, the supply officer (SupO)/accountable property officer (APO) validates and submits the CO-endorsed Requirements List to the supporting installation PPM. The PPM will consolidate, review, and forward requirements to ADC I&L (LF), as required, via the chain of command.

2. Capitalized Requirements. Requirements for all capital assets (threshold of \$100k) must be routed via the PPM for approval by ADC I&L (LF). ADC I&L (LF) will validate each Requirements List, along with command endorsements, and will determine if O&M, MC or PMC funding should be used, and whether the appropriate type of funding is available. PMC funding will be used for all purchases greater than \$250K and in support of programs as identified in Chapter 6 of this Volume.

3. Non-Capitalized Requirements. All minor and sub-minor GP purchase requests will be routed to the installation PPM for review, procurement determination, and guidance for follow-on accountability as required. Requests for new GP assets not already in the existing GP inventory and deemed accountable within DPAS, will require cataloging actions coordinated by the installation PPM and MCICOM. Paragraph 0204 below provides cataloging criteria required to properly identify and account for GP within DPAS.

4. Working Capital Activities. Working capital organizations will determine GP requirements in accordance with references (a), and reference (g) Volume 2B, Chapter 9.

B. Garrison Mobile Equipment.

1. GME is different from GP in that installation and organizational allowances are authorized by ADC I&L (LF) via the authorized Requirements List.

2. GME requirements can be identified by an RO or Fleet Manager at any time; however, they are typically submitted in response to the annual data call published by ADC I&L (LF).

3. Replacement or change to existing inventory. If GME requirements are above or below the authorized allowance, a Modification of Allowance (MOA) must be submitted to ADC I&L (LF) via the supporting Fleet Manager. When a new mission need is established that indicates a required change in a GME allowance either by type or quantity, the RO will communicate mission requirements to the Fleet Manager who will determine if the mission can be met with organic assets or through some other means rather than changing or adding to the GME fleet.

4. If allowances are insufficient to support the mission, the Fleet Manager will submit an MOA, or forward the supported activity MOA with endorsement to ADC I&L (LF). Once the allowances reflect the requirements, the Fleet Manager will facilitate the acquisition of GME via ADC I&L (LF).

5. The MOA is required prior to submitting a Prioritized Procurement List (PPL) when the requirement is either above or below authorized allowances. When approved by ADC I&L (LF), this document obligates ADC I&L (LF) to budget and procure the approved assets for the Fleet Manager.

6. The MOA must include the equipment code requiring modification, current allowance, requested allowance, detailed justification addressing the entire allowance, and projected or actual usage data for that equipment code, including why the current allowance is inadequate to meet new needs. The MOA must also reference any other organizational allowances affected.

020302. Planning, Programming, Budgeting, and Execution (PPBE). The PPBE process is detailed in Chapter 6 of this Volume.

020303. Acquisition/Requisition

A. Garrison Property

1. The requisition process for GP is addressed in references (k), (l) and Volume 3 of this Order.

2. Once requirements are approved in accordance with para 020301, the installation PPM (or ADC I&L (LF) for capitalized assets) will determine what type of funding

should be used for GP procurement and whether assets should be centrally procured by HQMC or locally procured by the requesting command or supporting PPM. When the requesting command executes requisitions of GP with unit funds, the SupO/APO will provide a copy of all receipts to the supporting command PPM for determination of accountability in the APSR. When GP is accounted for in the APSR, the property will be sub-custodied to the requesting command RO/sub-custodian.

3. Supported commands serve only as the RO for GP requisitions.

Tenant/supported commands shall not procure GP independent of the supporting PPM. If requests for GP are approved by the installation PPM or ADC I&L (LF), requesting commands will be provided with guidance regarding the specific procedures for procurement.

4. Capitalized Assets

a. All requests for assets greater than \$100k will be submitted to the installation PPM via Purchase Request Builder (PR Builder) for follow-on routing to ADC I&L (LF) for determination of funding and procurement. Assets greater than \$250k will be procured using PMC funding pending availability of funds via a purchase request initiated by ADC I&L (LF) in PR Builder.

b. The Purchase request (PR) will include a Statement of Work, who the funding is for, and the funding purpose. If information in the PR is adequate, the program office will accept the PR, commit funds within the Standard Accounting, Budgeting and Reporting System (SABRS), and route the PR to ADC I&L (LF).

5. Non-Capitalized Assets. Per reference (m), requesting command SupOs/APOs will submit all requests via PR Builder for review and validation by the supporting PPM. The supported unit will submit a copy of all approved requests to the supporting PPM for equipment accountability purposes.

6. Minor Property. If a request is for minor property (greater than \$5K, but less than the capitalization threshold of \$100K), the asset typically will not be centrally procured and will be purchased using O&M, MC funding by the Regional Contracting Office via the installation PPM.

7. Working capital organizations must gain approval for the purchase of GP through the organization's approval authority in accordance with reference (a).

B. Garrison Mobile Equipment

1. GME assets are centrally procured by ADC I&L (LF) using PMC funding. Centrally-managed GME procurement is initiated by ADC I&L (LF) and is generally contracted through various DoD contracting agencies including Defense Logistics Agency (DLA) Troop Support, General Services Administration (GSA) or Naval Facilities Engineering Command (NAVFAC) Far East. Local procurement must be approved by ADC I&L (LF) and is appropriate when centralized procurement will provide no fiscal advantage, or when urgency of the situation dictates. When authorized, ADC I&L (LF) will allot PMC funds to the respective Regional

Contracting Office for local procurement of GME assets. Regional commands located OCONUS must go through NAVFAC Far East for local procurement.

2. As part of the purchase event, ADC I&L (LF) is responsible for:
 - a. Cataloging GME assets.
 - b. Creating GME birth records in the APSR based on ordering records.
 - c. Uploading front end Key Supporting Documents (KSDs) to the MCICOM SharePoint site for Fleet Managers and PPMs to attach the asset record (e.g., contract 448-1 and 448-2, and GSA invoices).
 - d. Create local due-in quantities in the APSR.
 - e. Upon notification, initiate registration and licensing actions.
3. Upon delivery, ROs and PPMs are property custodians for GME and are responsible for accountability of GME assets.

C. Item Unique Identification (IUID). GP meeting the criteria outlined in references (n) and (o) will have an IUID label affixed to the asset. Additionally, all GME will be identified in accordance with Sub-Chapter B, Subpart C of reference (g) in addition to having an IUID label affixed.

020304. Receipt and Acceptance. Receipt and Acceptance is the acknowledgement when supplies or services conform to applicable quality and quantity requirements, and may take place before, at the time of, or after delivery. Receiving procedures are detailed in Volume 3 of this Order. Acceptance ordinarily is evidenced by execution of an acceptance certification on an inspection or receiving report form, commercial shipping document, or packing list. The receiving report will be prepared at the time of delivery or completion of services. Upon receipt of goods or completion of contracted services, activities will certify all Reports of Property Received on invoices from vendors and/or appropriate DD forms, and memorandums for receipts for contract services and materials. The unit will use the certification block of the DD form or enter a statement on the commercial invoice certifying that the property has been received. The unit will also identify thereon the unit document number and contract number for cross-referencing at the paying activity. The DD forms must then be forwarded to the supporting Defense Finance Accounting Service for payment purposes. Upon receiving all required KSDs, the PPM will create property records within two business days for GME or accountable GP that has been properly cataloged in DPAS by MCICOM. If cataloging action is required by MCICOM, the property record will be created within two business days of the PPM being notified that cataloging actions have been completed.

A. Receipt of GP. Receipt and acceptance procedures are outlined in Volume 3 of this Order.

B. Receipt of GME. As part of the receipt and acceptance event, ADC I&L Logistics Facilities Services (LFS-2) is responsible for processing GME registration in E-Log, registration of vehicles in Fleet Motor Vehicle Registration System, ordering license plates via Federal Prison Industries, and sending confirmation to the Fleet Managers. In support of this effort, Fleet Managers who receive Direct Vendor Deliveries must forward all receipt and acceptance documentation to DC I&L (LF) attention LFS-2 via the installation PPM.

020305. GP and GME Inventories. Inventory requirements for GP and GME are consistent with other types of Marine Corps property and are addressed in Volumes 3 and 4 of this Order. Physical inventories of GP and GME must be conducted annually and should include a comparison of all GP and GME records to the physical assets.

020306. GP and GME Property Account Reconciliations. Supporting command PPMs and Fleet Managers must ensure all physical inventory discrepancies have been reconciled and adjudicated, results filed, and adjustments have been correctly entered in the APSR. The reconciliation process is the same for GP and GME. ADC I&L (LF) reviews quarterly inventory reports, increase/decrease reports, depreciation reports, and capital asset trial balance reports from DPAS. ADC I&L (LF) reconciles the Capital Asset Report to the inventory balances and uses the reconciled data to disclose variances in support of quarterly financial reporting for GP and GME.

020307. GP and GME Investigations. Investigations are covered in depth in reference (p).

020308. GP and GME Disposition. When an asset is no longer required, it is either transferred or disposed of. Disposition is initiated by the unit in possession of the asset, then facilitated and approved/disapproved by the supporting command who coordinates with ADC I&L (LF) for disposition instructions when warranted, transfer to another unit, or turn-in of the asset to DLA Disposition Services for disposal. Disposition of equipment is covered in depth in Volume 6 of this Order.

A. Transfers

1. All GME and capital GP, regardless of receiving entity, require ADC I&L (LF) approval prior to execution. The supporting command PPM, or the RO/Fleet Manager will submit a justification package to ADC I&L (LF) stating why the transfer is necessary. Pending the ADC I&L (LF) decision, and/or another organization's need for the asset, the PPM will process the asset for transfer.

2. Transferring and receiving PPMs and Fleet Managers coordinate shipping and receiving of items suitable for reissue including KSDs.

B. Disposal

1. All GME (capital and minor) and capital GP requires ADC I&L (LF) approval prior to execution. ADC I&L (LF) approval is not required for disposal of GP minor property. The supporting command PPM, or the RO/Fleet Manager will submit a justification

package to ADC I&L (LF). Pending ADC I&L (LF) decision, and/or another organizations need for the asset, the PPM or Fleet Manager will process the asset for disposal.

