

# **PART 1**

  

# **OVERVIEW**

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1-1. **PURPOSE.** The purpose of the NAS Facilities and Equipment (F&E) project/materiel management process is to:

a. Make sure materiel requirements planning for approved programs is accomplished to provide for adequate and timely development of maintenance and logistics support, procedures, and requirements.

b. Make sure project materiel is used for its budgeted purpose except as authorized by the Integrated Product Team (IPT) lead or to satisfy an emergency operational requirement.

c. Make sure FAA properly accounts for both aspects of asset management; i.e., physical (materiel management) and financial (accounting), as defined below.

1-2. **PHYSICAL (ASSET) MANAGEMENT.**

a. Materiel management's primary concern is about the physical accountability of an asset: what it is, where it is, and who has responsibility of ownership. It is the process of properly identifying, managing, and controlling FAA's physical assets that is important.

b. Physical assets acquired for F&E projects are classified as project materiel and are contained in an inventory system called the Regional Project Materiel Management System (RPMMS). When an F&E project is closed out, the project materiel and its dollars are transferred from RPMMS and the financial Work in Process (WIP) account. This action moves the assets and their associated costs to an in-use asset account; e.g., Personal Property In-Use Management System (PPIMS), Real Property (RPR)/Real Estate Management System (REMS), and/or the Logistics and Inventory System's Field Spares Inventory (FSI) module.

Regardless of its ultimate designation however, while in RPMMS, it is neither real or personal property, but project materiel.

c. Management and control of physical assets has nothing to do with whether or not accounting capitalizes or expenses their costs. "Formal" records are maintained for real and personal property that either meet the agency criteria as "capital" (valued at \$25,000 or more) or "accountable" (valued at less than \$25,000). For personal property, the accountability threshold for test equipment begins at \$100, while for other property categories, the accountability level can begin at \$2,500. For definitions and examples of real and personal property, see Appendix A, "Property Classifications."

**1-3. FINANCIAL (ASSET) MANAGEMENT.** Financial management makes sure dollars appropriated to FAA are spent in accordance with law and the intent of Congress. To do this, accounting has set up various general ledger accounts in the Department Accounting and Financial Information System (DAFIS). FAA annually submits financial statements showing the value of our capital assets and our expenses (the cost of "running the business"). For proper financial accountability, assets and expenses must be accurately classified in our general ledger and expense accounts. FAA Order 2700.31, contains guidance on financial accountability. For further information, contact the Financial Policy, Systems, and Reports Division, AFM-300.

a. Capitalization.

(1) Capitalization is the process by which financial assets are recorded as either part of our net worth or the cost of doing business. It is the financial recording in FAA's general ledger accounts for Plant Property and Equipment (PP&E) that reflects our net worth (which is the total value of our capital assets). Except for

land, capitalized assets are depreciated over a predetermined period of two or more years.

(2) Costs to acquire capital assets or improve existing capital assets are classified as eligible capital costs. Eligible capital costs incurred to acquire a capital asset include all costs expended to bring the asset to a form and location suitable for its intended use. Costs that improve existing assets include those which: (1) increase the estimated service life of the asset, (2) increase the capacity of the asset, or (3) improve the performance of the asset. See Appendix B, Financial Treatment of Typical FAA Costs, for a listing of what costs should be considered for capitalization. Capital assets include personal and real property meeting all of the following criteria:

- Costs \$25,000 or more.
- Has a useful life expectancy of 2 years or more.
- Does not lose its identity when placed in use.

(3) Allocation of costs to the proper property classification is very important (see Appendix A). Normally, the life expectancy of real property is much longer than for personal property. For example, if dollars associated with a real property asset are mistakenly capitalized to a personal property asset, then those dollars would be depreciated at a much faster rate. This understates the value of PP&E and overstates our current year expense.

b. Expense. This is an accounting term for applying the cost of an asset or service to our current year's operations, as reported in our annual financial statements. In general, we expense all costs that do not meet the requirements for capitalization and charge them to the accounting period in which the costs were incurred.

