

SECTION 800—MANAGING PHYSICAL AND FINANCIAL ASSETS

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Summary of Changes

Adds a new section on managing physical and financial assets.

800.1 Introduction

At the end of FY 2001, the U.S. Government held assets carried at over \$900 billion on its balance sheet, including more than \$500 billion in physical assets, and more than \$400 billion in financial assets, of which over \$240 billion were direct loans or guaranteed loans receivable. Assets represent performance potential and capability, so it is important to manage their acquisition, retention, and disposal to get the maximum performance from our investment. It is important to avoid the acquisition and retention of unneeded or poorly performing assets, excess holding costs resulting from vacant and underutilized property, and the disposal of assets at below market values.

This section is designed to be a first step in the Administration's initiative to improve asset management. Benefits of improved asset management include reduced administrative costs, more efficient use of resources, and more accurate cost projections. Agencies should develop and use practices, analytical capabilities, and quantitative measures to help manage assets effectively and, where appropriate, to sell or otherwise dispose of underperforming or unneeded assets.

800.2 What special terms must I know?

- **Financial assets** consist of cash and other monetary assets and receivables held by the Federal Government. Examples of financial assets include direct loans, guaranteed loans acquired after default, cash balances, and accounts receivable.
- **Physical assets** consist of real and personal property owned by the Federal Government. Examples of real property include buildings and land. Examples of personal property include computer systems, motor vehicles, and office supplies.

800.3 What is the purpose of this section?

This section provides questions for agencies to use in conducting a self-assessment of their ability to manage their physical and financial assets. **Agencies are required to submit this self-assessment along with their budget submission on September 9, 2002.** Where weaknesses are identified in any area, the agency and the OMB representative with primary budget responsibility for the program should discuss planned corrective actions with milestone dates for completion.

There is no prescribed format for preparing the self-assessment; however, it should respond to each of the questions outlined in sections 800.5 and 800.6 below.

800.4 Does this section apply to me?

These instructions apply to all agencies that have financial and/or physical assets. This section supplements, but does not supersede, guidance found elsewhere on managing physical and financial assets in OMB Circulars A-11 and A-129 and the [Capital Programming Guide](#), a supplement to Part 7 of this Circular.

800.5 Assessing physical asset management

You should have a physical asset management process that:

- Adequately tracks real property assets through their respective life cycles;
- Determines whether an asset is being utilized properly; identifies assets suitable for disposal; and
- Provides accurate asset valuation information for financial statement purposes.

Your agency's self-assessment in the area of physical asset management should describe capabilities and current practices. The following statements and questions should be addressed in your self-assessment.

1. Agency employs property inventory and management information systems that incorporate the Federal Real Property Asset Management Principles (GSA Bulletin D-240).
 - A. Does your agency maintain accurate information on the location, size, and other relevant characteristics of the agency's real property assets?
 - B. Does your agency clearly define "utilized" and "underutilized" property and conduct portfolio analyses to classify properties into these categories?
 - C. Does your agency effectively restructure activities in "underutilized" properties to free up and dispose of excess property?
2. Acquisition and capital investment cost data in the agency's property management information system is linked to financial statements.
 - A. Do your agency's property management information systems provide information that can be used in the financial statements?
 - B. Are your agency's financial statements supported by or linked to the property management information systems?
 - C. Did your agency receive an unqualified opinion on its financial statements; was your agency cited for material weaknesses in areas related to physical assets? If weaknesses were cited, do you have improvement plans or efforts underway to address those weaknesses?
 - D. Is your agency routinely analyzing and reviewing financial data by performing trend analysis, developing ratios or relationships and benchmarking progress?
 - E. Does your agency have physical assets classified as non-operating, fully depreciated, and/or obsolete? Do you review the status of real property so classified?

- A. Did your agency receive an unqualified opinion on its financial statements? Was your agency cited for material weaknesses in areas related to financial assets? If weaknesses were cited, do you have improvement plans or efforts underway to address those weaknesses?
 - B. Do your agency's systems provide loan portfolio information necessary to complete the financial statements?
 - C. Does your agency age its portfolios and calculate and track write-offs on a periodic basis?
3. Agency has conducted loan portfolio analysis to determine whether privatization of functions would produce greater efficiencies.
- A. Has your agency performed in-house portfolio analysis and/or utilized the services of a qualified financial advisor to analyze the portfolio(s) to determine whether delinquent and/or performing loan assets should be sold?
 - B. Has your agency analyzed loan management costs to determine whether outsourcing any functions such as servicing and liquidation would be cost-efficient? What were the results of these analyses?
4. Agency meets the requirements of the Debt Collection Improvement Act of 1996 and OMB Circular A-129 for loan portfolios and other debts, except where waivers have been granted
- A. Does your agency refer debt more than 180 days delinquent to Treasury or a Treasury-designated debt collection center for further collections action and resolution? If not, why not?
 - B. Has your agency begun selling debt more than 1 year delinquent and for which collection action has been terminated? If not, why not?