2. The supporting command Fleet Manager and PPM will coordinate disposition of GP and GME per Volume 6 of this Order. The disposition process ends once the supporting PPM is in possession of the signed 1348-1A from DLA Disposition Services and makes necessary updates to the APSR. Note: Working Capital Organizations are not required to gain ADC I&L (LF) approval for the disposal of GP (Capitalized, Minor, or sub-minor property). Working Capital Organizations will dispose of GP in accordance with reference (a).

0204 CATALOGING CRITERIA FOR GP

Requests for Management Control Numbers are initiated whenever a nonstocked item is ordered. Each Management Control Number assigned to an item of supply is the result of a careful cataloging process. During the cataloging process, each item of supply is named, assigned a Federal Supply Class, described to identify all known characteristics and performance data, and ultimately assigned a Management Control Number. SupOs/APOs will submit a written catalog request to ADC I&L (LF) via the supporting PPM. The request will contain at a minimum the following:

- 020401. Date of Request
- 020402. Type of Request (e.g., add Stock Number, add Manufacturer)
- 020403. Contact Information: Name, Unit Identification Code, email, phone
- 020404. Stock Number
- 020405. Manufacturer Name
- 020406. Manufacturer Model Number
- 020407. Equipment Description
- 020408. Manufacturer Part Number
- 020409. Unit Cost

0205 WAIVER PROCESS FOR DEPLOYMENT OF GP

Waivers to deploy GP and/or GME will not be considered in accordance with paragraph 0215 of Volume 3 of this Order.

VOLUME 15: CHAPTER 3

“ACCOUNTABILITY GUIDANCE FOR SPECIFIC GP ASSETS”

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CHAPTER 3

ACCOUNTABILITY GUIDANCE FOR SPECIFIC GP ASSETS

0301 GENERAL

Because of the unique nature of certain GP assets, this chapter provides specific detailed guidance to enhance accurate accountability and supply management discipline.

0302 MANAGING INFORMATION TECHNOLOGY (IT) EQUIPMENT

IT equipment is any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. The term IT includes computing devices, peripheral and network infrastructure hardware, Wi-Fi hardware, and related resources, but does not include any equipment acquired by a federal contractor incidental to a federal contract. All IT equipment categorized as capital and minor GP will be accounted for in an APSR. Sub-minor IT equipment shall be accounted for in an APSR if it meets the criteria in paragraph 0202 of this Volume.

030201. Supporting Establishment Systems (SES)

SES assets will be accounted for in an APSR in accordance paragraph 0202 of this policy and other existing applicable Marine Corps policies. SES assets routinely consist of many components comprising a system, and the components for each system do not generally meet accountability criteria; however, when combined to produce an SES system, the total cost quickly qualifies these systems as capital assets. Examples of SES assets include: Emergency Response Systems (e.g. Base Telephone Infrastructure), Consolidated Emergency Response System, Enterprise-Land Mobile Radio, equipment in support of network and infrastructure services, (e.g. network servers and associated equipment for both secure and non-secure networks), and Marine Corps Enterprise Information Technology Services (e.g. network servers and associated equipment). For additional guidance see reference (r).

A. The MARCORSYSCOM PM for SES is responsible for the purchase and lifecycle management of garrison IT assets. These responsibilities include publishing a fielding plan and component list (SL-3).

B. Upon receipt, the accountable officer will account for SES held in facilities owned and secured by the installation, and in cantonment areas or spaces of a Marine Expeditionary Force aboard the installation.

C. TECOM, Marine Forces Reserve, Marine Corps Embassy Security Group, Marine Corps Security Force Regiments, and other commands in custody of SES assets will account for asset records assigned to their command, regardless of location.

D. MARCORSYSCOM retains configuration management responsibility for SES assets maintained by the command's lifecycle sustainment contracts. MARCORSYSCOM will

issue such SES assets to the sustainment vendor as Government Furnished Property. Per Volume 10 of this Order, MARCORSYSCOM will manage SES GP and Government Furnished Property.

E. The PMs for SES at MARCORSYSCOM will catalog SES assets, create birth records, and upload KSDs to the APSR. Asset records for SES will be reviewed by ADC I&L (LF) prior to transferring the assets to the appropriate accountable officer. This will include documentation for capital improvements and development of required Fair Market Value (FMV) Worksheets.

030202. Internal Use Software (IUS). IUS will be accounted for in an APSR. Per reference (t), software includes the application and operating system programs, procedures, rules and any associated documentation pertaining to the operation of a computer system or program. Most often, software is an integral part of an overall system having interrelationships between software, hardware, personnel, procedures, controls, and data. IUS includes all IT applications, systems, and/or software licenses within the Marine Corps IT portfolio. IUS is software that:

A. Is acquired or developed to meet the activity's internal or operational needs (intended purpose).

B. Is a stand-alone application, or the combined software components of an IT system that can consist of multiple applications, modules, or other software components integrated and used to fulfill operational requirements.

C. Does not include computer software (i.e. operating systems, firmware, etc.) that is integrated into and necessary to operate general property, plant, and equipment, rather than perform an application.

0303 INTERIM RELOCATABLE FACILITIES (IRFs)

Per reference (s), IRF assets are classified as either real property or personal property (i.e., GP).

030301. IRFs designated as Class II real property will have Class II asset records maintained in the Internet Naval Facilities Asset Data Store APSR.

030302. IRFs designated as Class III, Type 5 assets will have asset records maintained in the Internet Naval Facilities Asset Data Store and will be accounted for as GP in DPAS.

0304 GROUND TRAINING SYSTEMS (GTS)

GTSs will be categorized as either GP or military equipment based on the associated concept of operations and deployable status. GTSs will be accounted for within an APSR in accordance with reference (a) and Volume 3 of this Order. MARCORSYSCOM retains lifecycle management and accountability responsibility for assigned GTS and will be designated the controlling custodian for GTS assets managed via lifecycle sustainment contracts solely managed by the contractor and issued as Government Furnished Equipment.

0305 AVIATION SIMULATORS

030501. Marine Corps aviation simulator assets are owned by the Department of the Navy (DON) and are used in support of the DON mission and objectives. Aviation simulators are used in training of pilots across the DON. The DON funds, procures, fields, and maintains these type assets. Naval Air Systems Command (NAVAIR) procures the simulators and maintains the full lifecycle for them, much as it does for aircraft.

030502. The Marine Corps does not have lifecycle management responsibility or fund lifecycle events. The DON incurs the cost and responsibility for simulators. Aviation equipment provided by NAVAIR is accounted for by NAVAIR and will not be accounted for in a Marine Corps APSR. Aviation simulator assets are reported at the DON level and should not be included and reported on Marine Corps financial statements.

0306 AIR TRAFFIC CONTROL (ATC) EQUIPMENT

The ATC System Integrated Product Team is responsible for acquisition and lifecycle support for systems that provide ATC capability at Navy and Marine Corps Air Stations and ships. The ATC System Integrated Product Team, in conjunction with HQMC Aviation and the MARCORSSYSCOM Management Control Activity, will produce fielding plans and an SL-3 component listing for these assets.

030601. ATC assets purchased by the Marine Corps are GP and will be accounted for in accordance with this policy.

030602. Per reference (u), ATC equipment provided by NAVAIR is accounted for by NAVAIR and will not be accounted for in a Marine Corps APSR.

0307 PHYSICAL SECURITY EQUIPMENT AND MARINE CORPS ELECTRONIC SECURITY SYSTEMS

Physical security equipment and Marine Corps Electronic Security Systems (MCESS) must be accounted for in an approved APSR. A component-level inventory list and fielding plan will be provided by MCESS PMs in conjunction with ADC I&L (LF).

030701. Asset records for MCESS will be prepared by ADC I&L (LF) prior to transferring the assets to the appropriate accountable officer. This will include documentation for capital improvements and development of required FMV Worksheets. MCESS PMs, in conjunction with ADC I&L (LF), will catalog MCESS assets, create birth records, and upload KSDs to the APSR.

030702. The component list will be part of the fielding plan provided by MCESS PMs in conjunction with ADC I&L (LF).

0308 BOATS

Marine Corps boats, boat trailers, and boat motors are GP. Property accountability for GP is outlined in Volume 3 of this Order and establishes DPAS as the APSR. Boats, boat trailers, and boat motors procured as a set will be accounted for under the MC-USMC DPAS module. Boat trailers and motors procured independently are not required to be accounted for in the MC-USMC DPAS module unless they meet the \$5,000 threshold, or it's deemed necessary by the installation commander. To prevent dual accounting and financial misstatement, the Marine Corps will routinely verify ownership rights by validating KSDs of boats, boat trailers, and boat motors. The Marine Corps will not account for any boats, boat trailers, and boat motors aboard the installations where ownership rights have not been established and properly validated. Owning units will ensure that boats and boat trailers comply with all local and state registration and licensing laws. Additionally, this policy does not pertain to boat operator licensing.

0309 REMAIN BEHIND EQUIPMENT (RBE)

Per paragraph 0208 of Volume 3 of this Order, RBE is unit equipment left by deploying forces at their bases when they deploy. For GP and GME, the RBE chain of command, in coordination with the supporting unit commander, will designate which organizations will account for RBE and provide oversight.

VOLUME 15: CHAPTER 4
“FINANCIAL MANAGEMENT OF GP AND GME ASSETS”
SUMMARY OF SUBSTANTIVE CHANGES

Hyperlinks are denoted by *[bold, italic, blue and underlined font.](#)*

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CHAPTER 4

FINANCIAL MANAGEMENT OF GP AND GME ASSETS

0401 GENERAL

This chapter provides an understanding of critical financial management concepts, policy, and procedures used for effective management and reporting of GP and GME assets to the Marine Corps financial statements. Proper application of these concepts will ensure financial information in the APSR ultimately aligns with comparable information in various financial management systems.

0402 VALUATION

Valuation of assets is a key financial management process to ensure accurate reporting of assets throughout their entire lifecycle. To support accurate valuation, Marine Corps processes and internal controls must be designed to ensure GP and GME transactions (all acquisitions, disposals, and inventory balances) are recorded correctly and are valued on an appropriate valuation basis.

