Form Updated 20250930
WHS FMD

FY 2026 Property, Plant, and Equipment (PP&E) Capital Asset Questionnaire (CAQ)

RESET FORM

This checklist should be used for EVERY Requisition except for SF1164, SF182, and Fund Cite to State Department.
Capital cost for an asset or improvement/enhancement is calculated by adding all relevant capital costs across fiscal years (FYs).
Please respond to the following questions by checking YES or NO and providing the requested information.
The Appendices contain additional information to inform your responses.

PROJECT TITLE:	

For Real Property (RP) projects, the Project Title must match the Master Project List (MPL) Title and include the MPL Number.

CONTRACT/DELIVERY ORDER NUMBER:	

1. PP&E NEW ASSET DEFINITION	YES or NO
Is this requisition associated with the acquisition/development of a NEW PP&E asset? PP&E is defined as a tangible asset or software (SW) asset that: **1. Has an estimated useful life of two years or more;** **2. Is not intended for sale in the ordinary course of operations; *and*** **3. Is acquired, developed, or constructed with the intention of being used or being available for use by the entity.** ***Reference Appendix A for PP&E definitions and Appendix C for Internal Use Software (IUS).*** **If "YES", select "YES" for the type(s) of PP&E assets. If "NO," select "NO" for each box on page 1. Go to Section 2 on page 2.** **NOTE: If the asset meets the capitalization threshold in Section 3, only one type of PP&E Capital asset (either General Equipment (GE), RP, or IUS) may be selected in Section 1 per CAQ and per Requisition.**	***Select***
i. RP – Facilities (to include buildings, structures, and linear structures), land, and land rights other than Stewardship Land that was specifically acquired for, or in connection with, other PP&E. Also includes items acquired through capital leases, including leasehold improvements, and items under the accountability of the reporting Department of Defense (DoD) entity.	***Select***
ii. GE –Tangible items that are used by DoD in providing goods and services; non-building or land assets. Includes sensors, radars, vehicles, weapons, tooling/test equipment (e.g., forklifts and duct formers), relocatable/mobile trailers, communication equipment (e.g., radios, telephone systems, and satellites), Information Technology (IT) equipment (e.g., servers, routers, and Automated Data Processing (ADP) system hardware (HW)), and other machinery (e.g., x-ray machines and body scanners). GE includes SW integrated into and necessary to operate the GE. Prototype equipment that is pending technological feasibility through this requisition's funding is excluded. Upon achieving technological feasibility, the subsequent costs of constructing and installing a first prototype for operational use are in scope for GE.	***Select***
iii. IUS –Applications (APPs), Artificial Intelligence (AI), database management systems (DBMSs), Enterprise Resource Planning (ERP) systems, licenses with a life of at least two years, middleware, simulation SW, portals, cloud-based platforms and environments, some SW components of an IT system, and web APPs. Includes SW used in Research and Development (R&D) where the SW will have an alternate future use, such as in operations. Includes SW used to manage, account for, or report on R&D activities. Includes labor and other costs to build a customized SharePoint site. Includes the cost of contractor and government employee labor for capitalizable activities and deliverables. Includes low-code or no-code SW configuration or development and drag-and-drop programming.	***NO***
If purchasing GE, specify if this is a bulk purchase. Otherwise, leave blank. Bulk purchases are defined as a single contractual/ purchase arrangement of multiple like GE or IUS items within a FY. ***Reference Appendix B for details.***	
NOTE: All CAQs resulting in a new PP&E asset (regardless of cost) must be emailed to the respective Accountable Property Officer (APO), or if none, to the Point of Contact (POC). ***Reference Appendices D & E for APOs and POCs.***	

2. IMPROVEMENT/ENHANCEMENT DEFINITION	YES or NO
Is this requisition associated with an improvement or enhancement to an existing PP&E asset: (1) that is not just a maintenance or repair, and (2) that has the potential to be capitalized? **An improvement or enhancement to an existing PP&E asset meets the following criteria:** 1. Increases the asset's useful life by two or more years or increases the asset's capability, or increases its capacity or size (GE or RP), *or* 2. Increases the asset's functionality or capability for IUS. **If the criteria above are met, select "YES" above, and for the type(s) of PP&E asset associated with the potential capital improvement or enhancement below in Sections 2: i, ii, and/or iii.** Note: Maintenance and repairs, which are defined as activities directed toward keeping fixed assets in an acceptable condition, are never capital improvements. Maintenance and repair activities include preventative maintenance; replacement of parts, sub-systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repair activities also include cyclic work done to prevent damage that would be more costly to restore than to prevent. Repair by replacement occurs when parts, sub-systems, or components have failed, are in the incipient stages of failing, or are no longer performing the functions for which they were designated; this is also not a capital improvement. This replacement provision applies to subcomponent/parts of a final end-item, not the end-item itself. If the entity replaces an end-item asset (one for one swap) with a new asset, then dispose of the old item, and record the new item in the Accountable Property System of Record (APSR) as a new asset. Crucial to the determination of whether a GE or RP replacement of subcomponents/parts should be recognized as a repair or an improvement is the intent behind the replacement. If the replacement was undertaken to expand the capacity or extend the life of an asset that was in good working order, then the replacement must be recognized as a capital improvement, if it meets the $250,00 threshold, on page 3 in Section 3.	***Select***
2. IMPROVEMENT/ENHANCEMENT DEFINITION (CONT.)	**YES or NO**
i. RP – (Notify APO of any RP asset modifications, regardless of cost.) Potentially capital RP asset improvement examples include: **a.** Extends the useful life: Major restoration or reconstruction to restore facilities damaged by a natural disaster or event of similar consequence (e.g., reconstruction of a building on an existing foundation). **b.** Increases capacity: Raise the roof of the warehouse to increase cubic feet. **c.** Increases size: Build an addition, expansion, or extension to the building. **d.** Modifies functionality: Convert an office to a warehouse; upgrade architectural elements of a facility that is or is not failing (e.g., upgrade a flat roof to a pitched roof; install an elevator where none existed).	***Select***
ii. GE –Potentially capital GE asset improvements are often referred to as modifications, modernizations, upgrades, and improvements that increase the asset's useful life by two or more years, or increase the asset's capability, or increase its capacity or size. Examples include body armor upgrades to police vehicles and the installation of upgraded security system equipment at Pentagon access points that increases the system's capacity and useful life.	***Select***
iii. IUS – Potentially capital IUS asset enhancements are modifications to existing IUS assets that result in additional capabilities. For example, DoD entities should capitalize the labor costs of modifying an existing IUS asset, such as building ad hoc queries/dashboards or customizing systems, if (1) it requires new SW specs or changes to existing SW specs, and (2) the overall effort equals or exceeds $250,000. Furthermore, if an IUS asset undergoes multiple enhancements within one overall effort to increase functionality, the sum of enhancement costs must be capitalized if it equals or exceeds $250,000. There is no exception for separately funded enhancements, and low-code or no-code SW configuration/development, drag-and-drop programming, and deployment of a new SW version for improved functionality (not error correction) also fall within the criteria.	***Select***

