



NOAA

NATIONAL OCEANIC AND
ATMOSPHERIC ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE

NOAA's Construction Work-In-Progress (CWIP)

Finance Office Workshop with Line/Staff Offices

April 30, 2009

Candi Myers



- Underlying Concepts
- CWIP – What is it?
- Why Care About CWIP?
- Challenges
- Key Points to Remember
- What's New with CWIP Since FY 2008
- CWIP Activity Database/Reports
- NOAA's CWIP Website
- NOAA CWIP Contacts



- Obligations (delivered obligations, not undelivered) incurred by a program each FY are either capitalized or expensed
 - Amounts capitalized relate to the acquisition of a capital asset
 - Value of capital asset is consumed over a period of 2 or more years & remains a NOAA asset for useful life of the asset
 - Amounts expensed are deemed to be consumed within a period of one year or whose value is below the NOAA capitalization threshold of \$200k



Underlying Concepts

- Assets purchased “off the shelf” are capitalized & depreciated upon delivery
 - If they meet the NOAA capitalization threshold of \$200k
- Some assets require time to deliver/complete or include costs associated with design, site preparation, planning, installation, etc.
 - The “constructed” asset costs are not completed & depreciated until the project is completed
 - Costs are tracked and recorded in asset holding account, such as the CWIP account



CWIP – What is it?

- Temporary asset holding account (SGL Acct 1720/1832) used to track cost during the design & construction of PP&E:
 - Capital asset in NOAA's financial statements
 - Eventually depreciated over asset's useful life in NOAA's financial statements upon completion of the project

Note: The costs remain in the CWIP/IUSD accounts until the PP&E has been delivered & accepted by NOAA (placed in service, commissioned, etc.)
- CWIP process must be followed even if a project, which will result in the capitalization of the asset, is expected to begin & finish in the same FY



CWIP – What is it?

- Criteria for CWIP (must meet all 4 conditions):
 - Aggregate acquisition cost of \$200K or more, and
 - Estimated service life of 2 years or more, and
 - Long-term economic benefit to the organization which maintains or obtains control, and
 - Not intended for sale in the ordinary course of operations
- Determinations must be made for capital improvement projects to property – projects that extend the useful life or enlarges/improves the capacity of the asset will be capitalized
 - Must be treated as a CWIP activity



CWIP – What is it?

- 3 major groups of assets may require the use of the CWIP process:
 - Real Property
 - Construction or significant improvement of a facility
 - Personal Property
 - Acquisition, development, construction or installation of equipment or asset which is not real property, or
 - Significant improvement or modification to the original
 - Internal Use Software (in Development) – a.k.a. IUSD
 - Development or modification to software used internally



If there is even the *slightest possibility* that any activity may require CWIP handling, please contact the OCAO PPMD &/or PPMB for guidance to verify before any obligations are incurred to avoid considerable difficulties in getting the data corrected in the accounting system after obligations have been charged



Why Care About CWIP?

- CFO Act of 1990
 - Improve the government's financial management, outlining standards of financial performance & disclosure
 - Ensure more effective general & financial management practices to the Federal government through statutory provisions
- FASAB's Federal Financial Accounting Standards #6, Accounting for PP&E
 - Support capitalized PP&E and depreciation components of NOAA's financial statements



Why Care About CWIP?

- It's "material" to NOAA & DoC financial statements
- As of 9/30/2008, NOAA CWIP totaled \$3.8 billion
 - PP&E – 73% of NOAA (\$5.2 billion) / 61% of DoC (\$6.2 billion)
 - Assets – 40% of NOAA (\$9.6 billion) / 11% of DoC (\$33.7 billion)

DoC will ***FAIL*** annual financial audit

if NOAA's CWIP balances are not fairly stated



- Non-Compliance with CWIP Policy and Procedures
 - Ownership for CWIP responsibilities throughout NOAA community
 - Roles & responsibilities
 - Monthly CWIP reconciliations
 - Incorrect accounting information assigned at onset of projects classified as CWIP activities
 - Incorrect establishment/use of non-CWIP project codes (expensed costs) for valid CWIP activities
- Repeat audit findings for CWIP
 - Lack of timely transfer of completed activities from CWIP
- Familiarity with CWIP process
- Training; current, all inclusive materials
- Need for a regular forum to discuss CWIP



Key Points to Remember

- Every CWIP activity must have a CWIP Project Manager and CWIP Activity Manager assigned
- All open CWIP activities must submit monthly reconciliations
 - Includes UDO amounts, completed CWIP activities with amounts, regardless of dollar amount
- Timely submissions/processing of NF 37-6s for completed CWIP activities
- CWIP documentation file – supporting documentation
- Annual CWIP training – mandatory
- Compliance with all CWIP policies and procedures

What's New With CWIP Since FY 2008?



