

Department of Defense INSTRUCTION

NUMBER 5000.64 August 13, 2002

USD(
AT&
L)

SUBJECT: Defense Property Accountability

References: (a) Under Secretary of Defense (Acquisition, Technology and Logistics) and Under Secretary of Defense (Comptroller) Memorandum, "Property, Plant and Equipment Program Management Office," December 6, 2000

(b) Section 471 et seq. of title 40, United States Code

(c) Section 902 et seq. of title 31, United States Code

(d) DoD 7000.14-R, "DoD Financial Management Regulation," current edition

(e) through (s), see enclosure 1

1. PURPOSE

This Instruction:

1. 1.1. Implements reference (a) to integrate the broad requirements of the Federal Property and Administrative Services Act of 1949, as amended (Act of 30 June 1949, 63 Stat. 372), and the Chief Financial Officers (CFO) Act of 1990 (references (b) and (c), respectively), into an overarching property accountability policy. See enclosure 3.

2. 1.2. Provides a comprehensive framework for DoD property accountability policies, procedures, and practices; assists DoD property managers, accounting and financial officers, and other officials in understanding their roles and responsibilities relating to property accountability.

3. 1.3. Complements the accounting and financial reporting requirements contained in DoD 7000.14-R (reference (d)).

4. 2. APPLICABILITY AND SCOPE

This Instruction:

1. 2.1. Applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands,

the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as "the DoD Components"). This Instruction does not apply to contractors operating under the Federal Acquisition Regulation (reference (e)).

2. 2.2. Establishes accountability policy for property, plant, and equipment (PP&E); contains concepts useful for asset management throughout the Department of Defense, particularly for property in the possession of individual military units and end-users. This Instruction excludes property and materiel for which accountability and inventory control requirements are prescribed in DoD 4140.1-R and DoD 4000.25-2-M (references (f) and (g), respectively).

3. 2.3. Provides in an enterprise context, a degree of uniformity in the identification, classification, and reporting of DoD property.

2.4. Facilitates communication across disparate business areas; promotes successful systems' interfaces through the use of standardized terminology, policies, and procedures.

2.5. Encourages and promotes the use of best practices for property accountability.

4. 2.6. Ensures functional consistency through use of property accountability principles.

5. 3. DEFINITIONS

6. 4. RESPONSIBILITIES

Terms used in this Instruction are defined in enclosure 2.

4.1. The Under Secretary of Defense for Acquisition, Technology, and Logistics shall:

1. 4.1.1. Serve as the DoD lead in ensuring the Department achieves and sustains effective accountability and control over, and accurate accounting of, PP&E.

2. 4.1.2. Ensure that property accountability systems conform to the Department's Corporate plan and strategy for systems integration.

3. 4.1.3. Establish performance measures; monitor and evaluate DoD-wide performance.

4.2. The Heads of the DoD Components shall:

4.2.1. Establish implementing regulations and procedures, including meaningful performance measures, consistent with the policies contained in this Instruction.

1. 4.2.2. Appoint Accountable Property Officers (APOs).

2. 4.2.3. Ensure that the APOs shall:

1. 4.2.3.1. Establish and maintain the records of a property accountability system,

to include a complete trail of all transactions, suitable for audit.

4.2.3.2. Monitor the acquisition, storage, utilization, transfer, and disposal of property.

4.2.3.3. Ensure that property received and issued is properly identified.

2. 4.2.3.4. Issue custody receipts or similar documents designed to assign responsibility for property.

3. 4.2.3.5. Evaluate culpability when property has been reported lost, damaged, misused, or stolen; report and recommend appropriate action, and assist in investigations, as required; process reports of survey according to established procedures.

4. 4.2.3.6. Certify that property assigned to a unit or organization was properly inventoried; perform a joint inventory when transferring the organization's property account; properly execute and sign the required documentation.

5. 4.2.3.7. Make inventory adjustments to the property records when required (e.g., loan, loss, damage, disposal, transfer, excess, sale, etc.).

6. 4.2.3.8. Schedule physical inventories and assist in their completion, in accordance with paragraph 5.4.

7. 4.2.4. Be responsible for all property acquired, leased, or otherwise obtained, throughout an item's lifecycle -- from initial acquisition and receipt, through accountability and custody, until formally relieved of accountability by authorized means, including disposition, or via a completed evaluation and investigation for lost, damaged, or destroyed property.