3. PP&E COST CAPITALIZATION	YES or NO
Is the total capital cost of the PP&E asset and/or improvement/enhancement to that asset expected to equal or exceed the capitalization threshold of $250,000? The total capital cost is determined by aggregating capital costs across all relevant requisitions, employee labor and benefit costs, material indirect costs, and FYs. The total capital cost is not evaluated at the individual requisition level. **DO NOT BUNDLE MULTIPLE CAPITAL ASSET TYPES OR BOTH CAPITAL COSTS AND EXPENSES ON A SINGLE REQUISITION.** **If "YES," then the CAQ and the Requisition are for capital costs, and all fields in Sections 3, A, B, and C must be completed to avoid being returned to customer:**	***Select***

A. Describe the capital costs type(s) in this Requisition/CAQ (e.g., direct materials, supplies, and labor to bring the asset to a form and location suitable for use; Supervision, Inspection, and Overhead for construction projects; SW development; etc.). ***Reference Appendices B and C for capital costs.***

B. Specify whether the capital PP&E asset is functionally available for use upon receipt and acceptance, or whether it needs to be constructed, developed, assembled, or installed prior to being placed into service.

C. If GE or IUS, specify whether the capital cost is for a "system" asset. Systems are defined as any two resources that work together to produce a specific mission objective and often have both GE and IUS components. Systems often require assembly or installation after delivery and acceptance to form the fully functional GE and IUS end-items. The GE or IUS system is recognized and recorded as a single end-item in the APSR.

NEXT STEP:

If YES to any items in Sections 1 or 2 AND Section 3 is also YES, then this requisition **does** meet the criteria for reporting in Defense Agencies Initiative (DAI) as Construction-in-Progress (CIP) or Software-in-Development (SID) **and is capital.** Select a Project with "C" in the Project Number and capital Task Number. *Note: Capital Tasks have an asset-specific Capital Task Service Type.* **Proceed to Section 5.**

If NO to Section 3, then this requisition **does not** meet the criteria for reporting in DAI as CIP/SID and **is an expense**. Expenses can include services and/or multiple non-capital ("less than $250,000") assets. *Non-capital Tasks have a "DEFAULT" or "MIPR" or "O2CAGR" Task Service Type.* **Proceed to Section 4.**

4. EXPENSE DEFINITION

Describe the type(s) of Expenses included in this Requisition. Examples include preliminary planning and design prior to design and funding authorization, Operating Materials and Supplies (OM&S), non-capital GE, RP, and/or IUS (under $250,000 per end-item), SW maintenance, on-site support, data conversion, etc. ***Reference Appendices B and C for types of costs to expense.***
If applicable, this field must be completed to avoid being returned to customer.

5. ACCOUNTABILITY AND FUNDING ENTITY IDENTIFICATION

If Section 3 is YES, then this section must be completed to avoid being returned to customer:

A. Identify the accountable/financial reporting entity (the owning entity) of the capital asset.

Accountability of property is established upon receipt, delivery, or acceptance, **or** after technical acceptance testing is completed for IUS. For RP or GE, this will be the entity receiving and accepting the asset. For IUS, the entity is the exclusive/sole user, or if that does not exist, it is the entity that controls the IUS. Control can be demonstrated through funding of SW maintenance, exercising access control, or prioritizing enhancements. The owning entity can be either a DAI General Ledger Organization (GL ORG) or another entity. **Note: If the owning entity is not a DAI GL ORG, then timely coordination, for transfer of costs to the owner at placed-in-service-date, is more crucial.**

B. Identify the funding entity of the capital cost.

The funding entity is the DAI GL ORG whose funding is used for this requisition.

6. CAPITALIZATION VERSUS EXPENSE DETERMINATION

Selection must be made to avoid being returned to customer:

This requisition will result in a(n)… ***Select Capitalization or Expense***

Helpful Tips:

- All Requisitions for capital assets and capital improvements/enhancements MUST be executed on a:
  i. **Capital DAI Project, and**
  ii. **Capital DAI Task specific to asset type GE, IUS, or RP.**

- These two fields drive posting logic and financial reporting to the GL asset accounts.
  - Capital Projects contain a "_C_" in the middle or "_C" at the end of the Project Number.
  - Capital Tasks have asset-specific Task Service Types, for either GE, IUS, or RP.
  - Expense task service types have "DEFAULT," MIPR," or "O2CAGR" (for G-invoicing interagency agreements).
  - Capital DAI Projects may have separate capital and non-capital Tasks, Requisitions, and CAQs.
  - ***Reference Appendices B and C for types of costs to capitalize versus expense.***

