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OFFICE OF THE UNDER SECRETARY OF DEFENSE

1 1 0 0 DEFENSE PENTAGON
WASHINGTON, DC 20301-1 1 0 0

April 9, 2024

MEMORANDUM FOR ACTING DEPUTY ASSISTANT SECRETARY OF THE ARMY
(FINANCIAL OPERATIONS AND INFORMATION)

SUBJECT: Department of the Army Real Property Capitalization Threshold Exception to Policy Waiver (FPM24-08)

The Department of the Army (DA) is granted an exception to the Department of Defense Financial Management Regulation (DoD FMR) Volume 4, Chapter 24, "Real Property," subparagraph 2.4.8.

According to the DoD FMR, the capitalization threshold for real property assets within the DA is set at \$250,000. However, recognizing the evolving nature of procurement practices and in line with efforts to streamline accounting procedures and enhance audit remediation, the DA requests to raise this threshold to \$1 million for real property assets placed into service on or after October 1, 2013. This adjustment is grounded in the analysis of historical and prospective purchasing trends within the DA.

The real property asset capitalization threshold increase is aimed at simplifying the accounting process for real property assets and advancing the DA's audit objectives. Following a thorough review, my office has determined the DA's proposed capitalization threshold aligns with its analysis and is appropriate for the stated objectives.

The DoD FMR will be updated with this change at its next update. My staff point of contact for this subject is Ms. Dzenana Dzanic at 703-508-9277 or dzenana.dzanic.civ@mail.mil.

Thomas C. Steffens
Deputy Chief Financial Officer