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NASA Policy Directive

NPD 9250.1AEffective Date: October 08,
2010Expiration Date: October 08,
2015**COMPLIANCE IS MANDATORY**[Printable Format \(PDF\)](#)

Request Notification of Change (NASA Only)

Subject: Capital Asset Identification and Treatment

Responsible Office: Office of the Chief Financial Officer

1. POLICY

a. This NASA Policy Directive (NPD) establishes NASA policy for property, plant, and equipment (PP&E). This directive provides policy for (1) identifying acquisitions, fabrications, or modifications of PP&E that meet the criteria for capitalization and;(2) segregating the costs of general PP&E from other project costs for identifying and tracking the value so that PP&E can be properly recorded on NASA's financial statements. The scope of this NPD includes PP&E acquired or modified by purchase, construction, fabrication, transfer, or trade-in/exchange. This NPD describes the policy and individual roles and responsibilities for identifying PP&E that meet the capitalization criteria, establishing unique work breakdown structure (WBS) elements to accumulate the PP&E costs and reporting costs associated with the PP&E.

b. NASA will use the Alternative Future Use Questionnaire (NASA Form 1739) as the method supporting PP&E capitalization determinations. The NASA Form 1739 contains the criteria for capitalizing PP&E and is applicable to new acquisitions, fabrications, or modifications that meet the \$100,000 capitalization threshold and to Internal Use Software that has a capitalization threshold of \$1,000,000. See Attachment A for the process of identifying and segregating the costs of PP&E that meet the capitalization criteria.

2. APPLICABILITY

a. This NPD is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This NPD is applicable to the Jet Propulsion Laboratory, contractors, grant recipients, and parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

b. The unique WBS element requirement is not applicable to contracts awarded prior to October 1, 2007; however, the requirement is applicable to new work negotiated in modifications to existing contracts, unless a written waiver is received from the Agency Director of Financial Management.

3. AUTHORITY

- a. The National Aeronautics and Space Act of 1958, Public Law 85-568 as amended and codified in 42 U.S.C § 2451 et seq.
- b. The Chief Financial Officers (CFO) Act of 1990, Public Law 101-576.
- c. The Government Management Reform Act (GMRA) of 1994, Public Law 103- 356.
- d. NPD 1000.3, The NASA Organization.
- e. NPD 9010.2, Financial Management.

4. APPLICABLE DOCUMENTS

None.

5. RESPONSIBILITY

- a. The Office of the Chief Financial Officer shall develop and maintain policies, procedures, and financial systems that collect, accumulate, and report the cost of NASA's capital PP&E.
- b. The Center Chief Financial Officer shall make the capitalization determination for each item identified on the NASA Form 1739.
- c. Management officials who manage NASA's program, projects, and operations shall complete NASA Form 1739s for all PP&E acquisitions, fabrications, or improvements that meet the \$100,000 threshold and for Internal Use Software that has a capitalization threshold of \$1,000,000. This responsibility includes the management chain from Associate Administrators, Center Directors, Program Managers, and other line management officials.
- d. Management officials who manage NASA's program, projects, and operations shall establish unique WBS elements with capital asset indicators for each capital asset identified on the NASA Form 1739s. This will allow for the separate identification, funding, and accumulation of capital costs associated with the capital acquisition, fabrication, or modification.
- e. The Office of Procurement shall ensure that solicitations and contracts require contractors to obtain necessary approvals prior to the purchase and/or fabrication of PP&E and include the reporting requirements in solicitations and contracts to support the reporting of capital PP&E.

f. The Office of Procurement shall ensure that the appropriate solicitation instructions, provisions, contract clause, and reporting requirements are included in solicitations and contracts where Government property will be acquired or fabricated under the contract or have a possibility of being acquired under the contract.

g. The Office of Procurement shall support the cognizant financial management and project management personnel in separately identifying each capital asset by creating a separate reporting category where cost reporting is required (NFS Subpart 1842.72 and NPR 9501.2) and by creating a separately identified contract line item where cost reporting is not required.