- Each capital asset type shall receive its own Requisition and CAQ.
- A single Requisition/CAQ may include both new capital assets and capital improvements/enhancements for the same capital asset type.
- If buying more than one type of non-capital asset, you may prepare a single Requisition/CAQ with multiple non-capital asset types and various services that are all expensed.
- **Example**: A procurement acquiring a new building (RP), a new camera system for the building costing at least $250,000 (GE), a new customized SharePoint site for the building's mission costing at least $250,000 (IUS), a capital enhancement to an existing DBMS costing at least $250,000 (IUS), and on-site maintenance support for each of the four assets shall have four separate CAQs Requisitions, one for each capital asset type and one for expenses.
- **If a new capital project or capital task is needed, then submit a Reference Data Change (RDC) request and obtain the new capital project and capital task, before completing this CAQ. (A capital task service type is not valid on a non-capital project. It is prudent to plan for this ahead of time.) Go to: https://dod365.sharepoint-mil.us/sites/WHS-FMD**

- **Requisitions that bundle multiple capital asset types, use the wrong capital asset type, or include both capital costs and expenses, into a single Requisition/CAQ will be returned to the customer.**

Fill out only one of the following four choices according to the CAQ Result, for Project/Task/Task Service Type:

Capital RP Asset and Capital RP Improvement:

DAI Project Number:
DAI Task Number:
DAI Service Type: *[Choose Service Type]*

Or Capital GE Asset and Capital GE Improvement:

DAI Project Number:
DAI Task Number:
DAI Service Type: *[Choose Service Type]*

Or Capital IUS Asset and Capital IUS Enhancement:

DAI Project Number:
DAI Task Number:
DAI Service Type: *[Choose Service Type]*

Or Expenses (non-capital assets and/or services):

DAI Project Number:
DAI Task Number:
DAI Service Type: *[Choose Service Type]*

7. CAQ CHECKLIST CERTIFICATION

I certify that I have completed the above checklist in its entirety and that the information reported complies with the Appendices attached to this document.

- That if Section 1 or 3 is YES and if the Requisition includes RP, GE, or IUS accountable property, then I will promptly, within five business days, email the Requisition Number and attached Requisition Key Supporting Documents (KSDs) and signed CAQ, to the APO or POC, to notify them of the new, planned accountable property. ***Reference Appendices D and E for APOs and POCs.***
- That if Section 3 is Yes, then the KSDs attached to the DAI Requisition include clear separation of capital costs and expenses in the Performance Work Statement (PWS), Statement of Objectives (SOO), Statement of Work (SOW), Technical Direction Letter (TDL), and Independent Government Cost Estimate (IGCE) structures, as applicable, to enable audit compliance.
- That if the Requisition is part of a contract that has IT costs and the contract is managed by the WHS Acquisition Directorate, then the WHS ADAP Form 239-101 IUS Acknowledgement Certification has been completed and signed by the Program/Requirement Office and the Contracting Officer and will be attached to the DAI Requisition as a KSD.

Digital Signature/Date:

Appendix A – PP&E Terms and Definitions

The following definitions pertain to RP, GE, and IUS, per DoD Financial Management Regulation (FMR) Volume 4, Chapters 24, 25, and 27:

Term	Definition
CIP	A temporary GL classification of capital GE or RP asset costs while under construction or capital improvement. Upon completion, these capital costs will be transferred to the proper capital GE or RP asset GL account.
Expense	The outflow or other depletion of assets or incurrence of liabilities (or a combination of both) during some period as a result of providing goods, rendering services, or carrying out other activities related to an entity's programs and missions, the benefits from which do not extend beyond the present operating period. In financial accounting and reporting, the costs that apply to an entity's operations for the current accounting period are recognized as expenses of that period.
GE	Tangible item that is used by DoD in providing goods and services and excludes IUS and RP. GE satisfies these criteria: • Is durable and has a useful life of two years or more, • Is not intended for sale in the ordinary course of operations, • Is not held in anticipation of physical consumption, • Is functionally complete and ready to use for its intended purpose, and • Does not ordinarily lose its identity or become a component part of another asset.
RP	Facilities (to include buildings, structures and linear structures), land, and land rights. Also includes items acquired through capital leases, including leasehold improvements. Also includes items under the accountability of the reporting DoD entity, even though it may be in the possession of others.
RP Building	Roofed and floored facility that is enclosed by exterior walls, that consists of one or more levels, that is suitable for single or multiple functions, and that protects human beings and their properties from direct harsh effects of weather such as rain, wind, sun, and other natural factors. Buildings include capitalized additions, alterations, improvements, and rehabilitations.
RP Facility	Building, structure, or linear structure whose footprint extends to an imaginary line surrounding a facility at a distance of five feet from the foundation that, barring specific direction to the contrary such as a utility privatization agreement, denotes what is included in the basic record for the facility (e.g., landscaping, sidewalks, and utility connections). This imaginary line is commonly referred to as the "5-foot line." A facility will have received from the Data Analytics & Integration Support platform an RP Unique Identifier (RPUID), which is entered into an APSR as a unique real property record.
RP Linear Structure	A facility whose function requires that it traverse land (e.g., runway, road, rail line, pipeline, fence, pavement, electrical distribution line) or is otherwise managed or reported by a linear unit of measure at the category code (commonly known as CATCODE) level. Examples include paved roads, concrete pads, fencing/walls, communication lines underground, electrical lines, duct systems, water distribution systems, and gas pipelines.
RP Structure	A facility, other than a building or linear structure, that is constructed on or in the land. Examples include bridges, bus shelters, overhead protection/canopies, mechanical barricades, parking structures, as well as transformers, generators, and switching gears.
System/ IT System	Any two resources that work together to produce a specific mission objective and for an IT system generally have both GE and IUS components. IT systems often require assembly or installation after delivery and acceptance to form the fully functional GE and IUS end-items. Separate the GE and IUS assets in the IT system, unless the SW is embedded and required for the GE to operate, in which case, cost it all as GE. GE, as components of a system or IT system, consists of dedicated equipment or devices/components linked together and used in the performance of a service or function in support of a mission of a DoD entity. GE components of an IT system are typically connected to a network or the cloud and interact together through SW.