- Implemented:
 - CWIP Working Group (OCAO led group)
 - NOAA CWIP Activity Database/Reports
- What's coming soon:
 - Proposal for CBS CWIP/IUSD Project Code Approvals/Activations
 - Policy updates
 - New forms for CWIP Activity Database/Reports
 - New process flow for CWIP Activity Database forms – Budget Execution's (BEX) removal from the process
 - Revised NF 37-6 form – modification to certification signature block
 - Regular CWIP Working Group meetings/discussions



CWIP Activity Database/Reports

- CWIPDB #100 “Open CWIP Activities – Basic Information (Both Real & Personal Property)”
 - CWIPDB #102 “Open Personal Property CWIP Activities – Basic Information”
 - CWIPDB #104 “Open Real Property CWIP Activities – Basic Information”

OPEN CWIP ACTIVITIES - BASIC INFORMATION

Run Date: 4/16/2009

Activity Title	Line Office	Activity Manager	Project Manager	Type of Property	Estimated Cost	Estimated Completion Date
Not Linked - TBD	TBD	TBD TBD	TBD	TBD		
14.2M/13M Drive System Upgrade	NESDIS	Linda J. Williams Linda.J.Williams@noaa.gov	Johnny (Bob) Clark	Personal	472,060.00	9/30/2008
AOML Miami, FL - Fire Alarm and Sprinkler Renovation	CAO	Beverly A. Mooneyham Beverly.A.Schuetz@noaa.gov	Ashok Desai	Real	502,197.00	3/30/2009
AOML Miami, FL - Hurricane Hardening	CAO	Beverly A. Mooneyham Beverly.A.Schuetz@noaa.gov	Ashok Desai	Real	771,750.00	3/16/2009
AOML Miami, FL - Plumbing System/Asbestos Abatement	CAO	Beverly A. Mooneyham Beverly.A.Schuetz@noaa.gov	Ashok Desai	Real	819,292.52	12/4/2008
Assertive (AGOS-9)	NMAO	Bob Wilmot robert.c.wilmot@noaa.gov	Bob Wilmot	Personal	8,918,283.00	9/30/2009
AWIPS Product Improvement (Software AWIPS "2")	NWS	John Vogel John.E.Vogel@noaa.gov	John Vogel	Personal	7,862,969.00	8/30/2009



CWIP Activity Database/Reports

- CWIPDB #106 “CWIP Activity and Project Managers (Both Real & Personal Property)”
 - CWIPDB #108 “CWIP Activity and Project Managers (Personal Property)”
 - CWIPDB #110 “CWIP Activity and Project Managers (Real Property)”

CWIP ACTIVITY AND PROJECT MANAGERS

Run Date: 4/16/2009

Activity Manager: Anthony Conigliari	Phone Number: (978) 281-9143
Line Office: NMFS	Email Address: anthony.conigliari@noaa.g
Type of Property: Personal	
Project Manager: Anthony Conigliari	Phone Number: (978) 281-9143
Line Office: NMFS	Email Address: anthony.conigliari@noaa.go

NE-FIMS

Activity Manager: Beverly A. Mooneyham	Phone Number: (816) 426-2063
Line Office: CAO	Email Address: Beverly.A.Schuetz@noaa.g
Type of Property: Real	
Project Manager: Ashok Desai	Phone Number: (816) 426-7805
Line Office: CAO	Email Address: ashok.j.desai@noaa.gov

AOML Miami, FL - Fire Alarm and Sprinkler Renovation

AOML Miami, FL - Hurricane Hardening



CWIP Activity Database/Reports

- CWIPDB #200 “Open CWIP Activities and Active CBS Project Codes”

OPEN CWIP ACTIVITIES AND ACTIVE CBS PROJECT CODES

Run Date: 4/16/2009

Activity Title: 14.2M/13M Drive System Upgrade
Activity Mgr: Linda J. Williams **Project Manager:** Johnny (Bob) Clark

Project Code:	D2NF1PG	Project Description:	POLAR GROUND SYSTEM CWIP	Project Type:	CWIP	Line Office:	NESDIS
Project Code:	E2NF1PG	Project Description:	POLAR GROUND SYSTEM CWIP	Project Type:	CWIP	Line Office:	NESDIS
Project Code:	F2NF1PG	Project Description:	POLAR GROUND SYSTEM CWIP	Project Type:	CWIP	Line Office:	NESDIS