8. 4.2.5. Ensure that all persons entrusted with Government property are responsible for its proper care and stewardship.

9. 4.2.6. Possess and continually demonstrate an appropriate level of competence and proficiency in property management and accountability, as well as a working knowledge of related fields such as logistics, supply, security, law, safety, environmental protection, demilitarization, accounting, administration, and business management. See DoD Directive 5010.16 (reference (h)).

10. 5. PROCEDURES

5.1. The DoD Components shall be responsible for all property as identified in paragraph 5.3.

.5.1.1. All DoD employees are responsible for the proper use, care, and physical protection of Government-owned property. This responsibility includes:

.5.1.1.1. Using Government property for official business only.

2. 5.1.1.2. Complying with all applicable regulations or contractual requirements.

.5.1.1.3. Contacting the appropriate authority if property is subjected to undue risk.

.5.1.1.4. Reporting theft, and lost, damaged, or destroyed property; and

3. 5.1.1.5. Reporting any misuse of Government property to appropriate investigative organizations through proper channels.

.5.1.2. All persons entrusted with Government property should be held to the highest ethical standards. Internal controls shall safeguard records from being

compromised. See DoD Directive 5010.38 (reference (i)).

.5.2. Accountability

.5.2.1. Accountability shall:

.5.2.1.1. Be established by receipt and acceptance.

4. 5.2.1.2. Be established and maintained using the latest technology. The use of Automatic Identification Technology to assist in property accountability is mandatory unless it is demonstrably proven through cost benefit or other analysis that implementation would not be practicable.

5. 5.2.1.3. Not be compromised by virtue of its status within the (property) lifecycle (e.g., unserviceable, obsolete, excess, surplus), or by its physical location (e.g., loading platform, in-transit, and third parties).

5.3. Accountable Records

5.3.1. Accountable records shall be established for all property purchased, leased (capital leases), or otherwise obtained, having a unit acquisition cost of \$5,000 or more (and land, regardless of cost), and items that are sensitive or classified. (See Volume 10, Table 61 of DoD 4100.39-M (reference (j)).) Property records and/or systems shall provide a complete trail of all transactions, suitable for audit (i.e., a transaction-based history of asset activity, including individual additions and deletions). In the event historical information is not available, the record should be appropriately annotated.

1. 5.3.1.1. Notwithstanding the minimum requirements set forth in subparagraph 5.3.1., the DoD Components shall establish records and maintain accountability for property (of any value) provided to third parties (e.g., Federal Agencies, State and local governments, contractors, foreign governments) where the property was formerly in the Government's possession, and where title of the property remains with the Government.

2. 5.3.1.2. Records shall reflect current status and location, until disposition of property (e.g., return to the Government), or until the Component is otherwise formally relieved of accountability by authorized means, including, but not limited to, consumption, or via a completed evaluation and investigation for lost, damaged, or destroyed property.

5.3.2. Other Property Management Records

.5.3.2.1. Additional and/or separate records or other record keeping instruments shall be established for management purposes, or when otherwise required by law, policy, regulation, or Agency direction, including, but not limited to:

.5.3.2.1.1. Pilferable items.

.5.3.2.1.2. Property hazardous to human health, safety, or the environment; this property is typically regulated by Federal or State environmental and safety laws.

1. 5.3.2.1.3. Small Arms. See DoD 4140.1-R (reference (f)).

2. 5.3.2.1.4. Seized and confiscated property.

3. 5.3.2.1.5. Property with national security implications.

.5.3.2.1.6. Scrap, including records for managing scrap sales under Qualified Recycling Programs. See DoD Instruction 4715.4 (reference (k)).

1. 5.3.2.1.7. Software.

2. 5.3.2.1.8. Property obtained via operating lease.

2. 5.3.3. Property management and/or accountability systems must comply with requirements prescribed by the Joint Financial Management Improvement Program, "Property Management Systems Requirements." See <http://www.jfmip.gov> (reference (l)). The following data elements are applicable to property accountability records and systems:

.5.3.3.1. A designation of property category or a means to apply business rules for making such a determination (e.g., software, Heritage assets).

1. 5.3.3.2. Acquisition cost.

2. 5.3.3.3. Date received and/or accepted.

3. 5.3.3.4. Description (noun, nomenclature).

4. 5.3.3.5. Location.

.5.3.3.6. Condition. Information on Supply Condition Codes is contained in Appendix 2.5 of DoD 4000.25-2-M (reference (g)).