040201. Valuation Elements. Valuation consists of three data elements (Total Acquisition Cost, Useful Life, and Placed In-Service Date) which are used to calculate the NBV to support the Marine Corps financial statements. Valuation must be captured in the APSR. Determination of the value of an asset requires the following:

A. Total Acquisition Cost – Purchase Price Plus Ancillary Costs

1. Purchase price. Per reference (a), the purchase price is the amount the Marine Corps paid for an asset (net of both trade and case discounts paid for the item).

2. Ancillary costs. Per reference (a), ancillary costs include all other costs including transportation costs, handling and storage costs, labor and other direct or indirect production costs, installation costs, design or engineering costs, cost of supervision of construction, appropriate share costs of equipment and facilities used in construction, etc. Constructed assets could have more ancillary costs. In the case of a constructed asset see reference (a) for a more detailed listing.

B. Useful Life. Per reference (g), useful life is the estimated normal operating life of an asset in terms of its utility to the Marine Corps. The useful life of an asset is determined by reference (g), Volume 6, paragraph J, Table 6.1 DoD Recovery Periods for Depreciable General Property, Plant, and Equipment Assets. The useful life of common assets is outlined in Table 4-2.

C. Placed In-Service Date. The placed in-service date is the day the asset was originally placed in service by the installation. This is also the day the APSR automatically begins to calculate the asset's depreciation. Proper selection of the placed in-service date is discussed in paragraph 040302.

040202. Valuation Documentation. Documentation is required for both capitalized and minor assets to support the input of valuation elements into the Accountable Property System of

Record (ASPR). Non-capitalized assets are expensed and are not required to be depreciated. KSDs supporting the valuation of all capital assets recorded in the APSR must be retained for 10 years per Volume 3 of this Order. KSDs include:

- A. Obligating documents that support asset acquisition costs and any related asset improvements (e.g., contracts, Military Interdepartmental Purchase Requests (MIPRs), statements of work, purchase orders, DD-1155, DD-1149, etc.).
- B. Documentation of shipping, planning, engineering, or installation invoices, Memorandums for the Record explaining labor costs or shares of construction equipment, with justification.
- C. Documentation supporting the placed in-service date (e.g., iRAPT Receiving Report, DD-250, DD-1348, US bill of lading, etc.).
- D. Documentation supporting any retirements, transfers, or other disposals of idle, excess, obsolete, or otherwise unusable assets (e.g., Declaration of excess, documentation supporting determination of impairment from performance of physical inventory counts, DD 1348-1A and DD 1149).

040203. Fair Market Value (FMV) Worksheet. KSDs are required for all capital and minor assets recorded in the ASPR. In some instances, KSDs may not be available to document the valuation of property in the ASPR. The FMV Worksheet provided in Appendix C of reference (a) provides a format to document estimates of the acquisition cost of GP and GME items when the original documentation cannot be obtained. This worksheet serves as a substitute for the original documentation that substantiates the recorded cost and date, both necessary for financial reporting purposes, and is to be kept as part of the asset record. Appendix A of this Volume details acceptable alternative valuation methods when KSDs are not available. Note: Per references (a) and (b), PPMs shall exhaust all options to locate and/or obtain KSDs for assets costing \$5,000 or more. Minor property procured and recorded in DPAS on or before 30 September 2015 should be supported by KSDs; however, unlike garrison capital assets, in the event KSDs cannot be located, FMV Worksheets will not be required for minor property. Rather, an MCICOM memorandum for the record will be uploaded to the asset record. Table 4-1 below identifies when FMV Worksheets are required if KSDs are not available:

	KSD	FMV Worksheet
Capital Assets		
Not Fully Depreciated	Y	Y (if no KSD)
Fully Depreciated	Y	Y (if no KSD)
Minor Property		
Procured on or before 30 September 2015	Y	N (if no KSD)
Procured after 30 September 2015	Y	Y (if no KSD)

Table 4-1. Requirements for KSD and FMV Worksheets

0403 DEPRECIATION

All capital assets will be depreciated in accordance reference (g). When assets are properly identified (i.e., correct asset description, date, and cost), the APSR for GP and GME will automatically calculate depreciation. Property depreciation is applied using the straight line method. This means an item’s value reduces by the same amount every month until fully depreciated. GP and GME assets will typically be depreciated for a period between 5 and 20 years in accordance with reference (g). Non-capitalized assets are treated as expenses on the financial statement and are not required to be depreciated. Table 4-2 below lists depreciation periods for common asset types.

Sample Asset Type	Recovery Period	Justification
<ul style="list-style-type: none"> Aerial Boom Trucks (Cherry Pickers) Buses Dump Truck P-19 Fire Trucks Suction Trucks Tractor Trailer Trash Trucks Vans Telecommunication Equipment 	5-year depreciation schedule	Vehicles and Heavy Trucks are depreciated over 5 years per reference (g).
<ul style="list-style-type: none"> VTC Equipment Digital Cameras Security Cameras/Systems Installation Communications Equipment 	5-year depreciation schedule	Computers, ADP Systems and Hardware, Radio and Television Broadcasting Equipment and Software depreciate over 5 years per reference (g).
<ul style="list-style-type: none"> Balers, Tie Bulldozers Carousel, Warehouse Excavators Forklifts Hydraulic Platforms Snow Blowers Sweepers (Street/Runway) Tractors Storage Tanks (above/below ground) Boats: Dive and Rescue, Patrol, Utility, Oil Skimmers 	10-year depreciation schedule	Machines & Equipment are depreciated over 10-year periods per reference (g).
<ul style="list-style-type: none"> *Generally reserved for real property* 	20-year depreciation schedule	Vessels, Tugs, Barges and Similar Water Transportation Equipment (Non-ME Vessels/Ships) depreciate on 20-year lives per reference (g).

Table 4-2. Common Asset Type Depreciation Periods

040301. Compliance. Per reference (a), the depreciation activation date is the date that depreciation starts for capitalized property. For new acquisitions, the date of receipt shall be used, except for constructed personal property or improvements where the date of acceptance shall be

used. If the receipt date is not known, the PPM shall use either the shipping date, inspection date, or procurement date, respectively.

040302. Placed In-Service Date. Sometimes referred to as Original In-Service Date, this data element should align with the receipt date from the KSD (e.g., DD-250).

A. The original in-service date for assets transferred into the Marine Corps can be manually entered into the APSR to reflect the date the asset was actually placed in service – this may not be the same as the date the Marine Corps took receipt of the item.

B. If an asset has been in use for an extended period, the date of receipt (e.g., the date on the DD-250) is still the appropriate date to activate the asset in the APSR. Note: In the event an asset is being constructed, the activation date should align with the date the asset is ready for its intended use.

040303. Depreciation Expense. Depreciation expense represents the amortization of the cost of depreciable GP and GME as an operating expense over the period in which assets are expected to provide benefits. Depreciation periods are covered in references (a) Volume 4, Chapter 6 of reference (g).

0404 IMPACT OF SUPPLY ACTIONS ON VALUATION

In addition to reconciling supply records with physical inventories, supply records must also be reconciled with financial accounting systems. The process of requisitioning is directly linked to financial management since all requisitions obligate financial resources. All requisitions, to include all types of Marine Corps funding, shall be managed in accordance with applicable policies and directives, specifically references (a), (g), (k) and (v). The installation PPM will reconcile supply information (i.e., on hand balances) in the APSR quarterly with a resulting variance report provided to DC P&R (RFA) per reference (v).

040401. Capital Improvements. Per Volume 6 of reference (g), the costs to improve capitalized GP and GME assets shall be capitalized when the costs of the improvement increase the asset's capability, size, efficiency, or useful life. In addition, the cost of an improvement shall be capitalized only when the cost of the improvement equals or exceeds the Marine Corps capitalization threshold of \$100k, regardless of funding source.

A. Capital improvement examples include:

1. Expanding a security network (adding cameras, monitors, etc.).
2. Expanding installation communications distribution capacity (data centers, area distribution nodes, communication spaces).

B. Capital improvements which do not extend the useful life of the asset will be depreciated over the remaining useful life of the asset.

C. Capital improvements having an expected useful life differing from the asset will be depreciated separately.

040402. Trade-In Value. Per reference (a), the cost to be recorded for a capitalized asset acquired when trading in another asset shall be equal to the sum of the book value of the asset traded plus any cash paid or liabilities assumed for the new asset. The book value is the recorded cost of a capitalized asset, less its accumulated depreciation.

A. An asset is considered a trade-in when an item is provided to the vendor as part of a deal to purchase a new asset. The old asset is considered a trade-in as the vendor will apply a value to the new purchase.

B. An asset is not considered a trade-in when it is sent to DLA Disposition Services and a new one is procured.

C. Accounting for Trade-In Assets. The book value of the original asset should be added to the cash paid or liabilities assumed to determine the total cost of the new asset. An example would be a new saw purchased for \$175,000 cash plus the installation's old saw. The book value from DPAS of the old saw was \$20,000. The exact book value should be added to the total cash paid when calculating the total cost. In this example, the correct total would be \$195,000.

040403. Transfers. Per reference (a), transferred-in GP and GME represents assets the Marine Corps receives from other activities or other federal agencies. Transferred-in GP and GME items that meet capitalization criteria shall be recorded as capitalized assets and depreciated over the remaining estimated useful life of the asset. To ensure proper accountability and financial reporting of transferred-in assets, the PPM or Fleet Manager and receiving personnel must establish local procedures to ensure all documentation is received, and an IUID label is affixed per reference (f). Per reference (a), the asset must then be entered into the APSR within 7 days with the correct receipt, placed in-service date, activation date, acquisition cost, and depreciation information. Examples of government property transfers are as follows:

A. The Marine Corps receives a radar device from the Federal Aviation Administration (FAA). The FAA provides the original purchase and receipt information indicating the item cost of \$500,000 and is 4 years old with a useful life of 10 years. Accumulated depreciation is \$200,000 and the NBV is \$300,000.

1. Since this is a federal agency (non-DoD) the asset total cost is recorded at the FAA's NBV of \$300,000. The activation date is the date the Marine Corps took possession, and the remaining estimated useful life is 6 years.

