



MILITARY EQUIPMENT VALUATION & ACCOUNTABILITY
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Military Equipment Valuation (MEV)

How Do We Deal with OPTEMPO?

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Update...

Accountability and Management of Military Equipment

- **Improving Physical Accountability of Capital Assets**
- **Increased Capabilities of Capital Asset Management System – Military Equipment (CAMS-ME)**
- **Accountability Transition Plan**





Update...

Accountability and Management of Military Equipment

- **Balancing the Accountability Coin**
 - **Fiscal Accountability**
 - **Physical Accountability**





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Military Equipment Valuation and Accountability Long-term Goal

- **Achieve full compliance with Statement of Federal Financial Accounting Standard No. 6**
- **Assert to audit readiness enterprise-wide**





Military Equipment Valuation and Accountability Challenges

- **Determining just how precise and at what cost**
- **Impact of military OPTEMPO on useful life of military equipment**





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OPTEMPO...

Operational Tempo is the pace at which a piece of military equipment is used, either for training or for actual combat operations.....usually measured by the number of miles driven or the number of hours or days operated.





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Military Equipment Useful Life...

Military equipment useful life is how long a piece of equipment can be used before it is worn down to a point where it either needs to be replaced or go through a major service life extension.





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Variables that Impact on Useful Life...

- Usage
- Fatigue





Determining Military Equipment Useful Life

- **Traditional Aging Models overlook effects of OPTEMPO on useful life estimates**
- **OPTEMPO in wartime is not the same as OPTEMPO in peacetime**
- **No DoD model evaluates impacts of changes in OPTEMPO on useful life estimates**
- **Industry uses a consumption model to express useful life and is moving toward an OPTEMPO-based model**



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Factors Impacting Consumption of the Collective Service Life of a Program

- Usage – how much of engineering estimates for life expectancy are consumed
- Fatigue – degradation of an asset that goes beyond usage...how and where used
- Losses – accounting for equipment destroyed, disposed of or retired...unplanned losses





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C-17 Globemaster III





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High Mobility Multipurpose Wheeled Vehicle (HMMWV)





The Next Steps...

- Continue validation of methodology
- Better define and quantify effects of fatigue
- Determine how to apply results to the budget process





Summary...

- **Established military equipment baseline**
- **Putting more accurate numbers on financial statements**
- **Moving toward contract-based valuation of military equipment**
- **Factoring OPTEMPO into determination of useful life**
- **Applying results to acquisition and budgeting processes**
- **Working with Components on Accountability Improvement Plans to achieve better fiscal and physical accountability**
- **Identifying and resolving policy issues**



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Thank You