.5.3.3.7. Quantity on hand (including unit of measure, if appropriate).

2. 5.3.3.8. Part Number, National Stock Number, serial numbers, bar codes, or other unique identifiers (e.g., hull, building, tail numbers, vehicle registration, disposal turn-in document number, as may be appropriate and necessary).

.5.3.3.9. Contract, Purchase Order, or other procurement identification number.

1. 5.3.3.10. Invoice and/or Receiving Report Number.

2. 5.3.3.11. Transaction date.

3. 5.3.3.12. Estimated useful life (for property to be capitalized).

3. 5.3.4. The DoD Components shall rely on contractors' property management systems to account for and manage property acquired by virtue of contract requirements. Financial or other information on acquired property shall be obtained from contractors, in accordance with Agency procedures.

4. 5.3.5. Accounting for Property In-Transit. Organizations shall retain accountability for property they place in an in-transit status, until the consignee formally acknowledges receipt and acceptance (to include resolution of shipping and other discrepancies). Business rules for establishing receipt and acceptance protocols should be established between consignee and consignor. At a minimum, procedures shall require records of:

1. 5.3.5.1. Part number, national stock number (NSN), serial number, bar code (or other unique identifier), nomenclature, quantity, and value of items shipped from contractors or vendors for which title has passed to the Government.

2. 5.3.5.2. Part number, NSN, serial number, bar code (or other unique identifier), nomenclature, quantity, and value of items shipped from one organization to the other (for which accountability is retained by the accountable organization until receipt and acceptance by the consignee).

3. 5.3.5.3. Part number, NSN, serial number, bar code (or other unique identifier), nomenclature, quantity, and value of items being moved from one location to another.
4. 5.3.6. Property System Integration. Property accountability and/or management systems should be integrated with other systems and processes, particularly those for financial, logistics, and acquisition management.

5.3.7. Valuation

1. 5.3.7.1. If available, acquisition cost shall be the basis for valuation. When actual acquisition cost is unknown, estimates based on the (latest) cost of similar items (at the time of acquisition) should be used, or the (latest) cost of similar assets discounted for inflation since the time of acquisition. Such methods and/or sources, when used, shall be applied consistently.
2. 5.3.7.2. Vendor invoices shall be the preferred source documentation for valuation of property meeting the capitalization threshold. Estimates or other information (e.g., DD Form 250) shall be used in cases where vendor information is unavailable.
3. 5.3.8. Excess and Foreign Excess Personal Property. Information on excess property accountability and disposition is contained in DoD 4160.21-M (reference (m)).
4. 5.3.9. Scrap. Scrap property will be accounted for by classification of type and quantitative units of weight.

5.4. Physical Inventories

5.4.1. General

1. 5.4.1.1. Properly planned and executed physical inventories and location surveys serve to continuously improve property system accuracy; however, the type (method) and scope (intention) of the physical inventory function depend largely on management's expectations. Such expectations include ensuring readiness; testing for existence, completeness, and valuation; maintaining internal controls; or meeting other mission objectives.
2. 5.4.1.2. Physical inventory plans must be coupled with an awareness of the item's general sensitivity, to include its acquisition or replacement cost, its security classification, and/or its criticality. Sampling methods may be used, where appropriate, provided they achieve statistically valid results. Such methods may not be appropriate for all types of property (e.g., hazardous, classified, or sensitive property).
3. 5.4.2. Physical Inventories. Military equipment shall be inventoried at least annually; other personal property shall be inventoried at least every 3 years. Real property and Stewardship Land shall be inventoried at least every 5 years.
4. 5.4.3. Inventory Plans and Methods. Procedures must substantially comply with and support the inventory systems procedures outlined in the Joint Financial Management Improvement Program, "Inventory Systems Requirements" (reference

(n)). See <http://www.jfmip.gov>. In general, there are five types of physical inventories:

1. 5.4.3.1. Wall to Wall. A scheduled inventory of all items, as of a given date.
2. 5.4.3.2. Cyclic. A scheduled physical inventory conducted on a group of items within a specified period of time, according to an established plan.
3. 5.4.3.3. Special. A scheduled physical inventory of selected items for reasons deemed appropriate by the DoD Component.
4. 5.4.3.4. Spot. An unscheduled inventory usually conducted at random to determine record accuracy.
5. 5.4.3.5. Selected Item. An unscheduled physical inventory of specially targeted items.