2. Tier 1 documentation: FAA's DD-250 equivalent, contract, commercial invoice, and transfer document.

B. The Marine Corps receives a Server Tower from the US Air Force. The Air Force provides documentation indicating they acquired the server from a vendor 2 years ago for \$500,000. The Air Force depreciates the server over 4 years and informs the Marine Corps that the asset's NBV is \$250,000.

1. Since this is a DoD activity, the asset's total cost is the \$500,000 originally paid by the Air Force. In addition, the accumulated depreciation equals total depreciation expense recognized by the Air Force at the time of transfer - \$250,000. The useful life is the same as the useful life used by the Air Force.

2. Source documentation is the Air Force's DD-250, contract, commercial invoice, and DD-1149 at the time of transfer.

C. Per reference (a), if the original source documentation (i.e., purchase order, vendor invoice, and receiving report) is not available, then a DD 1149 may be accepted as proper documentation provided all applicable information (i.e., acquisition cost, depreciation activation date, part number, national stock number, serial number, bar code (or other unique identifier), nomenclature, quantity, value, and recovery period) are documented on the form.

0405 FINANCIAL REPORTING

For purposes of reporting on the Marine Corps financial statements, the following applies per Figure 4-1 below:

040501. Expense Items. Per reference (g), expense items are those items with a unit price under the capitalization threshold of \$100k that do not meet depreciation requirements. Expenses are the costs incurred to operate and maintain the organization such as personal services, supplies, and utilities. This includes consumable supplies and materials, and principal/secondary items which are generally financed with O&M, MC appropriations. Items procured from Defense Working Capital Funds (DWCF) will be treated as expense items in all cases except when intended for use in weapon systems outfitting, government furnished material on new procurement contracts, or for installations as part of a weapon system modification, major reactivation, or major service life extension.

040502. Investment Items. Per reference (g), investment items are those assets with a unit price above the capitalization threshold of \$100k that meet depreciation requirements or are centrally managed. The type of appropriations used for this type of property are PMC funds. Investments are the costs that result in the acquisition of, or an addition to, end items. These costs benefit future periods and generally have a long life-span. Equipment stocked in the stores accounts or similar-type allowance equipment in the possession of operating forces is excluded.

Expense/Investment Cost Determination						
Is the item a	If	Then	If	Then	If	Then
Centrally Managed/Asset Controlled Item?	Yes	Is the item purchased from DWCF?	Yes	Is the item part of a full funding effort? *	Yes	Classify as Investment
					No	Classify as Expense
			No	Classify as Investment		
	No	Is the unit cost more than \$100,000?	Yes	Classify as Investment		
			No	Classify as Expense		
* When intended for use in weapon system outfitting, government furnished material on new procurement contracts or for installation as part of a weapon as part of a weapon system modification, major reactivation or major service life extension.						

Figure 4-1. Expense/Investment Cost Determination

VOLUME 15: CHAPTER 5

“MANAGING ASSET RECORDS IN THE APSR”

SUMMARY OF SUBSTANTIVE CHANGES

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CHAPTER 5

MANAGING ASSET RECORDS IN THE APSR

0501 GENERAL

This chapter provides policy and procedures to facilitate effective asset management of GP and GME within the APSR to include KSDs, FMV Worksheets, and required IUID labels.

0502 ASSET RECORD MANAGEMENT

050201. Data Elements. Reference (b) identifies the required data elements for effective asset management in an APSR. To ensure effective management of GP and GME assets, Marine Corps activities will utilize the following data elements:

- A. Name, part number and description (noun, nomenclature), model number, and national stock number, if known.
- B. Contract/Purchase Order number
- C. Owner (both the accountable and custodial organization)
- D. Status (e.g., active or inactive (retired), staged, stored, in-transit, transferred, declared excess, awaiting disposal, disposed of).
- E. Quantity (e.g., received, fabricated, issued, and on-hand) and unit of measure.
- F. General ledger classification (e.g., military or general equipment, loaned, or leased, or a means to apply business rules for making such a determination).
- G. Value at full cost and depreciation information, if applicable; or original acquisition cost if the property does not require capitalization.
- H. Estimated useful life (years or activity based for capitalized property).
- I. Unique item identifier (UII) or DoD recognized IUID equivalent, if available and necessary for unique identification in accordance with reference (n).
- J. Date placed in service.
- K. Location.
- L. Current condition (e.g., supply condition code).
- M. Posting reference (e.g., receiving report number, contract, purchase order, or other procurement identification number, invoice number).

N. Transaction type (e.g., received, accepted, inventoried, transferred, shipped, retired or disposed).

O. Transaction date.

050202. Key Supporting Documents. Per reference (a), GP and GME property records and/or systems must provide a complete trail of all transactions, suitable for audit (i.e., a transaction-based history of asset activity, including individual additions and deletions). KSDs are defined as documentation that is retained to demonstrate control activities and are properly designed to satisfy financial reporting objectives, as well as support individual financial transactions and accounting events. Table 5-1 provides examples of several KSDs and identifies the primary use for each. This table is not intended to be an all-inclusive list of required KSDs. The ability to substantiate key data attributes within the APSR is directly related to the documentation on hand to support an asset. Per Volume 3 of this Order, KSDs are a required and critical part of GP and GME property records. Per reference (a), sufficient documentation must provide validation for entries recorded and tracked in the accounting system. Note: KSDs must be able to substantiate the data elements identified in sub paragraph 050201 of this Volume.

Example KSDs	Primary Use
Purchase Order (DD 1155)	Procurement validation
Receiving Report (Any one of the following) - DD 1155 (Box 26) - DD 250 (Box 22) - DD 1348-1A (Box 23 & 27)	Depreciation activation date
Vendor Invoice	Acquisition cost and ancillary costs
DD 1149	Transfer
DD 1348-1A	Disposal
Fair Market Value Worksheet (FMV)	Alternate Method of Valuation

Table 5-1. Examples of KSD Usage

A. New capital acquisitions will be supported with a copy of the contract (SF 1449, SF26 and/or SF33), purchase order (DD 1155), receiving report (DD 250), bill of lading (SF 1103), vendor invoice, and/or other documents that capture ancillary costs if applicable.

B. New minor property acquisitions will be supported with a copy of the contract (SF 1449, SF26 and/or SF33), purchase order (DD 1155), receiving report (DD 250), and/or bill of lading (SF 1103). One (or all) of these three documents will provide adequate information for entering the necessary information into the APSR. These KSDs must be provided in accordance with Table 4-1 of this Volume.

C. Property transferred in or out (capital and minor) will be supported with the requisition and invoice/shipping document (DD 1149) and any other original documentation pertaining to the item transferred (e.g., contract and receipt documents).

D. Disposed property (capital and minor) will be supported with the issue release/receipt document (DD 1348-1A).

E. Documentation for Special Types of Property

1. Leases for equipment will be supported by the lease agreement, Lease Determination Worksheet, and Data Element Worksheet for all leased assets the Marine Corps receives.

2. Donated, exchanged, found, or unsupported personal property will be supported with a DD 1348 document identifying where the asset came and who transferred the asset. At a minimum, a memo to the record must be retained explaining in detail the situation involving the asset. Finally, in the absence of a DD 1348, the asset will be supported by a similar asset FMV Worksheet as described in Appendix C of reference (a).

3. Software will be supported by the contract and receipt documents. If available, software will also be supported by a copy of the site license agreement for all commercial off-the-shelf or externally developed software until the software is no longer in use. For internally developed software and improvements to internally developed or commercial off-the-shelf software, the PPM must retain all documentation supporting the final costs associated with producing the software.

050203. Record Retention. KSDs will be retained for 10 years in accordance with Volume 3 of this Order. Required KSDs include the contract which validates the requirement, an invoice which validates what the government was billed, and the receiving report or DD-250 which validates the receipt date and unique identifying information.

VOLUME 15: CHAPTER 6

“BUDGETING”

SUMMARY OF SUBSTANTIVE CHANGES

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CHAPTER 6

BUDGETING

0601 BUDGETING

This chapter addresses the PPBE process and provides the foundation for organizations to develop and submit annual budgets for GP and GME. Budget execution and requisitioning are addressed in references (v) and (k). Working capital organizations will execute the PPBE process in accordance with references (g) and (v). Two important elements of the PPBE process within the Marine Corps are budget formulation and budget execution. GP and GME funding requirements will be submitted in accordance with ADC I&L (LF) POM directives and annual data calls. All GP and GME requirements are funded via an ADC I&L (LF) funding line/stream. Supported/tenant command O&M funds shall not be used for GP and GME assets unless authorized in this Volume.

060101. Program Objective Memorandum. Per reference (v), the POM is a critical document produced during the programming phase of the PPBE process and includes an analysis of missions, objectives, alternative methods to accomplish objectives, and allocation of resources. Development of the POM should include a review of local requirements in support of operations, and should include input from stakeholders throughout the installation, supporting establishment, and operating forces.

060102. Budget Submission Responsibility. Budget submissions for GP requirements are submitted through the supporting command (i.e., GP accountable officer) and shall be coordinated through the comptroller or fiscal office at each command.

060103. Appropriations. Per Volume 14, Chapter 2 of reference (g), the Purpose Statute provides that agencies shall apply appropriations only to the objects for which the appropriations were made, except as otherwise provided by law (see 31 U.S.C. § 1301(a) in reference (i)). The Comptroller General has determined the following three conditions which must be met to expend appropriated funds:

A. The expenditure of an appropriation must be for a particular statutory purpose or necessary for the proper execution of the general purpose of the appropriation.

B. The expenditure must not be prohibited by law.

C. The expenditure must not be otherwise provided for, and it must not fall within the scope of another appropriation. Costs budgeted in the O&M appropriations are considered expenses. Costs budgeted in the procurement appropriation are considered investments.