Appendix B– Costs to Capitalize Versus Expense

PP&E Type	Cost Type	Explanation & Conditions	Accounting Treatment
GE or RP	Preliminary Planning and Design	**(Capital):** Preliminary planning and design costs accumulated after funding and design authorization should be capitalized and captured as part of the recorded cost of constructed assets. May include design reviews, environmental impact studies, specs, surveys, and soil testing. Post-feasibility. **(Expense):** Preliminary planning and design costs accumulated prior to funding and design authorization should be expensed and not captured as part of the recorded cost of constructed assets. Pre-feasibility.	Capital/ Expense
All Types	Bid & Proposal	The costs incurred in preparing, design, design regulatory reviews, submitting, and supporting bids and proposals. **(Capital):** Bid & Proposal costs specific to constructing or improving RP assets. **(Expense):** Bid & Proposal costs not specific to constructing or improving RP assets.	Capital/ Expense
RP	Facility and site preparation	Amounts paid to prepare the site for new construction, such as soil removal and restoration. Includes amount paid to prepare the asset for its intended use, such as installation of utilities in a facility.	Capital
RP	Capacity Increases	Capacity is defined as an increased footprint, or internal structural reconfiguration that increases the amount of usable space, number of personnel, or increased throughput. Increased capacity includes activities that upgrade the asset to serve needs different from, or significantly greater than its current use, and cost is capitalized.	Capital
RP	Installed equipment	Fixed equipment and related installation costs required for activities in a facility.	Capital

PP&E Type	Cost Type	Explanation & Conditions	Accounting Treatment
RP	Contractor Overhead Costs	Contractor overhead costs associated with utilities, building maintenance, and supplies necessary to bring the constructed RP to its form and location suitable for its intended use. Contractor overhead is typically included in the purchase price of the contract work.	Capital
GE or IUS	Bulk Purchases	A single contractual/purchase arrangement of multiple like GE or IUS items within an FY. For bulk purchases made on a single multiple year contractual/ purchase arrangement, purchases should be aggregated and evaluated on an individual FY basis. Each DoD entity should evaluate whether the amounts of bulk purchases are considered material. Materiality is generally between 1-3% of the cost basis. **(Capital):** If results of annual materiality analysis determine bulk purchases are material to the GE or IUS financial statement line item. **(Expense):** If results of annual materiality analysis determine bulk purchases are NOT material to the GE or IUS financial statement line item.	Capital/ Expense
GE	Support Equipment	All equipment (mobile or fixed) that is not inherently part of the system but is required to support the operation and maintenance of the system. **(Capital):** If the capitalizable cost is at least $250,000 and the asset has a useful life of two years or more. **(Expense):** If the capitalizable cost is less than $250,000 or useful life less than two years.	Capital/ Expense
All Types	Donated Assets	The fair market value of assets donated to the government, as authorized by a special legislation, in connection with the construction, acquisition, or development project, should be accumulated for the asset cost.	Capital/ Expense
All Types	GFP	Government Furnished Property (GFP) means property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractor for performance of a contract. GFP also includes contractor-acquired property (CAP) if the CAP is a deliverable under a cost contract when accepted by the Government for continued use under the contract. GFP either will become a component of the end item asset or is stand-alone (provided to the contractor to facilitate completion of a project but not installed or assembled into an end-item). **(Capital):** If the end-item capitalizable cost is at least $250,000, with estimated life of two or more years, it is capitalized. **(Expense):** If end-item capitalizable cost is less than $250,000, or life is less than 2 years, it is expensed.	Capital/ Expense
GE or RP	Clean-up Costs	**(Capital):** Normal cleanup costs to prepare the constructed asset or capital improvement for final transfer to and acceptance by the government (e.g., roof cleaning). **(Expense):** Cleanup costs associated with hazardous waste removal, containment, decontamination, or disposal (e.g., asbestos remediation) should be recognized as an Estimated Cleanup Cost Liability and shall be recorded as Future Funded Expenses in the FY the liability estimate is determined.	Capital/ Expense
GE or OM&S	Direct Materials and Supplies	**(Capital):** Materials, component parts, and supplies required to bring the asset to a form and location suitable for use (e.g., installed or assembled into the final end-item). The final capitalizable costs of the end-item must be at least $250,000. **(Expense):** Materials, component parts, and supplies purchased to be kept on-hand, for maintenance, repair, or sustainment of an asset as needed, are classified as OM&S and expensed. Materials and supplies purchased as part of the installation or assemble of the end- item, but where the final end-item cost is below $250,000, are expensed.	Capital/ Expense
GE or RP	Direct Government Labor	**(Capital):** The direct cost of labor and all associated fringe benefits in connection with constructing, assembling, installing, designing (post feasibility decision or design/funding authorization), testing, and accepting the PP&E project. Project managers and/or program managers must track direct labor cost and allocate to individual projects and end-item assets. Includes military and civilian labor costs.	Capital/ Expense
GE or RP	Contract Work	Amounts paid for work performed under contract.	Capital
All Types	Program Management	Program management is the management of multiple related projects that are all related and working toward the same goal or result. Cost of maintaining the Program Management Office (PMO) is capitalized, if material; these indirect costs should be allocated proportionately to the projects that the PMO supports.	Capital
GE or RP	Supervision, Inspection, and Overhead	Support associated with the administration of contracts for construction, development, or capital improvement/enhancement projects. Support may include processing of contract award and payments, performing inspections, and other actions taken during project execution.	Capital
All Types	Fees	Various fees incurred to bring the asset to its intended use (e.g., General Services Administration (GSA) or other contract cost recovery fee, incentive fee to reward performance goal achievement, title fee, recording fee). Fees should be allocated across the assets being procured or across project costs as applicable.	Capital
All Types	Transport	**(Capital):** Amounts paid for transportation of workers, materials, and supplies in connection with the construction, development, or enhancement project to the point of initial use are capitalized. For IUS, this capitalization is related to capitalizable tasks.	Capital
GE or RP	Packaging, Handling, and Storage	Amount paid for packaging, handling, and storing the materials, supplies, and equipment used in the construction project. **(Capital):** Prior to final transfer to and acceptance by the government. **(Expense):** After final transfer to and acceptance by the government.	Capital/ Expense
All Types	Non-recurring Support	Non-recurring support that occurs once and is provided by the contractor to bring the end-item to a form and location suitable for use prior to asset transfer and acceptance. For IUS, this is just for capitalizable tasks.	Capital