**1-4. AUTOMATED DATA PROCESSING (ADP) SYSTEMS.**

Appendix C, Sample Reports, contains sample automation reports cited in this guide.

a. Capital Budget Management System (CBMS). The CBMS consists of a Budget Formulation Module (BFM), a Budget Execution Module (BXM), and Budget Allowance and Allotment Module (BAM). Hardware, software, and communications responsibility for this system is within the Capital Budget Division, ABU-300.

(1) Budget Formulation Module. The BFM is used to record and display budget sub-line item (BSLI) information for current and prior year F&E budget submissions. BFM information is updated with each "cycle" within the F&E budget formulation process; e.g., submission to OST, the Office of Management and Budget (OMB), Congress, and the final appropriation. It contains the following data: BSLI, project code, fiscal year, BSLI title, Capital Investment Plan (CIP) number, program sponsor, and BSLI dollar amount.

(2) Budget Execution Module. The BXM is used for the following:

- Electronic preparation of the F&E project authorization (PA) requests and electronic submission of the same to Office of Budget (ABU)
- Preparation and distribution of ABU-signed PAs
- Display of F&E PAs and related DAFIS F&E accounting information
- Preparation and transmittal of F&E appropriation status reports and F&E reprogramming reports to FAA headquarters, regions, centers, OST, OMB, GAO, and Congress

- Financial monitoring and control of all F&E appropriations

(3) Budget Allowance and Allowance Module. The BAM is used by ABU-300 to prepare and distribute budget allowances and allotments.

b. Materiel Delivery Forecast Module (MDFM). MDFM identifies future key equipment delivery dates by providing long term delivery estimates for all F&E major end items (2 to 10 years prior to actual project authorization). Delivery dates in the MDFM are the best dates available to the IPT/Product Team (PT) lead, based on planning schedules or those established in contracts. MDFM's goal is to account for major end item delivery information on all NAS projects as well as regionally generated F&E projects. Programmatic responsibility for this module is within the Financial Management Staff, AND-210.

c. Resource Tracking Program (RTP). RTP is made up of several software tools to facilitate F&E processes and procedures. It provides comprehensive budget planning, scheduling, monitoring, statusing, and controlling tools for F&E projects. It integrates all facets of the NAS F&E project life cycle, from project conception and budgetary control to closeout action. Programmatic responsibility for this module is within the NAS Planning and Support Division, ANS-100. The ANI Implementation Centers (IC) have primary management oversight of their local RTP database.

HINT: Regional accounting and logistics divisions require electronic access to the RTP regional system. This is to be set up between the regional and IC IRM staffs.

d. Project Materiel Management System (PMMS). PMMS is a module of the LIS. It provides the mechanism by which IPTs and the regions manage their project materiel requirements until the project has been completed and closed out. Programmatic responsibility for this module is within the NAS Logistics Property Management Division, AFZ-500.

(1) F&E projects for installation into, or modification of, the NAS are entered into PMMS by the applicable IPT whenever nationally furnished project materiel is provided. Most originate from approved project materiel lists (PML) established during the budget process.

(2) PMMS accumulates project materiel requirements from regional and headquarters program offices on a daily basis and compares those requirements against the NAS F&E inventory. It produces reports of project status, materiel asset requirements, and allows for on-line requisitioning.

e. RPMMS. This system provides physical inventory management and control over project materiel within a specific region. It is a nationally managed, regionally distributed system. The 20th of each month is the established cut-off date for RPMMS. Programmatic responsibility for this system is within the NAS Logistics Property Management Division, AFZ-500.

f. DAFIS. This is the Department's accounting system used to track dollars authorized, obligated, expended and capitalized for NAS F&E projects, segregating expenditures by the source of funds (national, regional, or other). The 30th of the month is the established cut-off date for DAFIS. Programmatic responsibility for this system is within the Office of Financial Management (AFM).