D. The following criteria will be used to distinguish those types of costs to be classified as expenses from those to be classified as investments for budgeting purposes:

1. Expenses are costs of resources consumed in operating and maintaining the DoD. When costs generally considered as expenses are included in the production or construction of an investment item, they shall be classified as investment costs. Military personnel

costs are an exception to this rule. The following guidelines shall be used to determine expense costs:

- a. Labor of civilian, military, or contractor personnel.
- b. Rental charges for equipment and facilities.
- c. Food, clothing, and fuel.
- d. Supplies and materials designated for the supply management of Defense Working Capital Funds.
- e. Maintenance, repair, overhaul, and rework of equipment.
- f. Assemblies, spares and repair parts, and other items of equipment that are not designated for centralized item management and asset control and which have a system unit cost less than the dollar threshold of \$250k for expense and investment determinations. These criteria are applied based on the unit cost of a complete system rather than on individual items of equipment or components that, when aggregated, become a system. The concept of a system must be considered in evaluating the procurement of an individual end item. A system is comprised of several components that are part of and function within the context of a whole to satisfy a documented requirement. In this case, system unit cost applies to the aggregate cost of all components being acquired as a new system.
- g. Costs of incidental material and items not known until an end item is being modified are conditional requirements and are considered expenses because the material is needed to sustain or repair the end item.
- h. Engineering efforts to determine what a modification will ultimately be, or to determine how to satisfy a deficiency, are expenses.
- i. Facilities sustainment, O&M-funded restoration and modernization projects. Planning and design costs are excluded from the cost determination for purposes of determining compliance with the amounts established in 10 U.S.C. 2805 for minor construction projects; however, design costs are not excluded from capitalization.

2. Investments are costs to acquire capital assets such as real property and equipment. The following criteria shall be used to determine costs to be classified as investments:

- a. All items of equipment, including assemblies, ammunition and explosives, modification kits (the components of which are known at the outset of the modification), spares and repair parts not managed by Defense Working Capital Funds, that are subject to centralized item management and asset control.
- b. All equipment items that are not subject to centralized item management and asset control and have a system unit cost equal to or greater than the expense and investment dollar threshold of \$250k (for working capital funds investment criteria see reference (w))

and Volume 2B Chapter 9 section 090104 of reference (g)). The validated requirement may not be fragmented or acquired in a piecemeal fashion to circumvent the expense and investment criteria policy.

c. Construction, including the cost of and rights therein (other than leasehold). Construction includes real property equipment installed and made an integral part of facilities, related site preparation, and other land improvements.

d. The costs of modification kits, assemblies, equipment, and material for modernization programs, ship conversions, major reactivations, major remanufacturing programs, major service life extension programs, and the labor associated with incorporating these efforts into or as part of the end item are considered investments. All items included in the modification kit are considered investments even though some of the individual items may otherwise be considered as an expense. Components that were not part of the modification content at the outset and which are subsequently needed for repair are expenses. The cost of labor for the installation of modification kits and assemblies is an investment.

e. Supply management items of Defense Working Capital Funds designated for weapon system outfitting, government-furnished material on new procurement contracts, or for installation as part of a weapon system modification or modernization, major reactivation, or major service life extensions.

f. Also considered investments are support elements such as data, factory training, support equipment, and interim contractor support which are required to support the procurement of a new weapon system or modification.

Note: The \$250k investment threshold is for procurement purposes and determines the type of funding used to purchase assets. This should not be confused with the \$100k accountability threshold which is used to determine which items are capital assets that are depreciated in the APSR.

3. In accordance with section 8030 of the DoD Appropriations Act of Fiscal Year 2016, commanders can execute O&M, MC appropriations for the purchase of investment property when approved by ADC I&L (LF). Authority for the local purchase of centrally procured GP and GME assets (i.e., purchased via MARCORSSYSCOM) is not delegated to the operating forces or supporting establishments unless authorized by ADC I&L (LF). For additional guidance on the use of appropriations refer to Figure 4-1 in this Volume.

0602 BUDGET PROGRAMS FOR GARRISON PROPERTY (GP) AND GARRISON MOBILE EQUIPMENT (GME)

There are five main categories of budget programs for GP and GME.

060201. Collateral Equipment (CE). CE is a centrally-managed O&M, MC and PMC funding program that supports the operating forces and supporting establishment organizations with one-time initial outfitting of military construction projects. This includes furniture, furnishings, and essential equipment which are loose, portable, or can be detached from a structure so the facility may be used for its designated purpose. Requirements must be associated with new military construction (MILCON), expansion of existing facilities that results in a change in function, operation, or an

improvement in physical condition of the facility (facilities sustainment, restoration, and modernization, or host nation funded improvement projects). Types of assets procured under the CE program include, but are not limited to: physical security equipment, command support equipment, audio visual equipment, and communications equipment. Equipment such as electronic security systems and IT equipment (e.g., routers and switches) are centrally managed and therefore are considered investment items. The hierarchy of CE budget programs is shown in Figure 6-1.

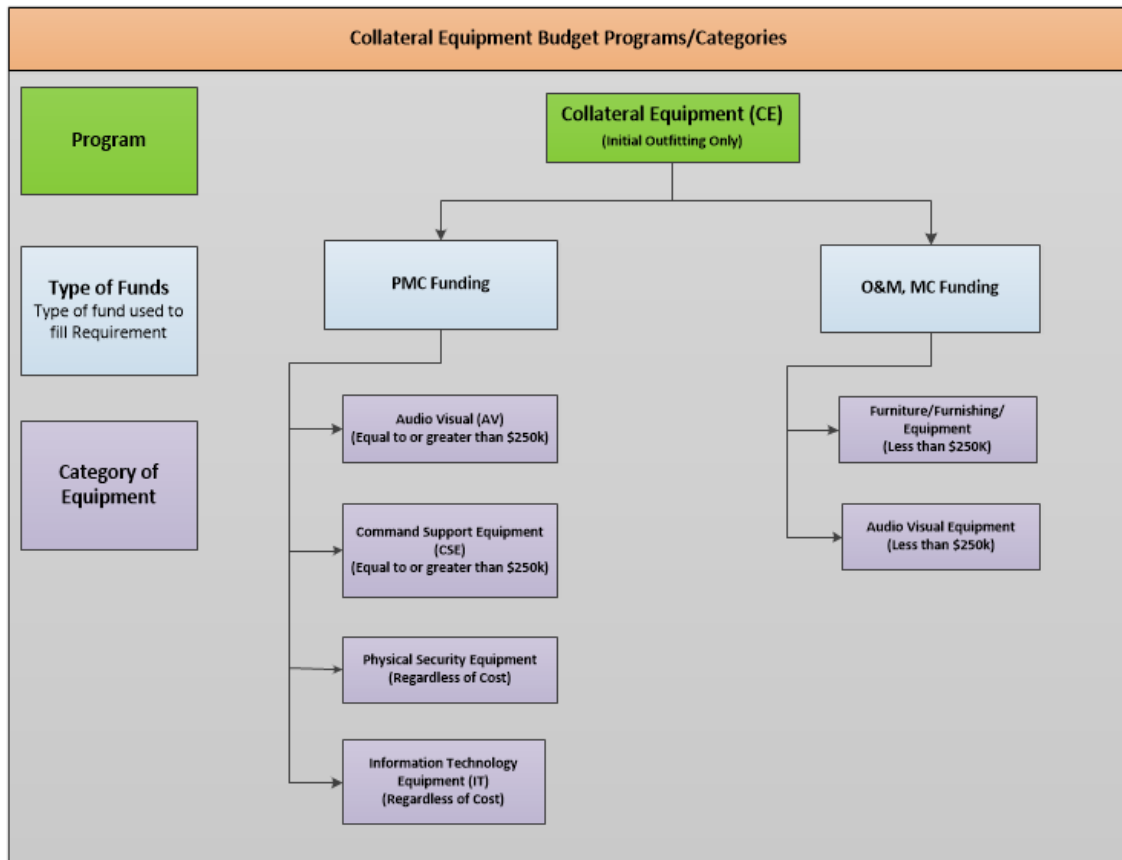


Figure 6-1. CE Budget Program Hierarchy

A. Planning

1. Project Engineering Documentation. When planning MILCON; facilities sustainment, restoration, and modernization; or host nation facility improvement projects; the requirements generator will coordinate with the supporting command (i.e., Public Works, PPM, or Fleet Manager) to prepare a realistic estimate of CE requirements. The information should be included in the DD 1391 “Military Construction Data Sheet” to develop a totally integrated and useful facility.

2. Interior Design Services. Interior design services are an option to facility planners. If this option is utilized, the fees must be accounted for in the budget. These fees fall under the CE funding stream. Marine Corps activities are encouraged to solicit interior design

assistance from the appropriate NAVFAC. Projects to upgrade housing facilities, administrative offices, and mess halls are candidates for these services.

3. Turn-key Projects. Turn-key projects are budgeted for CE PMC or O&M, MC funds based on the estimated cost of the project. Turn-key projects exist when a contract specifies a contractor provides all equipment, installation, improvement, repair, and construction for the project. Several appropriations may be combined to obligate the contract. Turn-key projects associated with new construction may include communications structures and spaces, bachelor enlisted quarters, headquarters buildings, gyms/sports facilities, aircraft hangers, motor pools, and other facilities.

B. Programming. Programming for CE begins with an annual POM data call issued by ADC I&L (LF) to the Marine Corps enterprise. CE requirements identified on a DD 1391 are loaded into Logistics Facilities Services Application (LFS Apps) under the applicable appropriation. This allows HQMC to program CE funding in support of the project for the appropriate POM cycle year.

C. Budgeting. Annual budget requirements for CE are refined and submitted to ADC I&L (LF) in response to the annual budget data call. Budget requirements are submitted in LFS Apps by 30 June each year. Budget submissions for CE are used by ADC I&L (LF) to develop funding phasing plans, formulate annual funding allocations for each project, and serve as the basis for future budgets.

D. Execution

1. Allocation. Available O&M, MC funds will be allocated to activities for the specific purpose of outfitting a new or renovated facility. Procurement action shall be initiated immediately to commit funds for all items funded.

2. Obligation. Allocated funds must be obligated and shall not exceed the amount allocated.

3. PMC funds authorized to procure investment items are administered and executed through MARCORSYSCOM and are obligated after receipt of the authorization document (e.g. NavCompt Form 372).

060202. Personnel Support Equipment (PSE). PSE is a centrally-managed program (O&M, MC) that provides replacement of furniture, furnishings, and household equipment for existing bachelor quarters, mess halls, offices, and classrooms. The hierarchy of PSE budget programs is shown in Figure 6-2.