PP&E Type	Cost Type	Explanation & Conditions	Accounting Treatment
GE or RP	Testing	**(Capital):** Tests performed prior to or as part of the inspection or acceptance process of the PP&E assets are capitalized. **(Expense):** Tests performed after asset transfer and acceptance of the PP&E asset are expensed.	Capital/ Expense
GE or RP	Inspections	**(Capital):** Inspections that occur pre-transfer and acceptance of the PP&E asset. (Expense): Inspections that occur post-transfer and acceptance of the PP&E asset.	Capital/ Expense
GE or RP	Technical Documents	Cost of documents delivered as part of the final transfer and acceptance of the PP&E asset that contain instructions for installation, operation, use, maintenance, parts list, and support.	Capital
GE	Research, Development, Test, and Evaluation	**(Capital):** If the costs are associated with the production of functional end items that will be placed in service or have alternative future uses. Also, prototypes costs after technological feasibility has been established, or operational feasibility prototypes that will be used in operations if successful. **(Expense):** If the costs are not associated with the production of functional end items that will be placed in service or have alternative future uses. Also, prototypes costs before technological feasibility has been established, except for operational feasibility prototypes that will be used in operations if successful.	Capital/ Expense
All Types	Foreign Military Sales (FMS)	FMS is the program by which the U.S. may sell defense articles and services to foreign countries and international ORGs when the President formally finds that to do so will strengthen the security of the U.S. and promote world peace. **(Capital):** PP&E assets acquired or constructed with the intention of being used by the entity and later sold to a foreign nation through FMS are to be capitalized while in service at the entity. The assets will be expensed upon sale. For IUS, this is just for capitalizable tasks. **(Expense):** PP&E assets acquired or constructed with the intention of being sold to a foreign nation through FMS are to be expensed and not capitalized in CIP.	Capital/ Expense
GE or RP	Replacement of Parts, Sub-Systems, or Components	This replacement provision applies to subcomponent/parts of a final end-item, not the end-item itself. Crucial to the determination of whether a replacement must be recognized as a repair or an improvement is the intent behind the replacement. **(Capital):** If the replacement was undertaken to expand the capacity, enhance the existing capabilities, or extend the life of a PP&E asset that was in good working order, it is classified as an improvement. **(Expense):** Replacement of parts, sub-systems, or components that have failed, are in the incipient stages of failing, or are no longer performing the functions for which they were designated are classified as a repair.	Capital/ Expense
GE or OM&S	Initial Spares and Repair Parts	Parts/components that are not required to bring the asset to a form and location suitable for use but are purchased to be kept on-hand for maintenance, repair, or sustainment of an asset as needed. Note: WHS applies the purchase method and expenses all OM&S when purchased, rather than when consumed.	Expense
GE or RP	Training	Training of government personnel on the usage of RP or GE assets is considered an expense, as training is typically performed after the asset is placed-into-service and is therefore not a cost to bring the asset to its form and location suitable for intended use.	Expense
GE or RP	Repair/ Maintenance	Maintenance & repair costs are activities directed toward keeping PP&E assets in an acceptable condition and are not considered capital improvements, regardless of whether the cost is at least $250,000. Maintenance and repair activities include preventative maintenance; replacement of parts, sub-systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repair activities also include cyclic work done to prevent damage that would be more costly to restore than to prevent (e.g., painting).	Expense
All Types	G&A Costs	General and Administrative (G&A) costs are all management, financial, and other expenses which are incurred by or allocated to a business unit and are for the general management and administration of the business unit.	Expense

Appendix C – IUS

IUS is PP&E SW, with a useful life at least two years, which is either purchased from vendors commercial-off-the-shelf (COTS), government-off-the-shelf (GOTS), internally or contractor modified COTS or GOTS, internally developed, or contractor-developed solely to meet the entity's internal or operational mission needs. IUS costs include the cost of SW:

- Used to operate an entity's programs (e.g., financial and administrative SW, including that used for project management),
- Used to produce the entity's goods and to provide services (e.g., air traffic control and loan servicing),
- Developed or acquired for internal use and subsequently provided to other federal entities with or without reimbursement,
- Used in R&D where the SW will have an alternative future use, or used to manage, account for, or report on R&D activities.

IUS includes SW used in conjunction with the operation of GE if the SW is developed separately, if the SW is not required for the GE to perform core functions, and if the quantity of GE items on which SW will be installed is unknown. For example, anti-ballistic missile SW installed on multiple radar systems at different times would be an IUS asset, per Federal Accounting Standards Advisory Board (FASAB) Technical Release (TR) 16.

IUS SID GL 1832 is a temporary GL classification of capital IUS asset costs while under initial development or capital enhancement. Upon being placed in service, these capital costs will be transferred to the capital IUS asset GL account 1830 and amortized over the useful life of the asset.