5.4.4. The following concepts apply to all types of physical inventories:

1. 5.4.4.1. Physical Count. A physical count of the item(s) to verify the (accountable) record's posted balance.
2. 5.4.4.2. Reconciliation. The process of aligning the physical count with the recorded on-hand quantity.
3. 5.4.4.3. Location Validation. The process of verifying an asset's actual location, as compared to the location posted on the record.
4. 5.5. Property Disposition. Defense property shall be disposed according to established policies. See DoD 4160.21-M and DoD 4160.21-M-1 (references (m) and (o), respectively).
5. 5.6. Records Maintenance. Records and supporting documentation shall be maintained according to DoD Directive 5015.2 (reference (p)).
6. 5.7. Accounting for Government Property Lost, Damaged, or Destroyed. Policy and procedures for property reported as lost, damaged, or destroyed are prescribed in Volume 12, Chapter 7, of reference (d).
7. 6. EFFECTIVE DATE

This Instruction is effective immediately.

Under Secretary of Defense
(Acquisition, Technology and Logistics)

Enclosures - 3 E1. References, continued E2. Definitions E3. Background

E1. ENCLOSURE 1

REFERENCES, continued

- .(e) "Federal Acquisition Regulation," current edition
- .(f) DoD 4140.1-R, "Materiel Management Regulation," May 1, 1998
- .(g) DoD 4000.25-2-M, "Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)," September 1, 2001
- .(h) [DoD Directive 5010.16](#), "Defense Management Education and Training Program," July 28, 1972
- .(i) [DoD Directive 5010.38](#), "Management Control Program," August 26, 1996
- .(j) DoD 4100.39-M, Volume 10, "Federal Logistics Information System Procedures Manual," current edition
- .(k) [DoD Instruction 4715.4](#), "Pollution Prevention," June 18, 1996
- .(l) Joint Financial Management Improvement Program, "Property Management Systems Requirements," October 2000
- .(m) [DoD 4160.21-M](#), "Defense Materiel Disposition Manual," August 1, 1997
- .(n) Joint Financial Management Improvement Program, "Inventory Systems Requirements" June 1995
- .(o) DoD 4160.21-M-1, "Defense Demilitarization Manual," October 1, 1991
- .(p) [DoD Directive 5015.2](#), "Records Management Program," March 6, 2000
- .(q) American Society for Testing and Materials Standard E-2135-01¹
- .(r) [DoD Directive 4165.6](#), "Real Property Acquisition, Management, and Disposal," September 1, 1987
- .(s) [DoD Instruction 4165.14](#), "Inventory of Military Real Property," August 25, 1977

¹ This document may be obtained via Internet at <http://www.astm.org>.

E2. ENCLOSURE 2

DEFINITIONS

E2.1. GENERAL

For the purposes of this Instruction, the following definitions are provided:

E2.1.1. Acceptance. A formal certification that the goods or services have been received and that they conform to the terms of the contract.

E2.1.2. Accountability. The obligation imposed by law, lawful order, or regulation, accepted by a person for keeping accurate records, to ensure control of property, documents or funds, with or without physical possession. The obligation, in this context, refers to a person's fiduciary duties, responsibilities, and obligations to protect the public interest, but does not necessarily impose personal liability upon that person.

E2.1.3. Accountable Property. A term used to identify property recorded in a formal property management or accounting system.

E2.1.4. Accountable Property Officer (APO). An individual who, based on his or her training, knowledge, and experience in property management, accountability, and control procedures, is appointed by proper authority, and shall:

E2.1.4.1. Establish and maintain an organization's formal property records, systems, and/or financial records, in connection with Government property, irrespective of whether the property is in the individual's possession;

E2.1.4.2. Ensure that all transactions can be audited in their entirety; and

E2.1.4.3. Implement and adhere to associated internal controls.

E2.1.4.4. These responsibilities cannot be redelegated. Comparable terms include: Army -- Supply Support Accountable Officer/Property Book Officer; Navy -- Personal Property Manager; Air Force -- Accountable Officer/Chief of Supply/Chief of Material Management; Marine Corps -- Accountable Officer.

E2.1.5. Acquisition

E2.1.5.1. The act of acquiring.

E2.1.5.2. Acquiring hardware, supplies, or services through purchase, lease, or other means, including transfer or fabrication, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. See American Society for Testing and Materials Standard E-2135-01 (reference (q)).

E2.1.6. Acquisition Cost. The amount, net of both trade and cash discounts, paid for the property, plus transportation costs and other ancillary costs.

