



OFFICE OF THE UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

AUG 30 2019

COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES
COMPTROLLER OF THE JOINT STAFF
COMPTROLLERS OF THE COMBATANT COMMANDS

SUBJECT: Treasury Account Symbols for Licensing of Intellectual Property and Recycling Activities (FPM 19-11)

Title 10, U.S. Code, sections 2260 and 2577 provide guidance for collections and disbursements related to the licensing of intellectual property and recycling activities. Historically, the Department of Defense (DoD) has used suspense accounts (Treasury Account Symbol (TAS) F3875) for collections from these programs. The DoD Office of Inspector General published audit reports in June and July 2016 that addressed DoD's incorrect use of suspense accounts for these collections. Components must utilize the Treasury accounts identified in the attachment to ensure correct accounting and reporting of these collections and expenditures.

Using these Treasury accounts will cause significant change in the Department's business processes, but will result in appropriate accounting and reporting, and resolve audit findings. Components must factor these collections into their annual budget processes and request the Office of Management and Budget to apportion them prior to use.

Components must record the offsetting collections in the United States Standard General Ledger account 426600, which provides direct budget authority on line 1700 of the Standard Form (SF) 132, "Apportionment," and SF 133, "Report on Budget Execution and Budgetary Resources." Components should obligate and disburse directly from the appropriate TAS specified in the attachment only for purposes specifically authorized in the U.S. Code. If a TAS is not specified in the attachment, Components must review relevant execution data and record the collections in the TAS that generated the revenue.

Effective fiscal year 2020, Components shall no longer use suspense account F3875 to record and report these collections. Current balances must be transferred out of the suspense accounts to the appropriate TAS that generated the revenue. The following DoD Financial Management Regulation chapters will be updated to incorporate the changes communicated in this memorandum:

- Volume 11A, Chapter 5, "Disposition of Proceeds from Department of Defense Sales of Surplus Personal Property"; and

- Volume 12, Chapter 31, "DoD Branding and Trademark Licensing Program Procedural and Accounting Guidance."

Components should work with the Defense Finance and Accounting Service to confirm all future collections and disbursements for these programs are collected and executed according to the attachment. Available collections from prior fiscal years must be transferred out of the suspense account F3875 by March 31, 2020.

My action officer for this matter is Ms. Alice Rice at 703-693-3618 or alice.r.rice2.civ@mail.mil.

A handwritten signature in black ink, appearing to read "D. A. Glenn, for".

Mark E. Easton
Deputy Chief Financial Officer

Attachment:
As stated

cc:
Assistant Secretary of Defense for Energy, Installations, and Environment
Assistant Secretary of the Army (Installations, Energy, and Environment)
Assistant Secretary of the Navy (Energy, Installations, and Environment)
Assistant Secretary of the Air Force (Installations, Environment, and Energy)
Deputy Chief Management Officer
Deputy Inspector General for Auditing, DoD Office of Inspector General

Treasury Account Symbols for Licensing of Intellectual Property and Recycling Activities

August 2019

Based on the U.S. Code, the Office of the Under Secretary of Defense (Comptroller), in coordination with Department of Defense Office of the General Counsel, has identified the following accounts to use for recording the collections and payment of expenses in accordance with applicable U.S. Code provisions. The Department of the Treasury will create new Treasury Account Symbols each fiscal year for these accounts if necessary.

I. Licensing of Intellectual Property (Trademark and Licensing) Activities

Relevant provisions from U.S. Code:

10 USC 2260

“(a) **AUTHORITY.**—Under regulations prescribed by the Secretary of Defense, the Secretary concerned may license trademarks, service marks, certification marks, and collective marks owned or controlled by the Secretary concerned and may retain and expend fees received from such licensing in accordance with this section.

(3) The fee for a license under this subsection shall not exceed by more than a nominal amount the amount needed to recover all costs of the Department of Defense in processing the request for the license and supplying the license.

(d) **USE OF FEES.**—The Secretary concerned shall use fees retained under this section for the following purposes:

(1) For payment of the following costs incurred by the Secretary:

(A) Costs of securing trademark registrations.

(B) Costs of operating the licensing program under this section.

(2) For morale, welfare, and recreation activities under the jurisdiction of the Secretary, to the extent (if any) that the total amount of the licensing fees available under this section for a fiscal year exceed the total amount needed for such fiscal year under paragraph (1).

(e) **AVAILABILITY.**—Fees received in a fiscal year and retained under this section shall be available for obligation in such fiscal year and the following two fiscal years.”

Designated Treasury Accounts:

Three-Year Operation and Maintenance (O&M) Accounts or Three-Year Research, Development, Test, & Evaluation (RDT&E) Account for FY 2020. (Components will base the account selected on the source of the revenue, whether generated primarily from their O&M account or RDT&E account. Note: If the source of the revenue is a working capital fund account or revolving fund account collections should be credited to those accounts. O&M is shown in the following table as an example.

Attachment

Component	Account No.	Account Name
Army	21 2020-2022 2020	Operation & Maintenance, Army
Navy	17 2020-2022 1804	Operation & Maintenance, Navy
Air Force	57 2020-2022 3400	Operation & Maintenance, Air Force
Marine Corps	17 2020-2022 1106	Operation & Maintenance, Marine Corps
Defense-Wide/TI 97	97 2020-2022 0100	Operation & Maintenance, Defense-Wide

II. Recycling Program

Relevant provisions from U.S. Code:

10 USC 2577

“(b)(1) Proceeds from the sale of recyclable materials at an installation shall be credited to funds available for operations and maintenance at that installation in amounts sufficient to cover the costs of operations, maintenance, and overhead for processing recyclable materials at the installation (including the cost of any equipment purchased for recycling purposes).

(2) If after such funds are credited a balance remains available to a military installation and such installation has a qualifying recycling program (as determined by the Secretary of the military department concerned or the Secretary of Defense), not more than 50 percent of that balance may be used at the installation for projects for pollution abatement, energy conservation, and occupational safety and health activities. A project may not be carried out under the preceding sentence for an amount greater than 50 percent of the amount established by law as the maximum amount for a minor construction project.

(3) The remaining balance available to a military installation may be transferred to the non-appropriated morale and welfare account of the installation to be used for any morale or welfare activity

(c) If the balance available to a military installation under this section at the end of any fiscal year is in excess of \$2,000,000, the amount of that excess shall be covered into the Treasury as miscellaneous receipts.”

Designated Treasury Accounts:

X-Year Operation and Maintenance Accounts. Note: A no-year procurement account could be established to record required equipment above O&M ceiling. Also if the source of the revenue is a working capital fund account or revolving fund account collections should be credited to those accounts. O&M is shown below as an example.

Component	Account No.	Account Name
Army	21X2020	Operation & Maintenance, Army
Navy	17X1804	Operation & Maintenance, Navy
Air Force	57X3400	Operation & Maintenance, Air Force
Marine Corps	17X1106	Operation & Maintenance, Marine Corps
Defense-Wide/TI 97	97X0100	Operation & Maintenance, Defense-Wide