
Appendix A: Regulatory Requirements

The following regulatory requirements define the standards for recognition, measurement, and reporting of CIP costs.

Federal Accounting Standards Advisory Board (FASAB)

Statement of Federal Financial Accounting Standard No. 6 (SFFAS -6)

All general PP&E shall be recorded at cost. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include the following:

- Amounts paid to vendors
- Transportation charges to the point of initial use
- Handling and storage costs
- Labor and other direct or indirect production costs (for assets produced or constructed)
- Engineering, architectural, and other outside services for designs, plans, specifications, and surveys
- Acquisition and preparation costs of buildings and other facilities
- Appropriate share of the cost of the equipment and facilities used in construction work
- Fixed equipment and related installation costs required for activities in a building or facility
- Direct costs of inspection, supervision, and administration of construction contracts and construction work
- Legal fees, recording fees, and damage claims
- Fair market value of facilities and equipment donated to the government
- Material amounts of interest costs paid

PP&E shall be recognized when title passes to the acquiring entity, or when the PP&E is delivered to the entity or to an agent of the entity. In the case of constructed PP&E, the PP&E shall be recorded as *construction work in progress* until it is placed in service. At that time, the balance shall be transferred to the general PP&E account.

10 USC §2802 - Military Construction Projects

10 USC §2802 requires the Secretary of Defense to report monthly on its construction projects including:

- Project progress, including the percentage of the project currently completed
- Current contract obligation of funds for the project
- Estimated final project cost
- For accounts such as Planning and Design and Unspecified Minor Construction, detailed information regarding expenditure (by project)