E2.1.7. Automatic Information Technologies (AIT). The family of technologies that improves the accuracy, efficiency, and timeliness of material identification and data collection. AIT media and devices include, but are not limited to, linear and two-dimensional bar code symbols and their readers, magnetic stripe cards, integrated cards (i.e., smart cards), optical memory cards, radio frequency identification (active and passive), contact memory (bottom memory) devices, and magnetic storage media.

E2.1.8. Capitalize. To record and carry forward into one or more future periods expenditures above a certain threshold, the benefits from which will then be realized (accounting matching principle).

E2.1.9. Capital Lease. Leases that transfer substantially all the benefits and risks of ownership to the lessee. If at its inception, a lease meets the capitalization threshold, and one or more of the following criteria, the lease is considered a capital

lease:

E2.1.9.1. The lease transfers ownership of the property to the lessee by the end of the lease term.

E2.1.9.2. The lease contains an option to purchase the leased property at a bargain price.

E2.1.9.3. The lease term (the portion not subject to cancellation, plus all periods, if any, representing renewals or extensions that can be reasonably be expected to be taken) is equal to or greater than 75 percent of the estimated economic life of the leased property; and

E2.1.9.4. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property. See reference (l). See also Volume 4, Chapter 6 of reference (d)).

E2.1.10. Consumption

E2.1.10.1. The process of incorporating material into an end-item or otherwise using it in the performance of a documented business objective; and

E2.1.10.2. The measurement of actual use of consumable items against planned use. See reference (q).

E2.1.11. Contract. Any enforceable agreement, including rental and lease agreements and purchase orders, between an Agency and a business concern for the acquisition of property or services.

E2.1.12. Controlled Inventory Items. Those items designated as having characteristics that may require them to be identified, accounted for, secured, segregated, or handled in a special manner to ensure their safekeeping and integrity. See DoD 4100.39-M, Volume 10 (reference (j)), Table 61, "Controlled Inventory Item Code." Controlled inventory items are (in descending order of the degree of control normally exercised):

E2.1.12.1. Classified Items. Items that require protection in the interest of national security.

E2.1.12.2. Sensitive Items. Items that require a high degree of protection and control due to statutory requirements or regulations, such as narcotics and drug abuse items; precious metals; items that are of a high value, highly technical, or a hazardous nature; and small arms, ammunition, explosives, and demolition material.

E2.1.12.3. Pilferable Items. Items that have a ready resale value or application to personal possession and that are, therefore, especially subject to theft.

E2.1.13. Custody. The physical possession of property.

E2.1.14. Custodial Responsibility. The duty or responsibility typically assigned to a property custodian or hand-receipt holder to ensure property is protected or otherwise maintained.

E2.1.15. End-Item. The final combination of end products, component parts, and/or materials that is capable of functioning independently.

E2.1.16. End-User. The activity or person with the right and expectation to use the property.

E2.1.17. Heritage Assets. Real and personal property with importance at the national level due to significant historical (e.g., buildings on the National Registry of Historical Buildings), natural, cultural, educational, artistic, or architectural (e.g., aesthetic) value. Heritage Assets can include museums and/or their collections, art and other collections, archival records, cemeteries, monuments and memorials, and archeological sites. Some Heritage Assets are used for operational purposes (multi-use) (e.g., the Pentagon), while others are maintained strictly as Heritage Assets.

E2.1.18. Internal Controls. The plan of an organization and all its methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

E2.1.19. Inventory Adjustments. Changes made to the official accountability record when physical counts and official records do not agree. All such changes require specific approval and documentation to support the adjustment, normally to include results of reconciliation efforts to determine and resolve the cause of such disagreement.

E2.1.20. Item. A generic term meaning any article produced, stocked, stored, issued, or used.

E2.1.21. National Stock Number (NSN). The term used for the 13-digit stock number consisting of the four-digit Federal Supply Class and the nine-digit National Item Identification Number. Each NSN is assigned to identify an item of supply and equipment within the material management functions. Only one NSN is assigned to an item.

E2.1.22. Operating Lease. A lease that is not a capital lease. An agreement

conveying the right to use property for a limited time in exchange for periodic rental payments. See reference (l).

E2.1.23. Physical Inventories. The verification of the existence, location, and quantity of property items. The process may involve verifying additional information. See Joint Financial Management Improvement Program, Inventory Systems Requirements (reference (n)).

E2.1.24. Pilferable Property. See paragraph E2.1.12., "Controlled Inventory Items."