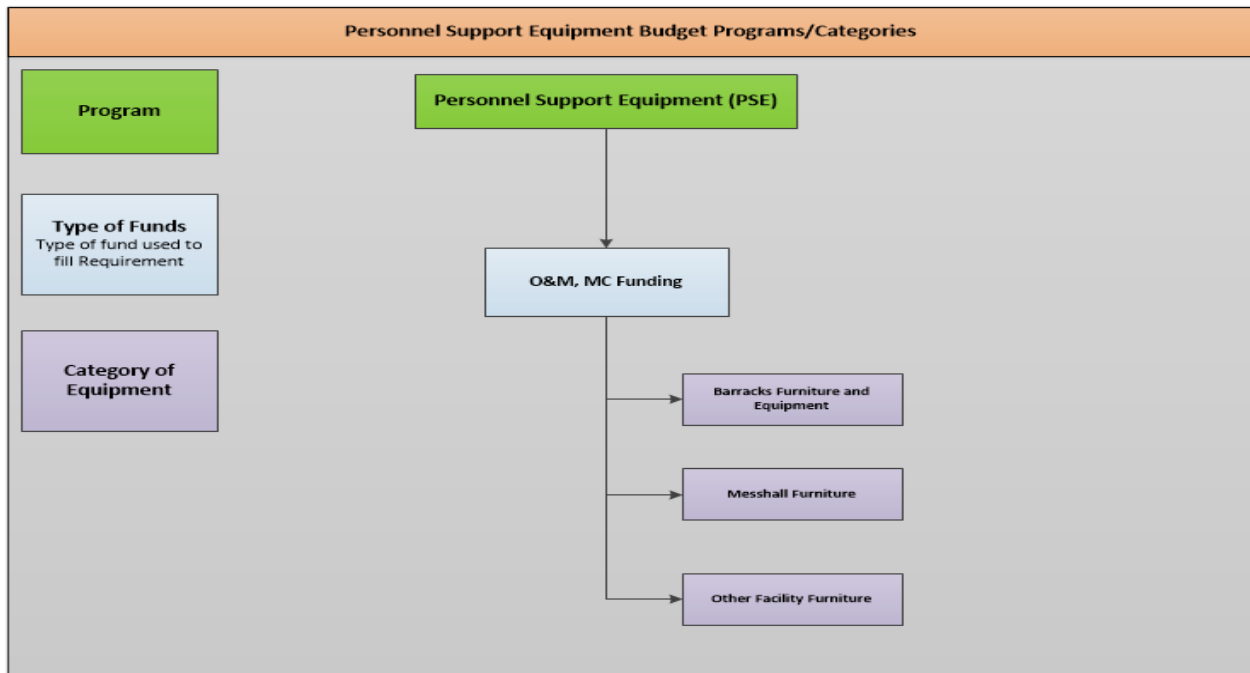


Figure 6-2. PSE Budget Program Hierarchy

A. Planning. Supporting (installation) commands are responsible for including PSE replacement costs in their PSE budget. It is the responsibility of the supported command requirements generator (e.g., barracks manager) to register these requirements with the supporting command for inclusion in POM and annual budget planning. Commanders of supporting commands will review PSE purchases for facilities beginning at the 9-year mark and submit requirements for replacement via LFS Apps, so a phased approach can be used when procuring items to meet the 12-year replacement timeline.

B. Programming. Programming for PSE begins with an annual POM data call issued by ADC I&L (LF) to the installations. The purpose of the data call is to develop the POM. PSE requirements are loaded into LFS Apps under the O&M, MC appropriation. This allows HQMC to program PSE funding requirements in support of installation and tenant activity projects in the appropriate POM cycle year.

C. Budgeting. Annual budget requirements for PSE are refined and submitted to ADC, I&L (LF) in response to the annual budget data call. Budget requirements are submitted in LFS Apps by 30 June each year. Budget submissions for PSE are used by ADC I&L (LF) to develop funding phasing plans, formulate annual funding allocations for each project, and serve as the basis for future budgets.

D. Execution

1. Allocation. Available O&M, MC funds will be allocated to activities for the replacement of PSE. Procurement action shall be initiated immediately to commit funds for all items funded.

2. Obligation. Allocated funds must be obligated and shall not exceed the amount allocated.

3. Authorized funds will be obligated after receipt of the authorization document (e.g. NavCompt Form 372).

4. If funding is unavailable through the PSE program, individual items may be purchased by supporting AOs if local O&M funds are available. The replacement cost for all soft items (i.e., bed linen, drapes, bed spreads, etc.) will be carried by the installation using local O&M funds. Replacement items will be maintained and disposed of as necessary to meet operational requirements. In instances where either hard or soft items have surpassed the mandated lifecycle and are still in a usable condition, installations will use their best judgement in determining the balance between quality of life and necessary expense.

060203. Command Support Equipment (CSE). The CSE budget program funds replacement of industrial and non-industrial equipment and systems at existing facilities. Examples include: waste pulping systems, grinders, overhead cranes, generators, carousel systems, conveyor belts, open water spill response equipment, and other warehouse equipment. The hierarchy of CSE budget programs is shown in Figure 6-3.

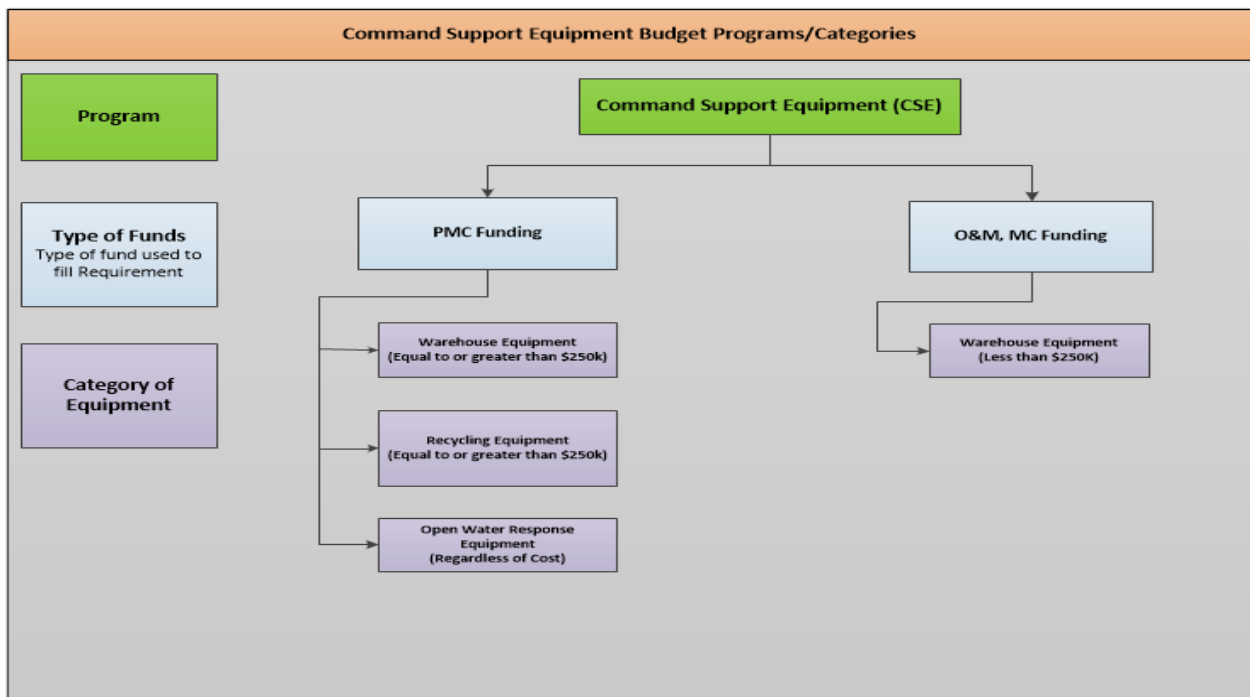


Figure 6-3. CSE Budget Program Hierarchy

A. Planning. To develop the CSE budget plan, commanders of supporting (installation) commands and the operating forces shall develop CSE requirements per the following guidelines:

1. Replacement. Determine if the time for equipment replacement matches the forecasted lifecycle for the item. If yes, POM for replacement costs. If not, see Maintenance Improvement below.
2. Maintenance Improvement. Determine if equipment with recurring maintenance problems should be fixed or replaced with newer technology that is more cost-effective.
3. New Technology. Determine if new technology may be available which will generate labor savings and improve productivity and efficiency.
4. Budget Justification. Seek necessary approval to comply with higher or local level authority. Develop appropriate justification and specifications for each requirement identified and prepare a logistics plan for procurement documentation.
5. Costs. Transportation and installation costs of equipment shall be included in the total item cost. Transportation and installation of CSE shall be funded with the same appropriation used to procure the equipment. Activities shall include installation in the terms of the contract for the supplier (contractor) to accomplish the equipment installation.
6. Economic Analysis. An economic analysis shall be completed for all equipment scheduled for commercial procurement and retained with the activity comptroller as supporting documentation.
7. Determine if the equipment replacement forecasted on the plant account listing should be replaced within the planned budget cycle. If not, update account records to correct the replacement year and condition code.

B. Programming. Programming for CSE begins with an annual POM data call issued by ADC I&L (LF) to the installations. The purpose of the HQMC data call is to develop the POM. CSE requirements are loaded into LFS Apps under the PMC funding appropriation. This allows HQMC to program CSE funding in support of the installation and tenant activity projects during the POM cycle year.

C. Budgeting. Annual budget requirements for CSE are refined and submitted to ADC I&L (LF) in response to the annual budget data call. Budget requirements are submitted in LFS Apps by 30 June each year. Budget submissions for CSE are used by ADC I&L (LF) to develop funding phasing plans, formulate annual funding allocations for each project, and serve as the basis for future budgets.

D. Execution

1. Allocation. Available PMC funds will be allocated for a specific requirement each year. The allocation of funding is determined by the priority of the need and the

availability of funding. Procurement action is initiated at HQMC with the necessary procurement documentation provided by the requesting installation.