The following are examples of IUS:

Type	Definition	Examples
AI	AI (e.g., combining cognitive automation, machine learning (ML), natural language processing (NLP), reasoning, hypothesis generation, and analysis) has been included in many DoD IT systems without being embedded and integrated into GE.	GAMECHANGER, MXNet, Caffe2, PyTorch
APP SW	A SW program that performs a specific function directly for a user and can be executed without access to system control, monitoring, or administrative privileges.	Pulse, Kibana, Tableau, D3.js
Cloud – Private	A cloud-based platform or environment that is generally internal to the Department and used solely by DoD entities. There are four main types of private clouds, including on-premises private cloud, virtual private cloud, hosted private cloud, and managed private cloud.	DISA Stratus, Cloud One
DBMS	Computerized data-keeping system that allows users and APPs to store, organize, manage, retrieve, and modify data, while maintaining data integrity. DBMS type examples include Hierarchical, Relational, Cloud, Object-oriented, NoSQL, Columnar, In-Memory, and Network.	Oracle, PostgreSQL, MySQL, MongoDB
ERP System	SW that supports automation and integrates business information flowing through the entity. ERP systems contain functional modules (e.g., financial, accounting, human resources, supply chain, and customer information) that are integrated within the core system or interfaced to external systems.	Navy ERP, GFEBS, DAI
Perpetual License	A perpetual license is a license that gives DoD the right to use the SW in perpetuity, provided that DoD remains in compliance with established terms. However, upgrades might or might not be included.	Oracle Perpetual License
Middleware	SW that provides services to SW APPs beyond those available from the operating system. Enables interaction and transmission of information between APPs, systems, or services, using frameworks (e.g., simple object access protocol (SOAP), web services, representational state transfer (REST), and JavaScript object notation (JSON)).	Application Programming Interface (API)
Portal	Web-based APP that provides personalization, single sign-on, and content aggregation from different sources, and hosts the presentation layer of information systems.	Customized SharePoint
Simulation SW	Based on the process of modeling a real or proposed system with a set of mathematical formulas that allows the user to observe an operation. Can be used to evaluate a design, diagnose problems, predict behavior, or test a system under conditions that are difficult to reproduce in an actual system.	F-35 Lightning II Training SW, Modeling and Simulation (M&S)
System Components	IUS components of an IT system can include AI, APP(s), DBMS, ERP module(s), middleware, portal, private cloud, Simulation SW, and Web APP(s). For example, Process Automation (RPA) bots use APIs and scripts to replicate human-directed tasks.	Digital Twin, RPA bot
Web APP	An APP that is publicly accessible via the web. Backend developers use server-side scripts (e.g., Ruby, Python) to code the storage and retrieval of the information via APIs. Frontend developers use client-side scripts (e.g., JavaScript, CSS, HTML) to code presenting information to users. Web services are web APPs by definition, and many DoD websites contain web APPs.	BUILDER™ Sustainment Management System

The following are NOT IUS:

Type	Definition	Capitalize	Examples
Access Control SW	This type of SW, external to the operating system, provides a means of specifying who has access to a system and the specific capabilities authorized users are granted.	GE cost	CA-ACF2, RACF
Cloud – Public	A cloud-based environment generally external to DoD, with infrastructure owned and managed by a third party. Public cloud services are generally subscription based.	No	Dropbox
Firmware	A program recorded in permanent or semi-permanent computer memory.	GE cost	Radar SW, lathe
Freeware	SW that is offered at no cost.	No	Internet browser
HW	The physical components of IT, including the computers and peripheral devices (e.g., printers, disks, scanners, cables, and switches).	GE cost	Router, Server, Modem
License, Annual	Licenses for which the license holder is entitled to use the SW for one year are not IUS because they do not meet the definition of PP&E's life of two or more years.	No	Alteryx (depends on the contract)
Operating System	SW that controls the execution of other computer programs, schedules tasks, allocates storage, manages the interface to peripheral HW, and presents a default interface to the user when no APP program is running.	GE cost	Red Hat Linux, Unix, Windows, Windows Server
Subscription	Fee for service, to access and use SW or a public cloud, where the entity does not have the ability to take possession of a SW APP without incurring a significant penalty.	No	Jira (depends on the contract)
Utility Program	SW designed to support and optimize the system infrastructure. Types include antivirus, backup SW, file manager, disk compression tool, etc.	GE cost	CD burner

If IUS is developed through a joint venture between two or more entities, including at least one entity outside of the DoD, the DoD entity must capitalize the IUS asset if it meets the criteria for capitalization, based on its portion of the development cost in relation to the capitalization threshold.

IUS assets might be in cloud Container as a Service (CaaS), Infrastructure as a Service (IaaS), or Platform as a Service (PaaS), but not in Software as a Service (SaaS). SaaS is just a subscription. Office of the Secretary of Defense (OSD) entities generally use Joint Warfighting Cloud Capability (JWCC) contract vehicles (AWS, Google, Microsoft, Oracle) for enterprise cloud services. JWCC contract vehicles offer CaaS, IaaS, and PaaS capabilities with IUS. The below table provides general principles of ownership per environment type:

Configuration	On Premises	CaaS	IaaS	PaaS	SaaS
IUS Application	Entity owned	Entity owned	Entity owned	Entity owned	Cloud provider owned
IUS Middleware	Entity owned	Entity owned	Entity owned	Cloud provider owned	Cloud provider owned
Operating System	Entity owned	Entity owned	Entity owned	Cloud provider owned	Cloud provider owned

Per FASAB Statement of Federal Financial Accounting Standards (SFFAS) 10, entities may include capital IUS costs as part of a package of products and services (e.g., training, maintenance, and capital enhancements). Entities should allocate the capitalizable and noncapitalizable cost of the package among individual elements, based on a reasonable estimate of their relative fair values. Per FASAB TR 16, one approach that can be used is a ratio based on the projected work hours for capitalized IUS activities relative to expense activities. Such a ratio can be applied to determine the costs that should be capitalized. The basis for allocating costs should be consistent with applicable standards and should be defensible. This would result in two DAI requisitions, one for estimated capital IUS, and one for estimated expenses, based on this applied ratio.

