

PROCUREMENT CONFERENCE
May 26, 2004

MILITARY EQUIPMENT VALUATION (MEV): Who Cares?

Richard K. Sylvester
Deputy Director
Acquisition Resources & Analysis
(Property & Equipment Policy)

THE PROBLEM

DoD cannot identify, track or account for billions of dollars of assets and cannot report the net costs of operations.

Response:

- Asset Visibility – UID
- Asset Valuation -- MEV

MEV – What and Why

- What is Military Equipment Valuation?
 - A process to implement the 2003 federal accounting standard that military equipment (including modifications and upgrades) must be properly valued, capitalized, and depreciated

- Why is it important?
 - To provide reliable and accurate information to decision makers
 - To increase public confidence
 - It's the law – and policy!
 - Chief Financial Officers Act of 1990
 - Federal Financial Management Improvement Act of 1996
 - OMB Circular A-127
 - President's Management Agenda (2002)
 - Secretary of Defense Memorandum (July 19, 2001)

MEV – How?

New business rules

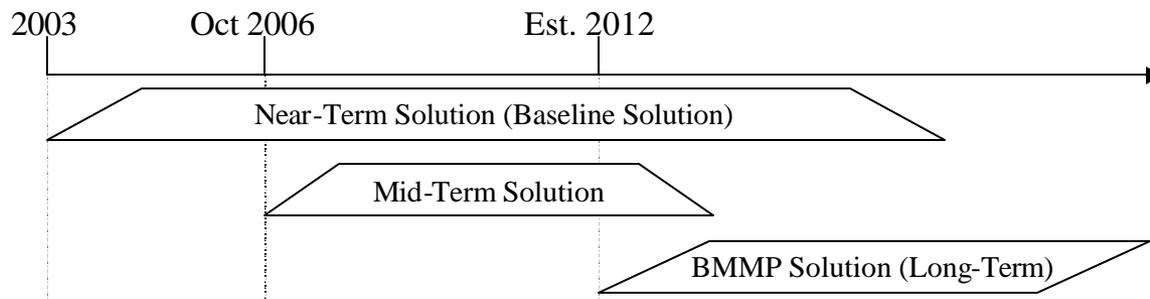
- Financial Management Regulation (what to value and how to value it)
- Federal Acquisition Regulation (what to do with property in the hands of contractors)

Valuation of end items

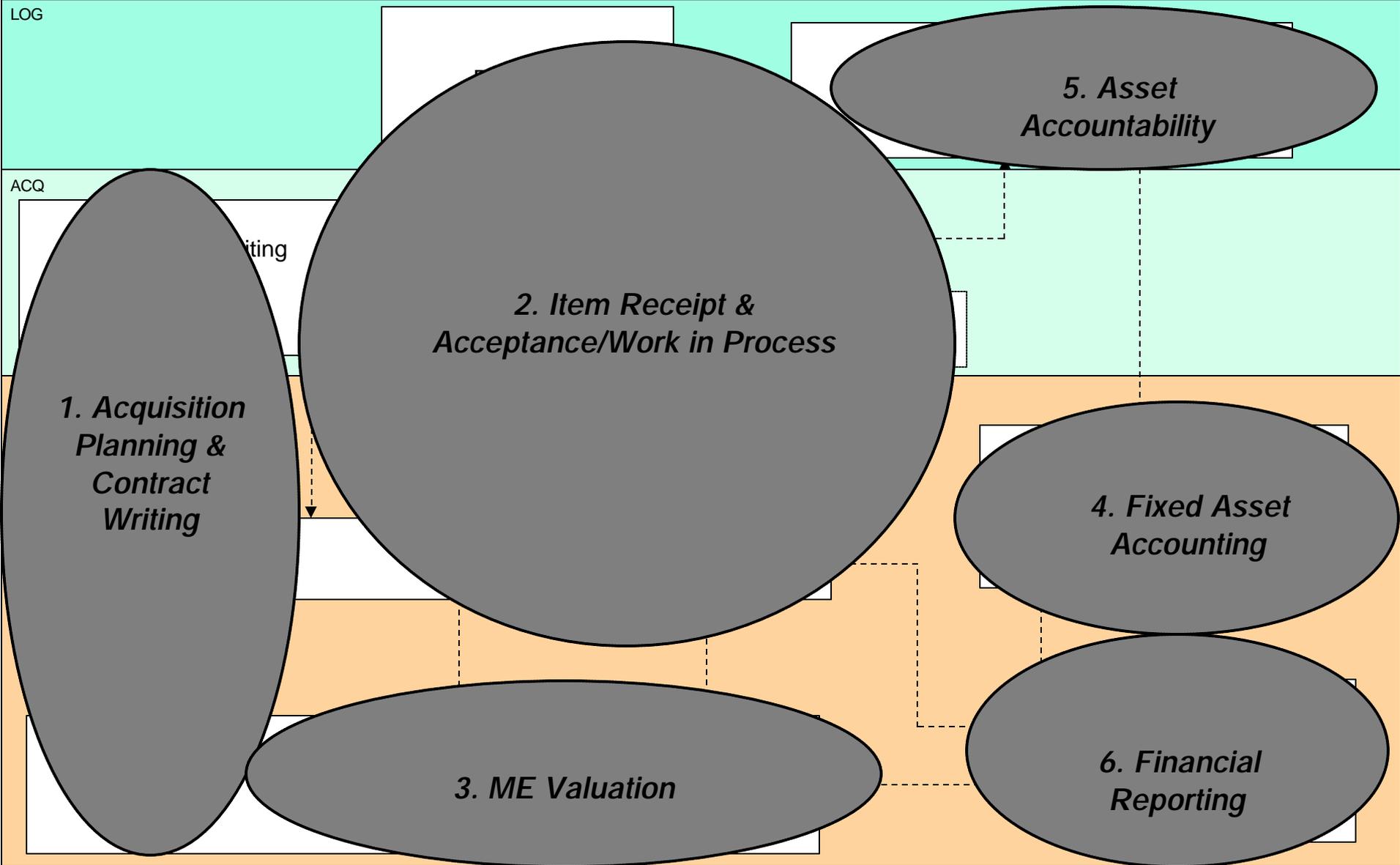
- Current: Bureau of Economic Analysis estimates
- Near Term: Baseline valuations using budget data

Transaction-Based Approach

- Mid-Term: System of systems
- Long-Term: Business Management Modernization Program



Process View



What Does All This Mean To You?

- **PMs**

- **Must include valuation template in acquisition strategy**

- **Contracting Officers**

- **Must identify which contracts contain capital assets**
- **Must write contracts with separate CLINs/SLINs for each asset type**

- **Industry**

- **Must identify embedded government furnished material with end-item on DD-250**

Contact Information

E-mail: Richard.Sylvester@osd.mil

Phone: 703-604-6350

Web: www.acq.osd.mil/me