HINT: Regional logistics division and ICs require electronic access to the DAFIS 32-9F and MIR reports. This is to be set up between the regional and IC IRM staffs.

g. Personal Property In-Use Management System (PPIMS). PPIMS is the primary tool used to manage FAA's in-use personal property assets. Programmatic responsibility for this system is within the NAS Logistics Property Management Division, AFZ-500.

h. The Real Property Record/Real Estate Management System (RPR/REMS) is the primary tool used to manage the FAA's in-use real property assets. Programmatic responsibility for this system is within the Real Estate Policy Branch, ASU-140.

## **1-5. HEADQUARTERS ORGANIZATIONS, TITLES, AND FUNCTIONS.**

a. Program Sponsor. This is the FAA organizational element that generates system requirements and represents the user in the acquisition process.

b. IPT Lead. (As used in this guide, "IPT" refers to both IPTs and PTs.) This is the individual within the IPT delegated overall responsibility for a NAS F&E program. This includes ultimate control over nationally furnished project materiel until commissioning.

c. Washington Item Manager (WIM). This is the person within the headquarters acquisition IPT assigned direct management control responsibility for specific categories of nationally furnished project materiel.

d. ABU makes sure our F&E budgetary needs are accurately identified, defined, and effectively presented to Department of Transportation (DOT), OMB, and Congress, and that appropriated funds and other resources are used effectively.

e. The Office of Financial Management (AFM) provides F&E accounting and payment, financial advisory, and audit liaison services for the FAA, and implements policy for, and evaluation of, FAA's F&E accounting subsystems.

f. Airway Facilities Service (AF)

(1) Resource Management Program (AFZ). The NAS Logistics Property Management Division, AFZ-500, has overall program responsibility for policies, guidance, systems, training, and evaluation relating to the management and control of project materiel.

(2) ANI provides engineering, construction, installation, integration, and optimization of facilities and systems needed to support the modification of the NAS. Within ANI, the Engineering Center (EC) determines overall program scope, schedule, resource, and cost issues. The EC approves IC-prepared budgets, develops preliminary specifications, standardizes engineering approaches, and determines standard equipment and layout requirements.

## **1-6. REGIONAL ORGANIZATIONS, TITLES, AND FUNCTIONS.**

a. The ANI ICs have overall responsibility for a program (radar, navigation aid, etc.) in a region.

(1) The IC project manager, sometimes referred to as the Regional Associate Program Manager (RAPM) is the individual within the IC who has overall responsibility for a program (radar, navigation aids, etc.) at the IC. He/she is the IC counterpart to the IPT lead in headquarters.

(2) The budget/program analyst is the individual within the IC who works with the IC project manager to provide financial and budgetary support, and analyses of various projects assigned to the project manager.

(3) The project engineer, in the IC, is responsible for planning, drafting, and performing all engineering actions required to accomplish F&E projects. He or she has overall management control of the construction and installation phases of an F&E project. Various other titles used for this function include: installation engineer/technician; COTR, construction representative, or resident engineer.

b. AF divisions are the ultimate "owners" and "managers" of the NAS facilities and systems

(1) The Systems Management Office (SMO) assist in the administration and management of NAS F&E projects at the field level. The SMO manager is responsible for an FAA facility including management and control over project materiel until it is installed or disposed of in some other way.

(2) Consignees are any facilities where project materiel is delivered until needed for project installation.

c. Logistics divisions plan, manage, and provide materiel and contractual support to NAS F&E projects. Within the logistics division, the F&E project materiel managers manage project materiel located within the region.

d. Accounting divisions provide accounting services, maintain regional accounting systems and financial data, reports, and analyses relating to NAS F&E projects.

**1-7. FAA LOGISTICS CENTER (FAALC) TITLES AND FUNCTIONS.** Within the Mike Monroney Aeronautical Center, the FAALC receives, stores, preserves, and issues FAALC-held project materiel. It provides engineering support, provisioning, and cataloging services and maintains various national LIS modules. Within the FAALC, the F&E item managers manage specific FAALC-held project materiel.

**1-8. ACRONYMS.** Appendix D, Acronyms, defines the acronyms used in this desk guide.