For IUS costs to capitalize versus expense, see the below table derived from FASAB TR 16, Appendix B.
Per FASAB TR 16, the table below provides examples, for illustration only, of activities and deliverables within a traditional IUS development life cycle. Regardless of timing, the cost to be capitalized or expensed should be per SFFAS 10, considering their substance and activities, rather than their phase. For example, operational feasibility prototypes that will be used in operations if successful are eligible for capitalization. Also, Extract, transform, and load (ETL) configuration and scripting for recurring ETLs into a data warehouse are capitalizable tasks that are not the same as data conversion from an old system to a new system, which is expensed.

FASAB TR 16 Activities	FASAB TR 16 Deliverables	Accounting Treatment
Formulation of Alternatives • Justification of investment need. • Conceptual formulation of alternatives. • Evaluation and testing of alternatives. • Determination of the existence of needed technology. • Final selection of alternatives.	• Major IT Business Cases • Capital Investment Decision Paper • Information Resources Management Strategic Plan • Enterprise Architecture Roadmap • IT Capital Asset Summary • Agency IT Portfolio Summary Submissions • Alternative of Analysis Report	CLIN 001 Expense tasks
Establish Project Governance • Identify and incorporate vision, roles, responsibilities, governance, ORGs, and authorizations in project charter. • Identify and document risks specific to the project, including security risks. • Establish and document quality control (QA) practices. • Develop high-level estimates and schedule. • Update discoveries and additional information.	• Project Charter • Project Action/Risk Register • Quality Management Plan • Project Schedule, Project Plan • Work Breakdown Structure	CLIN 001 Expense tasks
Determine Requirements • Develop a high-level list of functional and non-functional requirements. • Obtain, review, and document detailed business specs for business requirements. • Determine and document general data flows and interactions with other systems. • Determine detailed business/system specs to support requirements.	• Vision documents • Requirement Spec Document • Requirement Traceability Matrix • Process Flow Diagrams • Supplementary Specs • Use Cases • User Workflow	CLIN 001 Expense tasks
Develop SW Development Plan • Create an initial plan to define major releases of the project and phases. • Define configuration management practices. • Define testing strategy for user acceptance testing (UAT), quality assurance (QA) testing, and other necessary testing.	• Project Schedule; Release Specs • SW Development Plan; Test Strategy • QA Test Plan Risk Management Plan • User Interface Design Documents • Solution Design Document	CLIN 001 Expense tasks
Procurement • Create a Request for Information (RFI) or Request for Proposal (RFP) for external vendor services or products. • Evaluate and select externally provided services or products.	• RFI/RFP • Procurement Management Plan • Contract Statement of Work	CLIN 001 Expense tasks
Rapid Prototype/Pilot • Rapid prototype development and evaluation to refine requirements and prove the concept. • Pilot of proposed solution on a small scale and over a limited timeframe to prove the concept and refine requirements. • Update schedule and cost baseline based on discoveries from the elaboration phase.	• Prototype (executable version of function and interface) • Requirements Survey • Pilot program • Evaluation of Pilot • Scope Management Plan	CLIN 001 Expense tasks
SW Development Initiation • Refine and execute practices for artifacts and configuration. • Review work performed in the prior iterative period, prioritize and assign work to be done in the next iterative period. • Coordinate updates to system inter-dependencies.	• SW Architecture Description Document • SW Development Plan • Iteration Plan • Operational Plan • SW Design Description	**CLIN 002** **Capitalize tasks**

FASAB TR 16 Activities	FASAB TR 16 Deliverables	Accounting Treatment
• Develop operations plan. Define and document architecture specs. • Develop and validate high value/high risk requirements of architecture components.		
Rapid Development Risk Evaluation • Studies and analysis are performed during development environment to identify potential risks based on requirements and on the developed iteration.	• Risk Identification and Mitigation Plan • Contingency Plan	**CLIN 002** **Capitalize tasks**
Coding and System Design • Execute practices for version control of all SW development artifacts. • Create, design, and modify system and associated HW; coding and continuously refining. • Update project plan and business case. • Add SW development issues to the Issue Log to be prioritized and addressed. • Conduct a critical design review. Establish and document QC practices.	• SW Architecture Document • Development Plan • Updated Project Management Documents • Issue Log • Critical Design Review Memorandum • Quality Management Plan	**CLIN 002** **Capitalize tasks**
Testing • Identify tests and write test cases or scripts. • Install HW; Conduct unit and integration testing. • Create operations manual and requirement documents for users. • Document strategy and approach for system implementation (what will be deployed, where, and when). • Prepare a turnover package for migration turnover and test readiness review and issue a memo. • Prepare detailed notes that describe the specific contents of a release for the customer or outside testing party. • Develop security test report and issue security certification and accreditation. • Conduct UAT.	• Test Plan; Test Cases Scripts • Test Results • Operations Manual • Implementation Plan • Test Readiness Memorandum • Release Notes • Turnover Package; Transition Plan • Security Test Report • Security Certification and Accreditation • Security Test and Evaluation Plan • SW Architecture Document • Acceptance Test Plan; Acceptance Test Script	**CLIN 002** **Capitalize tasks**
Readiness Review • Conduct production readiness review and issue memo. • Audit and project completion reports finalized. • Issue operational readiness memo, certification of production, and final UAT memorandum.	• Production Readiness Review Memo • Operational Readiness Memorandum • Audit and Project Completion Reports • Certification of Production • Final UAT Memorandum • User Manual; Operational Support Plan • Transition Plan; Installation Plan	**CLIN 002** **Capitalize tasks**
Deployment • Determine criteria for exiting transition phase controls have been identified and met. • Stakeholder provides written approval that product meets documented business requirements. • Revise and finalize the detailed deployment/implementation plan.	• Update Project Management Documents • Scope Verification • Deployment/implementation plan	CLIN 001 Expense tasks
Training • Develop training delivery method, schedule, and plan. • Develop training materials. • Deliver training, record and deliver webinars, and communicate training.	• Training Plan • Training Materials • Training Delivery	CLIN 001 Expense tasks
Data Conversion • Development of SW to facilitate data transfer or conversion. • Develop data cleansing and transfer plan, including protocols for archiving legacy data. • Perform activities to cleanse data and format for transfer. • Perform mock migrations of data and analyze results. • Perform Final data migration and validation.	• Data Transfer SW • Data Transfer Plan • Formatted Data • Mock Migration Results and Analysis Report • Data Migration Validation Report	CLIN 001 Expense tasks
Operation and Maintenance Activities • Subsequent security accreditations (not included in UAT). • SW diagnostics. Repair processing and/or performance failures. • Update documentation. • Minor SW updates. Minor corrections to design flaws.	• Accreditation Certification • Diagnostic Reports • SW and Process Documentation	CLIN 001 Expense tasks