6. DELEGATION OF AUTHORITY

None.

7. MEASUREMENT/VERIFICATION

None.

8. CANCELLATION

NPD 9250.1, Identifying Capital Assets and Accumulation of Cost dated December 23, 2008.

/s/ Charles F. Bolden, Jr.
Administrator

ATTACHMENT A: (TEXT)

A.1 NASA shall capitalize individual items of PP&E that meet all of the following criteria:

- a. Have a unit cost of \$100,000 or more for all assets other than Internal Use Software. Internal Use Software has a capitalization threshold of \$1,000,000.
- b. Have an estimated useful life of two years or more for all assets other than Internal Use Software. Internal Use Software has a useful life of five years.
- c. Are not intended for sale in the ordinary course of operations.
- d. Have been acquired or constructed with the intention of being used or being available for use by the Agency.

e. Have a current or planned alternative future use on another project with a separate objective. Institutional acquisitions are property used in normal operations not specific to a program or mission. Institutional acquisitions that are not defined as maintenance are presumed to have an alternative future use.

A.2 Items not meeting the above criteria or those specifically identified as prototypes or test articles are considered Research and Development Costs as defined by Accounting Standards Codification (ASC) 730, Research and Development, and Technical Release 7, which provide the standards for accounting for research and development costs.

A.3 NASA Form 1739 shall be completed for PP&E acquisitions, fabrications, or improvements that meet the \$100,000 threshold and for Internal Use Software that has a capitalization threshold of \$1,000,000. NASA Form 1739 will identify each acquisition/project as capital or non-capital in accordance with the capitalization criteria.

A.4 Assets identified as capital on NASA Form 1739 shall be segregated for identification and tracking through the establishment of unique WBS elements with capital asset indicators. This will allow for the separate identification, funding, and accumulation of capital costs associated with the capital acquisition, fabrication, or modification.

ATTACHMENT B: REFERENCES

B.1 The Federal Financial Management Improvement Act (FEMIA) of 1996, Public Law 104-208 at 110 Stat. 3009-389, also see 31 U.S.C § 3512, note.

B.2 Federal Acquisition Regulations (FAR), 48 Code of Federal Regulations (C.F.R.), Chapter 1.

B.3 NASA FAR Supplement (NFS), 48 C.F.R., Chapter 18.

B.4 Office of Management and Budget (OMB) Circular No. A-127, Financial Management Systems.

B.5 OMB Circular No. A-123, Management's Responsibility for Internal Control.

B.6 OMB Circular No. A-136, Financial Reporting Requirements.

B.7 Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment.

B.8 SFFAS No. 10, Accounting for Internal Use Software.

B.9 SFFAS No. 35, Estimating the Historical Cost of General Property, Plant, and Equipment.

B.10 Accounting Standards Codification (ASC) 730, Research and Development.

B.11 Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Technical Release 7, Clarification of Standards Related to the National Aeronautics and Space Administration's Space Exploration Equipment.

B.12 NPD 1200.1, NASA Internal Control.

B.13 NPD 9501.1, NASA Contractor Financial Management Reporting System.

B.14 NASA Procedural Requirements (NPR) 7120.5, NASA Space Flight Program and

Project Management Requirements.

B.15 NPR 7120.7, NASA Information Technology and Institutional Infrastructure Program and Project Management Requirements.

B.16 NPR 7120.8, NASA Research and Technology Program and Project Management Requirements.

B.17 NPR 7123.1, NASA Systems Engineering Processes and Requirements.

B.18 NPR 7150.2, NASA Software Engineering Requirements.

B.19 NPR 9501.2, NASA Contractor Financial Management Reporting.

B.20 NPR 9250.1, Property, Plant, and Equipment and Operating Materials and Supplies.

B.21 NPR 9060.1, Cost Accruals.

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