



LEGAL BULLETIN

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Government Asset Management:

Limits of Use and Disposition

From Custody to Disposal – Where Does Accountability Begin?

Government assets represent one of the most critical pillars of public funds and long-term financial decision-making. Their role is not limited to operational use in performing daily functions; rather, they constitute a legal and institutional responsibility aimed at safeguarding federal resources and ensuring that any dealings with such assets are conducted in accordance with applicable federal legislation, government accounting standards and approved regulatory controls.

In this context, the treatment of a government asset is not viewed as a flexible administrative practice, but as an integral part of the financial governance framework that defines the limits of use, determines the scope of delegated authority, and ensures the integrity of decisions relating to the asset throughout its entire lifecycle.

Government Assets: Public Property Governed by Legal Boundaries

A government asset is neither a personal custody item nor a resource subject to unrestricted administrative disposition. It is public property governed by requirements of oversight, documentation, and accountability.

The concept of disposition, depending on the nature and category of the asset, includes any act or measure that produces legal or regulatory consequences in respect of the asset. This requires strict compliance with the relevant competencies, delegated authorities, and approved regulatory procedures, in order to protect public funds and ensure the legality of the decision.

It should also be noted that disposition controls may vary depending on the nature and classification of the asset, without prejudice to the specific mandates and regulatory decisions applicable to each type of federal property.

Compliance in Asset Management: Governance Before Procedure

Compliance in asset management is not a subsequent stage or a mere formal audit exercise. Rather, it is a preventive governance framework that ensures:

- Proper registration and accurate classification of the asset in accordance with approved government accounting standards
- Use strictly within the approved purpose
- Transfer or allocation through the prescribed regulatory process
- Disposal or final disposition through the competent channels

This is also directly linked to the accuracy of the accounting treatment of assets and the consistency of financial data with approved government accounting standards (FGAAS), thereby strengthening the protection of public funds and the soundness of financial decision-making.

Accordingly, any deficiency across these stages may evolve into governance risks that undermine the integrity of the financial decision and may expose the entity or the employee to accountability, notwithstanding good faith.

Systems Are Tools of Execution – Not Sources of Authority

Assets are managed through approved federal systems designed to register and track their lifecycle. However, the availability of an action within the system, or its electronic execution, does not in itself constitute a legal basis for disposition.

In all cases, the governing reference remains, without prejudice, the applicable legislation and decisions in force, the approved delegation of authority, the completeness of supporting documentation, and proper regulatory record-keeping and formal archiving.

Systems reflect policies and procedures; they do not create independent powers or authorities.



Common Issues to Be Aware Of

- Treating a government asset as a resource that may be used or transferred without formal documentation
- Confusing fixed assets with inventory or consumable materials
- Relying solely on the system workflow without a complete legal basis
- Disposing of, destroying, or selling assets without following approved procedures
- Weak archiving of asset-related documentation



Do

- Ensure assets are properly registered and classified in accordance with approved procedures
- Use assets only within their designated purpose and consistent with delegated authority
- Document any transfer or disposition, with full supporting records and required archiving
- Refer to the formally authorized entities whenever there is uncertainty regarding limits of use or disposition



Don't

- Do not assume that system execution automatically implies legal validity
- Do not transfer or use assets beyond the scope of authority or without formal documentation
- Do not confuse fixed assets with inventory or consumable items
- Do not dispose of or take action on an asset without following approved procedures

Issue Summary

The limits governing the use and disposition of government assets are not merely operational matters; they constitute a legal obligation and a financial governance requirement aimed at protecting public funds and ensuring the integrity of federal decision-making.

Compliance begins with proper registration, continues through appropriate use and tracking, and concludes with disposal or final disposition in accordance with delegated authority and approved procedures – thereby strengthening institutional trust and safeguarding public resources.