2. Obligation. Allocated funds must be obligated and shall not exceed the amount allocated.

3. PMC funds authorized to procure investment items are administered and executed through MARCORSSYSCOM and are obligated after receipt of the authorization document (e.g. NavCompt Form 372).

060204. Food Preparation and Serving Equipment (FPSE). FPSE is a centrally-managed procurement program that provides replacement of food preparation and servicing equipment. Complete guidelines governing the food service program are provided in reference (x).

A. Planning – Food Preparation and Serving Equipment (FPSE) Replacement Schedule.

1. Supporting installation commands are responsible to include FPSE replacement costs in their FPSE budget. It is the responsibility of the supported command and/or requirements generator, (e.g., food service officer/technician) to register these requirements with the supporting command for inclusion in POM and annual budget planning. In accordance with the Lifecycle Replacement Plan, commanders of supporting commands will review FPSE requirements and submit for replacement from the FPSE-managed program via LFS Apps.

2. Costs. Transportation and installation costs of FPSE shall be included in the total item cost. Transportation and installation of FPSE shall be funded with the same appropriation used to procure the equipment. Activities shall include equipment installation in the terms of the contract for the supplier (contractor) to accomplish. Equipment installation costs for new construction are part of the appropriation used to procure the equipment.

B. Programming. Programming for FPSE begins with an annual POM data call issued by ADC I&L (LF) to the installations. The purpose of the HQMC data call is to develop the POM. FPSE requirements are loaded into LFS Apps under the O&M, MC appropriation. This allows HQMC to program FPSE funding in support of installation and tenant activity projects during the appropriate POM cycle year.

C. Budgeting. Annual budget requirements for FPSE are refined and submitted to ADC I&L (LF) in response to the annual budget data call. Budget requirements are submitted in LFS Apps by 30 June each year. Budget submissions for FPSE are used by ADC I&L (LF) to develop funding phasing plans, formulate annual funding allocations for each project, and serve as the basis for future budgets.

D. Execution

1. Allocation. Available O&M, MC funds will be allocated to activities for replacement of FPSE. Procurement action shall be initiated immediately to commit funds for all items funded.

2. Obligation. Allocated Funds must be obligated and should not exceed the amount allocated.

3. Authorized funds will be obligated after receipt of the authorization document (e.g. NavCompt Form 372).

4. If funding is unavailable through the FPSE program, individual items may be purchased by supporting AOs if local O&M funds are available.

060205. Garrison Mobile Equipment. ADC I&L (LF) centrally manages and executes five GME programs to fund replacement of GME assets at Marine Corps installations. These include: (1) commercial cargo vehicles, (2) commercial passenger vehicles, (3) garrison mobile engineering equipment, (4) material handling equipment, and (5) emergency response vehicles. For the installations to execute a deliberate, timely, and prioritized replacement process for GME, ADC I&L (LF) maintains oversight and management responsibility. Complete guidelines governing GME are provided in reference (y). The hierarchy of GME budget programs is shown in Figure 6-4.

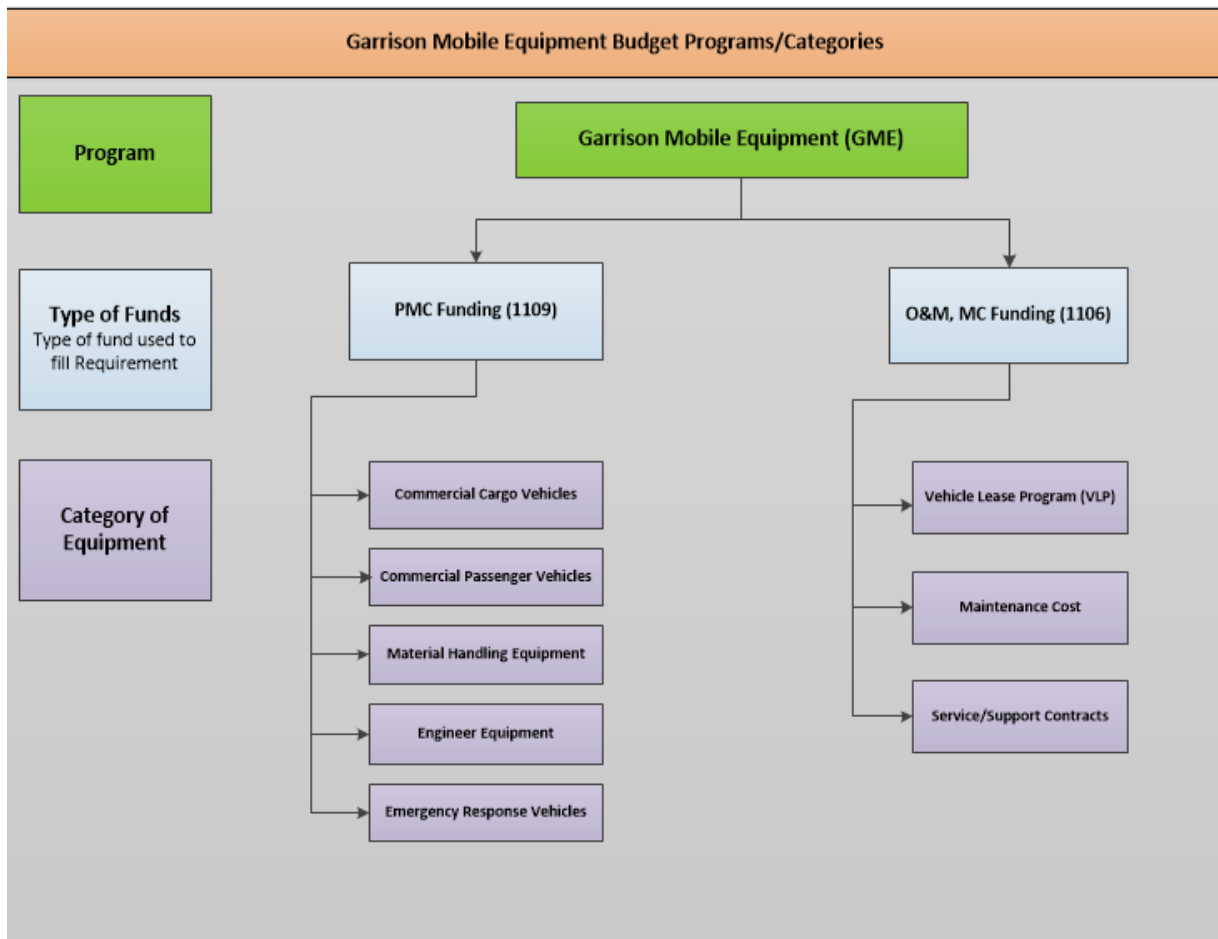


Figure 6-4. GME Budget Program Hierarchy

A. Planning. To fund the replacement of GME throughout the Marine Corps, ADC I&L (LF) develops a comprehensive plan for fulfilling requirements as required. Requirements determination is the internal process of determining what equipment is needed to fulfill each command's mission. This effort is most effective when commands keep the Fleet Management Information System up to date with all maintenance costs and service life and equipment utilization data; and perform a transparent and deliberate prioritization process to address their requirements.

B. Programming. Programming for GME begins with the identification of requirements by running the replacement utility within the Fleet Management Information System. This allows ADC I&L (LF) to program PMC funding to replace equipment that has exceeded its service life. A POM data call is issued annually to the Marine Corps installations to assist with developing POM submissions.

C. Budgeting. This phase of the PPBE process runs concurrently with the programming phase. In this phase, GME requirements undergo a final review before being presented as part of annual budget submissions.

D. Execution. ADC I&L (LF) will coordinate with GSA, NAVFAC Far East, and DLA to execute funds in a timely manner. PMC funds authorized to procure centrally-managed equipment are administered and executed through MARCORSSYSCOM. Procurement action for GME requirements is initiated by ADC I&L (LF) using the finalized priority list. The following must occur to properly execute PMC funding allocations.

1. A Replacement Report is released by ADC I&L (LFS). In response, Fleet Managers prioritize the Requirements List based on their approved allowance to best support the installation's mission. Pending LFS review, Fleet Managers provide additional information as required for validation. Once the validated PPL is approved by LFS, the approved list is returned to each Fleet Manager.

2. GME procurement is centrally managed and initiated by LFS and contracted through various contracting agencies (e.g., DLA Troop Support, GSA, and NAVFAC Far East). LFS procures GME assets based on a prioritized listing of assets in the approved PPL.

3. When centrally procuring GME assets based on the approved PPL for each organization, LFS creates a PR in PR Builder confirming specifications with the receiving Fleet Manager. If acceptable, LFS submits the request in PR Builder where funds availability is verified in SABRS. If the PR is approved and signed by MARCORSSYSCOM, funds are committed in SABRS and LFS notifies the selected contracting agency of the approved PR. The contracting agency then conducts the procurement.

0603 SPECIAL CONSIDERATIONS FOR BUDGETING

060301. Maintenance. Maintenance applies to all CSE and PSE assets regardless of dollar value. Maintenance and repair of GP and GME should be limited to those actions only necessary to keep property in such condition to be safely used (to include cyber compliance) for its intended purpose and to protect the government's investment. Maintenance funding requirements for

GP and GME is typically the responsibility of the owner. When the supporting unit is responsible for maintenance, they will include these costs in their MCICOM O&M budget requirement.

060302. Warranties. Per the Federal Acquisition Regulation (FAR) Subpart 46.7, the inclusion of a warranty in a contract is not mandatory. The contracting officer will consider factors such as the nature of the supplies/services, the cost of the warranty/technical support services, and the enforceability of the warranty in deciding whether to include a warranty in an acquisition for GP and GME. Unless one of the exceptions in DFARS 246.704 applies (i.e., the acquisition is for commercial items), the contracting officer will obtain approval from the Chief of the Contracting Office prior to including a warranty in an acquisition. In acquisitions for commercial items when FAR Part 12 is used, contracting officers will include FAR 52.212-4, which includes the government's rights after contract award, such as the implied warranty of merchantability and the implied warranty of fitness for a particular purpose. Additionally, contracting officers are normally required to take advantage of express warranties provided to the general public in customary commercial practice.

