# EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

Date of publication

**CA-24-04, Real Property Cost Accounting and Sub-Object Codes – Update to CA-24-01**

*Controller Alerts are designed to highlight emerging financial management issues that may require agency attention or action. These Alerts are intended to inform e Chief Financial Officer (CFO) community of key issues where the Office of Management and Budget (OMB) believes further action may be warranted, but do not constitute official guidance or prescribe specific tasks for agencies beyond consideration of appropriate steps to address the issue.*

This Controller Alert is an update to CA-24-01 issued on April 22, 2024. The purpose of the update is to provide a link to the new real property section in OMB Circular A-11, *PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET,* namely section 51.22 *Real property investment and sustainment*. The section can be viewed [here](https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf). The section’s purpose is to provide agencies with the requirement to complete the new real property exhibit for the fiscal year (FY) 2027 President’s budget. Agencies can use the sub-object codes discussed in this Controller Alert to complete the exhibit for the FY 2027 President’s budget or their own method.

Note that the table on the bottom of page two of this Controller Alert has been modified from the table in CA-24-01; agencies should use this version of the table to implement the sub-object codes.

A core component of this Administration's real property strategy is to optimize Agencies’ real property portfolios through sound capital planning that takes into consideration cost. To that end, agencies must be able to more accurately and consistently report on real property spend categories.

In order to help agencies collect and report this information in an automated fashion, a new method to track budget and expenditure items have been developed using budget sub-object class codes in their financial management systems. Agencies are encouraged to adopt the sub-object class codes to better track real property spend categories, however, it should be noted that it is not mandatory. Agencies have the discretion to follow this pilot method or determine other ways to provide this information to OMB.

**New Sub-Object Class Code Reporting pilot**

The Federal Real Property Council partnered with its member agencies to create the new FIBF reporting system. The Federal Integrated Business Framework (FIBF), which provides Real Property Management (RPM) and Federal Financial Management (FFM) Business Standards, now provides a link between real property and financial management information through the business information exchange (BIE) specifications. The linkage provided through the business data elements and the BIE enables information to be used in a coherent manner in both the RPM and FFM Business Standards, which enables the tracking of real property spending within financial management systems via budget sub-object class codes.

RPM Business Standards categorize budget data based on the standard asset lifecycle model of Acquisition – Management in Use (Sustainment) – Disposal. Within each lifecycle phase, budget data is further segmented based on legal interest (owned or leased) and asset cost category. The table below provides the breakout of the RPM cost categorizations.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Acquisition/Construction** | | **Sustainment** | | **Disposal** | |
| **Owned** | **Leased** | **Owned** | **Leased** | **Owned** | **Leased** |
| Construction  Acquisition  Improvement  Land (GPP&E) | New Requirement  Replace Existing Lease  Alterations & Improvements | Operations & Building Services  Recurring Maintenance  Repairs  Deferred Maintenance  Environmental Compliance | Rent to GSA  Rent to others  Other related O&M costs  Energy/Resiliency Enhancement | Disposal Fees  Environmental Remediation | Decommissioning  Environmental Remediation |

The FFM Business Standards specify that the RPM categorization of budget data be provided to agency financial management systems using the Accounting Classification Structure (ACS) data element the “agency sub-object class”.

The agency sub-object class four-digit code for real property is linked to the budget object class code structure in OMB Circular A-11, Section 83 Schedule O. Each sub-object code resides under an identifiable budget object class code in Schedule O. The table below illustrates the link between the Circular A-11 Section 83 Schedule O Budget Object Classes (BOC) and the agency sub-object classes specified in RPM/FFM Business Standards.

**OMB Budget Object Class Sub-Object Class**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Digit** | **1** | **2** | **3** | **4** | **1** | **2** | **3** | **4** |
| **OMB/RPM**  **Business**  **Data**  **Element** | Major Object Class | Minor Object Class | OMB Sub object Class | OMB Sub object Class | FIBF Functional Area | RPM Asset Lifecycle Phase | RPM Asset Cost Category | RPM Asset Cost Subtype |
| **Code** | Refer to OMB A-11 Section 83 | Refer to OMB A-11 Section 83 | Refer to OMB A-11 Section 83 | Reserved for Future OMB Use | 5 (RPM) | 1 through 7 | A through S | A-K |
| **Example Code Value** | 2 | 6 | 0 | Constant Value of Zero. | 5 | 3 | I | E |
| **Example Code Name** | Repair - Supplies and Materials | | |  | Real Property Management | Operations & Maintenance-Owned Property | Repairs | Supplies and Materials |

Note that the first three digits of the Circular A-11 BOC code are required. The first three digits of the sub-object class code is required to track specific budget elements. The 4th digit of the OMB BOC sub-object class code is not available for agency use as it is reserved for future use by OMB and will have a value of zero.

The Treasury Financial Management Quality Service Management Office (FM QMSO) Marketplace requires all core financial management systems to align with the FFM Business Standards, including incorporation of the agency sub-object class in the ACS. If an agency’s current financial management system lacks the capability to incorporate use of the agency sub-object class, the capability must be included in the next financial management system update.

The full list of real property sub-object class codes and the Section 83 BOC code that links to each sub-object code is provided in the Excel workbook [at this link](https://community-dc.max.gov/pages/viewpage.action?spaceKey=Finance&title=Real+Property+Sub-Object+Codes).

Agencies are encouraged to adopt the sub-object codes, as soon as feasible, to track budget and expenditure items and use the enhanced transparency to better direct and manage available resources.

If you have questions regarding this Controller Alert, please direct them to Bill Hamele ([whamele@omb.eop.gov](mailto:whamele@omb.eop.gov)) of OMB’s Office of Federal Financial Management.

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