



OFFICE OF THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OCT 29 2014

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Financial Reporting of General Property, Plant and Equipment

Reference: Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) and Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)) Memorandum, "Elimination of Military Equipment Definition and Increase to Capitalization Threshold for General Property, Plant and Equipment," September 20, 2013

Section 1003 of the National Defense Authorization Act for Fiscal Year 2010 requires the Department to ensure DoD financial statements are validated as ready for audit not later than September 30, 2017. Although much has been accomplished, there are still many areas requiring focused attention to meet the statutory deadline. Accurate reporting of General Property, Plant and Equipment (GPP&E) is one of those areas.

To ensure the Department consistently, efficiently, and timely addresses GPP&E reporting issues (e.g., existence and completeness, rights and obligations, valuation), our offices will be closely monitoring progress and assisting, as needed, to eliminate impediments to progress. In fact, we will be looking for opportunities to assert to full financial statement audit readiness for GPP&E sooner. To initiate this process, financial and functional representatives from each Military Department, Defense Agency (without an audit opinion), and Field Activity with reportable GPP&E must provide our offices with a detailed status briefing preferably before November 21, 2014.

Detailed briefings must explain the valuation methodologies to be employed, accomplishments to date, and specific plans, as well as the progress and plans for meeting audit readiness goals for mission critical asset existence and completeness. Beginning in January 2015, the GPP&E status, progress, plans, lessons learned, and issues impeding GPP&E reporting will be an agenda item at Financial Improvement and Audit Readiness (FIAR) Governance Board meetings. In addition, OUSD(C) and OUSD(AT&L) representatives will be meeting with your teams quarterly to more thoroughly discuss GPP&E progress and remaining action items.

For questions concerning this memorandum and to schedule the briefings, please contact Mr. Steve Tkac, OUSD(AT&L), Property and Equipment Policy Office, at 703-697-0586 or stephen.h.tkac.civ@mail.mil; Mr. Robert Coffman, OUSD(AT&L), Business Enterprise Integration Directorate, at 571-372-6840 or robert.a.coffman10.civ@mail.mil; or Ms. Mobola Kadiri, OUSD(C), FIAR Directorate, at 571-256-2670 or mobola.a.kadiri.civ@mail.mil.

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