APPENDIX A

ALTERNATIVE VALUATION METHODS (AVM)

SUMMARY OF CHANGES

Hyperlinks are denoted by *bold, italic, blue and underlined font*.

The original publication date of this Marine Corps Order (MCO) Volume (right header) will not change unless/until a full revision of the MCO has been conducted.

All Volume changes denoted in blue font will reset to black font upon a full revision of this Volume.

CHAPTER VERSION	PAGE PARAGRAPH	SUMMARY OF SUBSTANTIVE CHANGES	DATE OF CHANGE

APPENDIX A

ALTERNATIVE VALUATION METHODS (AVM)

GENERAL

Alternate Valuation Methods (AVM). If KSDs cannot be located for a capital asset, alternative methods must be used to determine the total cost, placed in-service date, and useful life.

A. Total Cost. This can be estimated using five different methods listed below in order of Marine Corps preference. See Table A-1.

B. Placed In-Service Date. This can be estimated using six different methods listed below in order of Marine Corps preference. See Table A-2.

C. Useful Life. The useful life, also known as the recovery period, is detailed in reference (g) based upon asset description. See Table 4-2 in this Volume for depreciation periods of common assets.

Notes for the AVM tables below: The Consumer Price Index Inflation Calculator found at http://www.bls.gov/data/inflation_calculator.htm uses the average consumer price index for a given calendar year. This data represents changes in prices of all goods and services purchased for consumption by urban households. This index value has been calculated every year since 1913. For the current year, the latest monthly index value is used.

GP and GME Costs Available Alternative Methodologies	
Comparable Asset	Comparable assets are generally defined as items in the same class used for the same function, of similar form and fit, of the same relative size, and are expected to provide virtually the same operational utility. Personnel may use the comparable asset historical cost as a reasonable estimate of historical cost for the asset in question.
Published Price List	Published price list from the Original Equipment Manufacturer (OEM) or a vendor involved in the manufacture of the same or a similar item. FEDLOG may be an acceptable alternate valuation method.
Price Certification	Actual price certification from the OEM or a vendor involved in the manufacture of the same or similar item. Obtain a letter with the vendor's letterhead, or an electronic email from the vendor that identifies the vendor's name within the email address, stating a reasonable amount of asset specific information demonstrating the asset in question and the asset quoted by the vendor are similar enough for comparative purposes, and what the vendor would currently charge for the asset.
Budgetary Estimates	The goal of the budgetary estimate valuation methodology is to use third-party (e.g., Congressional) and internal documentation to determine programmatic (e.g. LVSR, MRAP, etc.) funding levels to be expended by the component in any given year.
Appraisal	An appraisal specialist may be contracted to issue a written appraisal report or memo for government review and acceptance with a valuation for each asset appraised.

Table A-1. Alternative Methods for Determining Total Cost.

Total Cost can be determined using the five different methods listed above in order of Marine Corps preference.

Placed in Service Date Available Alternative Methodologies	
VIN Analysis	Vehicle Identification Numbers (VINs) consist of seventeen characters (after 1980), uninterrupted by slashes, hyphens, or spaces. The first three characters are the world manufacturer identifier. Characters four through nine are the vehicle descriptor section. Character ten indicates the model year or year of manufacture.
Midpoint of Model Year	Provided by the manufacturer on asset identification plates/tags.
Midpoint Placed in Service Date of Adjacent Assets	For assets acquired on the same contracting document, if receiving reports (e.g., DD-250) are available for some of the assets, the placed in service date may be determined by the midpoint between the placed in service date of the asset with the preceding serial/model number for which a receiving report is available, and the placed in-service date of the asset with the following serial/model number for which a receiving report is available.
Midpoint of Final Year of Funding	Midpoint of the final year the project allocated funding to acquire or perform an improvement on an asset.
Contract Deliver and Order Date	The placed in-service date used will be the “Deliver to Free on Board” point (by date) indicated in the contract, purchase order, Military Interdepartmental Purchase Request (MIPR), or procurement request. If a delivery date is not listed, the date used can be the order date of the acquisition document. For assets ordered through Military Standard Requisitioning and Issue Procedures, the FEDLOG data sheet may be used.
Midpoint of Years an Asset was Manufactured	The midpoint of the year(s) the asset was manufactured; certified by the OEM.

Table A-2. Methods for Determining Placed in Service Date

FAIR MARKET VALUE (FMV) WORKSHEET – From Ref (a)

SIMILAR ASSETS/ESTIMATED FAIR MARKET VALUE (FMV) WORKSHEET

Purpose: To document the estimated recorded cost and date for personal property (garrison property) items lacking proper substantiating documentation. Required for unsupported personal property recorded in the personal property system. This worksheet, when properly completed, serves as a substitute for original acquisition documentation and should be used when all attempts to locate actual documentation have been exhausted.

A. Personal Property General Information

UIC: _____

Command: _____

Responsible Officer (Hand Receipt Holder): _____

Document Number: _____

Nomenclature/Location: _____

National Stock Number (NSN): _____

Serial Number: _____

Manufacturer: _____

Bar Code Number: _____

Method of Acquisition:

Purchase _____ Requisition _____ Transfer _____ Donated _____ Found _____

B. Similar Asset Comparison

Location of Similar Asset: _____

Command Owning Similar Asset: _____

Similar Asset Comparison: _____

Personal Property Asset

Similar Asset

Nomenclature: _____

NSN: _____

Serial Number: _____

Model: _____

Model Year: _____

Description of Function: _____

Recorded Cost: _____

Depreciation Activation Date: _____

C. Determined Recorded Cost

1. If the assets are similar, obtain copies of the acquisition documentation for the similar asset and attach to this worksheet. Record the following information below:

Acquisition Cost: _____

Other Costs: _____

Total: _____

2. If a similar asset cannot be located, estimate the FMV for the personal property as of the date acquired. Use one or more of the following sources in determining the FMV:

<u>Source</u>	<u>Company</u>	<u>Contract #</u>	<u>Acq Cost</u>	<u>Date</u>
FLIS/FEDLOG Price:	FEDLOG _____	N/A _____	_____	_____
GSA Schedule Price:	_____	_____	_____	_____
Vendor Quote:	_____	_____	_____	_____

3. Record the information below:

Estimated FMV: _____

Other Costs: _____

Total: _____

D. Recovery Period _____

E. Determined Depreciation Activation Date

1. If the assets are similar, obtain copies of the acquisition documents for the similar asset. Record the information in number 2 below.

2. If substantiating acquisition documentation is not available, obtain the depreciation activation date in the following order:

	<u>Document #</u>	<u>Date</u>
Source:	_____	_____
Transfer Date on DD 1149:	_____	_____
Shipping Date:	_____	_____
Inspection Date:	_____	_____
Date Found:	_____	_____
Determined Depreciation Activation Date:	_____	_____

F. Documentation Requirements

File this document as the original acquisition documentation in accordance with DON Personal Property Policies and Procedures Manual. The following documentation should be included if available:

1. Similar Asset: Procurement documentation, invoice, and receiving report.
2. Comparable Value Research: Printout of FEDLOG entry or copy of relevant GSA Schedule or copy of vendor quote.
3. Depreciation Activation Date: DD 1149
4. Inspection Certification
5. Copy of physical inventory (during which the personal property was found).

Certification:

I certify that the personal property information recorded above is accurate to the best of my knowledge.

Name	Activity	Signature	Date
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**DIRECTIONS FOR APPENDIX A
(SIMILAR ASSETS/ESTIMATED FMV WORKSHEET)**

Purpose: To estimate the acquisition cost and date of a personal property item when the original documentation cannot be obtained. This worksheet serves as a substitute for the original documentation that substantiates the recorded cost and date, both necessary for financial reporting purposes.

Section A (Personal Property General Information):

This information is required to accurately identify the asset. This information should be obtained through physical examination, observation, and inquiries with command personnel.

Section B (Similar Asset Comparison):

This section allows the activity to estimate the recorded cost (for unsupported personal property recorded in the personal property system) and the recovery period (for capitalized personal property only) of the personal property item. It is important that every effort is made to ensure that the similar asset is a close match.

Once a similar asset is found, asset documentation (if available) should be obtained to substantiate the recorded cost and date.

If a similar asset cannot be located, Step 2 of Section C should be completed.

Section C (Determined Recorded Cost):

If copies of the acquisition documentation of the similar asset are available, record the recorded cost and recovery period in Step 1.

If the similar asset has a different acquisition date from the asset in question, the recorded cost must be adjusted for the effects of inflation. To do this: (1) determine the Consumer Price Index (CPI) for both the date of acquisition of the similar asset and the asset in question; (2) multiply the recorded cost of the similar asset by the CPI for the year the asset in question was acquired, divided by the CPI for the year in which the similar asset was acquired.

Example: Assume that an asset was acquired in 1995 but has unknown acquisition/recorded costs. A similar asset is found which was acquired in 1998 with a recorded cost of \$250,000. The CPI for 1995 was 120 and was 150 in 1998. The estimated recorded cost would be calculated as follows:

$$\$250,000 \times 120/150 = \$200,000$$

If a similar asset cannot be located, estimate the FMV of the asset by using other sources of pricing information (e.g., FEDLOG, GSA acquisition schedules, vendor quotes). Obtaining this information may require consultation with other activity personnel (e.g., Comptroller, Contracting Officer, Personal Property Managers). This information should be entered in Step

2. Document the source of the estimated FMV information and record the value amount and recovery period in Step 3 of this section.

Section D (Recovery Period):

Document the recovery period for the asset based upon the guidance in this instruction.

Section E (Determined Depreciation Activation Date):

If acquisition documentation for the similar asset was available, record the depreciation activation date on the lines listed in Step 2.

If substantiating documentation could not be obtained for the similar asset, use the year the asset was manufactured as the depreciation activation date (manufacture year can usually be found on the back of the asset). If the manufacture year is not available, the depreciation activation date shall be determined by judgmentally selecting the most appropriate date from Step 2.

Section F (Documentation Requirements):

File the worksheet and all the supporting documentation in accordance with this instruction.

Certification:

The preparer of this worksheet shall sign and date this worksheet to certify the accuracy of the information.