


Approved for Release

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Date

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DEPARTMENT OF COMMERCE
CHIEF FINANCIAL OFFICER AND ASSISTANT SECRETARY FOR ADMINISTRATION
OFFICE OF FINANCIAL MANAGEMENT

PROPERTY BULLETIN #001, FY18

SUBJECT: Assigning Cost for Assets with Unknown Value

EFFECTIVE DATE: November 9, 2017

EXPIRATION DATE: Effective until canceled or superseded

SUPERSEDES: Not Applicable

BACKGROUND: The Department of Commerce (DOC) Personal Property Management Manual (PPMM), Section 3.501, "Pricing of Personal Property for Accounting Purposes," states that the establishment of the standards and methods to be used in determining personal property cost is a function of the Department's financial accounting activities. These activities are governed by the Accounting Principles and Standards Handbook, Chapter 8, Section 5.0, "Basis of Recording," which states assets acquired shall be recorded at full cost.

Assets procured on a service contract, as defined in Federal Acquisition Circular, Subpart 37.1, "Service Contracts," may not reflect their full cost listing because the contract directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. An area in which a service contract is used includes communication services. An agreement for cellular service may cover the property cost of a supply item (i.e., smartphone) within the service contract itself. Other examples that may not reflect a full cost listing include, but are not limited to; assets that are found or loaned where no supporting acquisition documentation is attainable.

PURPOSE: The purpose of this property bulletin is to establish the standards for assigning the acquisition cost of an asset where the full cost is unknown. An example includes, but is not limited to assets procured on service contracts that do not itemize the full cost of property as a deliverable item to the Government.

DEFINITION: The Accounting Principles and Standards Handbook defines full cost as the following:

- a. Amounts paid to vendors;
- b. Transportation charges;
- c. Handling and storage costs;
- d. Labor and other direct or indirect production costs;
- e. Engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- f. Acquisition and preparation costs of land, buildings, and other facilities;
- g. Labor, materials, supplies, and other direct charges;
- h. An appropriate share of the cost of the equipment and facilities used in construction work;
- i. Fixed and movable equipment and related installation costs required for activities in a building or facility;
- j. Inspection, supervision, and administration of construction contracts and construction work;
- k. Legal and recording fees and damage claims;
- l. Fair value of land, facilities, utilities, labor, materials, supplies, services, and equipment donated to the Government; and
- m. Material amounts of interest costs paid.

APPLICABILITY/PROCEDURES: This policy applies to DOC Property Officials (POs) entering assets into the Personal Property Management System on or after October 1, 2017. For service contracts that do not itemize the full cost of property as a deliverable item, the PO should record the fair market value or evaluate the acquisition cost on a case-by-case basis according to the service agreement. For accounting purposes, no asset should be recorded with a zero-dollar value. Similarly, the PO should record the fair market value of an asset that is found, loaned, or any circumstance where no supporting acquisition documentation is available for the asset.

REFERENCES: [DOC PPMM](#), dated October 2007
[Accounting Principles and Standards Handbook](#), dated June 2016
[Federal Acquisition Circular Part 37](#), “Service Contracting”

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