E2.1.25. Property Management. A monitoring and control function, to ensure that organizational processes related to the lifecycle management of property support organization objectives, represent sound business practice, and are compliant with applicable standards, policies, regulations, and contractual requirements. See reference (q).

E2.1.26. Property Management System. A subset of existing organizational processes related to the lifecycle management of property. These processes represent sound practice and are compliant with applicable standards, policies, regulations, and contractual requirements. See reference (q).

E2.1.27. Property, Plant, and Equipment (PP&E)

E2.1.27.1. Personal Property. Any property including military equipment, but excluding real property, consumable items, component parts of a higher assembly, or items that lose their individual identity through use. Some personal property is subject to capitalization if its cost exceeds the DoD capitalization threshold, has an estimated useful life of 2 years or more, is not intended for sale in the ordinary course of operations, is acquired or constructed with the intention of being used or being available for use by an entity. Intangible assets such as software, copyrights, and similar intellectual assets are considered personal property so long as they meet these criteria. Cash, marketable securities (e.g., stocks and bonds), and accounts receivable are considered monetary (or liquid) assets rather than personal property.

E2.1.27.2. Real Property. Land (including Stewardship Land), buildings, structures, utilities, and equipment attached to and made part of buildings and structures (such as heating systems), but not movable equipment (such as plant equipment). Land rights represent interests and privileges; for example, crops, timber rights, leaseholds, easements, rights-of-away, and mineral rights. As such, land rights are considered Real Property. See DoD Directive 4165.6 and DoD Instruction 4165.14 (references (r) and (s), respectively). See also paragraph E2.1.17., "Heritage Assets."

E2.1.28. Property Record. Any stock record account, but also of organization and

installation property books, clothing and equipment records, hand receipt records, or any system of files that support and/or document property accountability.

E2.1.29. Receipt. A transmission or other acknowledgement made by a receiving entity to indicate that a message or good/service has been satisfactorily received. See reference (q).

E2.1.30. Receiving. The process of accepting and initiating the property accountability process; its primary role is the validation of the item(s) with its accompanying support documentation (e.g., shipment notice, purchase order), documenting count, condition, damage, or other discrepancies.

E2.1.31. Reconciliation. Ensuring individual records contained in the property management system are fully consistent with the actual status of the property item, including the item's physical location, actual acquisition cost, etc. See reference (j).

E2.1.32. Responsibility. An obligation for the proper custody, care, and safekeeping of property or funds entrusted to the possession or supervision of an individual.

E2.1.33. Responsible Officer or Custodial Officer. An individual appointed by proper authority to exercise physical custody, care, and safekeeping over property entrusted to their possession or under their supervision.

E2.1.34. Responsible Person. An individual issued Government property usually on the basis of a property receipt.

E2.1.35. Scrap. Property that has no value except for its basic metallic, mineral, or organic content.

E2.1.36. Software. The application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system. See reference (l).

E2.1.37. Stewardship Land. Government-owned land and land rights that were previously public domain, donated to the Government, or otherwise not acquired by purchase. Most Stewardship Land was previously public domain land.

E2.1.38. Valuation. The act of determining or estimating the value or worth; assigning a value to an item. See reference (l).

E3. ENCLOSURE 3

BACKGROUND

E3.1.1. The Federal Property and Administrative Services Act (reference (b)) requires each Executive Agency to:

E3.1.1.1. Maintain adequate inventory controls and accountability systems for the property under its control.

E3.1.1.2. Continuously survey property under its control to determine which is excess property, and promptly report such property to the Administrator, General Services Administration (GSA).

E3.1.1.3. Perform the care and handling of such excess property; and

E3.1.1.4. Transfer or dispose of such property, as promptly as possible, in accordance with authority delegated and regulations prescribed by GSA.

E3.1.2. The CFO Act (reference (c)) established the legal framework for improved Federal financial management, and established roles and responsibilities in key financial management, leadership, and accountability functions. More specifically, the Act was intended to:

E3.1.2.1. Enhance general and financial management practices within the Federal Government.

E3.1.2.2. Provide the framework for each Agency of the Federal Government to improve accounting, financial management, and internal controls.

E3.1.2.3. Ensure the reporting of reliable financial information, deterring potential fraud, waste, and abuse of Government resources; and

E3.1.2.4. Provide for the production of complete, reliable, timely, and consistent financial information for use by the Executive Branch and the Congress.