Appendix D – APOs and POCs, RP and GE:

PP&E Type	Role/ ORG	POC Name	Email	Phone
RP	WHS FMDI RP Audit Lead	Christina D. Perez	christina.d.perez8.civ@mail.mil	(703) 571-4679
	WHS Facilities Services Directorate (FSD) RP Accountable Officer	Todd R. Laging	todd.r.laging.civ@mail.mil	(703) 571-1775
GE	WHS FMDI GE Audit Lead	Michael V. Sieve	michael.v.sieve.civ@mail.mil	(703) 545-0061
	Pentagon Force Protection Agency (PFPA)	William R. Funches	william.r.funches.civ@mail.mil	(703) 614-6850
	Raven Rock Mountain Complex (RRMC) APO	Redric L. Ledbetter	redric.l.ledbetter.civ@army.mil	(717) 878-2773
	FSD APO	Kenneth Gordon	kenneth.gordon3.civ@mail.mil	(703) 695-2513

Appendix E – APOs and POCs, IUS in the WHS Supported Enterprise:

Organization: GL ORG(s)	APO/POC Name	Email	Phone
WHS FMDI IUS Audit Lead	Michael V. Sieve	michael.v.sieve.civ@mail.mil	(703) 545-0061
Assistant Secretary of Defense, Legislative Affairs ASD(LA)): ASDL	Lane, Ca-Asia A (Dr.)	ca-asia.a.lane.civ@mail.mil	(703) 695-2554
Assistant to the Secretary of Defense for Privacy, Civil Liberties, and Transparency ATSD(PCLT): APCL	Edward Townsend	edward.townsend6.civ@mail.mil	(703) 401-8194
Assistant to the Secretary of Defense for Public Affairs ATSD(PA): ASDP	April K. Holt	april.k.holt.civ@mail.mil	(703-614-7904
Chief Digital and Artificial Intelligence Officer (CDAO): CDAO	Glenn J. Nelson	glenn.j.nelson7.civ@mail.mil	(240) 962-0290
Chief Information Officer of the DoD (DoD CIO): CIO	Ivan A. Prakash	ivan.a.prakash.civ@mail.mil	(703) 571-5815
US Cyber Command (USCYBERCOM): several GL ORGs	Audrey D. Laden	audrey.d.laden.civ@mail.mil	(667) 812-4875
Defense Legal Services Agency/Office of General Counsel: DLSA/OOGC	Michael D. Peters	michael.d.peters3.civ@mail.mil	(703) 697-5988
Director of Administration and Management (DA&M): DAM	Erin L. Rittenhouse	erin.l.rittenhouse.civ@mail.mil	(703) 694-9420
Director of Cost Assessment and Program Evaluation (DCAPE): CAPE	Harvey H. Gilbert	harvey.h.gilbert.civ@mail.mil	(571) 372-4331
Director of Operational Test and Evaluation (DOT&E): DOTE	John E. Ray	john.e.ray.civ@mail.mil	(571) 372-3780
PFPA: ADEM; COS; LE; MI; RF_RENT; SIT; TM	Isha Butler	isha.c.butler.civ@mail.mil	(703) 428-9044
RRMC: RRMC	Redric L. Ledbetter	redric.l.ledbetter.civ@army.mil	(717) 878-2773
Test Resource Management Center (TRMC): TRMC	Daniel E. Blair	daniel.e.blair9.mil@mail.mil	(571) 372-2735
Under Secretary of Defense (Comptroller/Chief Financial Officer) (USD(C/CFO)): USDC	Kevin C. Bentley	kevin.c.bentley2.civ@mail.mil	(703) 695-2895
Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)): USAS	Pamela W. Maloney	pamela.w.maloney.civ@mail.mil	(571) 372-6153
Under Secretary of Defense for Intelligence and Security (USD(I&S)): USDI	Timothy M. McCoy	timothy.m.mccoy.civ@mail.mil	(571) 256-1748
Under Secretary of Defense for Personnel and Readiness (USD(P&R)): UPR	LTC Yenitza Calzadamartinez	yenitza.i.calzadamartinez.mil@mail.mil	(703) 695-3239
Under Secretary of Defense for Policy (USD(P)): USDP	William D. Meskill	william.d.meskill2.civ@mail.mil	(571) 372-3048
Under Secretary of Defense for Research and Engineering (USD(RE)): USRE	Rachel C. Butyter	rachel.c.butyter.civ@mail.mil	(703) 303-8850
United States Court of Appeals for the Armed Forces (US CAAF): CAAF	Edmundo Rives-Echavarria	edmundo.rives-echavarria@armfor.uscourts.gov	(202) 761-7502
WHS: AD; ESD; FMD; FSD; HIST; HRD; IO; LBR; BR2; MTBP; OCRP WHSC; WOGC	Edward V. Blonski	edward.v.blonski.civ@mail.mil	(703) 697-2242