CWIP Activity Database/Reports

- CWIPDB #202 “Active CBS Project Codes and Open CWIP Activities”

ACTIVE CBS PROJECT CODES AND OPEN CWIP ACTIVITIES

Run Date: 4/16/2009

Project Code	Project Type	Project Description	Activity Title	Activity Manager	Project Manager	Line Office
12KF204	CWIPC	NOS BEAUFORT, NC NEW BUILDING (CWIP))	NOS Beaufort, NC - New Building	Beverly A. Mooneyham	John Battle	NOS
12KF302	CWIP	HHWNMS KINER FACILITY	NOS Kihei, HI (HIHWNMS Kihei Facility) (Ph1 & Ph2)	Beverly A. Mooneyham	Tino Escalona	NOS
12KF3FG	CWIP	FGBNMS VESSEL	Flower Garden Banks Vessel	Dave Lott	Brian Johnson	NOS
12KF3GC	CWIP	GUARDIAN CONVERSION 07 PAC	Patrol Craft Conversion	Ted Lillestolen	Brian Johnson	NOS
12KF3HR	CWIPC	HI RESEARCH VESSEL (CWIP)	West Coast Small Research Vessel	Dave Lott	Brian Johnson	NOS
12KF3KF	CWIP	KIHEI FACILITY (CWIP)	NOS Kihei, HI (HIHWNMS Kihei Facility) (Ph1 & Ph2)	Beverly A. Mooneyham	Tino Escalona	NOS
12KF3MS	CWIP	NOS GALVESTON FGBNMS	NOS Galveston, TX - Flower Garden Bank National Marine Sanctuary - Bldg. 216	Beverly A. Mooneyham	Ashok Desai	NOS



CWIP Activity Database/Reports

- CWIPDB #300 “CWIP Reconciliation Receipt Checklist” (internal only)

CWIP RECONCILIATION RECEIPT CHECKLIST Run Date: 4/21/2009

Not Linked - TBD Activity Manager: TBD Line Office: TBD
 Reconciliation Received Yes No Project Manager: TBD

14.2M/13M Drive System Upgrade Activity Manager: Linda J. Williams Line Office: NESDIS
 Reconciliation Received Yes No Project Manager: Johnny (Bob) Clark

AOML Miami, FL - Fire Alarm and Sprinkler Renovation Activity Manager: Beverly A. Mooneyham Line Office: CAO
 Reconciliation Received Yes No Project Manager: Ashok Desai

AOML Miami, FL - Hurricane Hardening Activity Manager: Beverly A. Mooneyham Line Office: CAO
 Reconciliation Received Yes No Project Manager: Ashok Desai

AOML Miami, FL - Plumbing System/Asbestos Abatement Activity Manager: Beverly A. Mooneyham Line Office: CAO
 Reconciliation Received Yes No Project Manager: Ashok Desai

Assertive (AGOS-9) Activity Manager: Bob Wilmot Line Office: NMAO
 Reconciliation Received Yes No Project Manager: Bob Wilmot

AWIPS Product Improvement (Software AWIPS "2") Activity Manager: John Vogel Line Office: NWS
 Reconciliation Received Yes No Project Manager: John Vogel



CWIP Activity Database/Reports

- CWIPDB #302 “CWIP Reconciliation Review Checklist” (internal only)

CWIP RECONCILIATION REVIEW CHECKLIST

Run Date: 4/21/2009

14.2M/13M Drive System Upgrade

Line Office: NESDIS **Activity Manager:** Linda J. Williams
Type of Property: Personal **Project Manager:** Johnny (Bob) Clark

Included in reconciliation:	UDO	Cost	Total	Capitalized	Uncapitalized
D2NF1PG PBJ <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	\$0.00	\$468,281.00	\$468,281.00	\$468,281.00	\$0.00
E2NF1PG PBJ <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	\$0.00	\$3,770.00	\$3,770.00	\$3,770.00	\$0.00
F2NF1PG PBJ <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
					\$0.00



- **Benefits**

- Data is current and consolidated in one location
- Provides a mechanism (reports) to:
 - Identify all open CWIP activities – real and personal, along with CWIP Activity and Project Manager assignments, providing PoC information
 - Link all active CBS CWIP project codes to a CWIP activity
 - Identify all active CBS CWIP project codes within an open CWIP activity
 - Identify all active CBS CWIP project codes not linked to a CWIP activity
 - List all CWIP project codes for an activity
 - Track completion of mandatory annual CWIP training requirement to identify non-compliance
 - Track mandatory submissions of CWIP reconciliations for all open CWIP activities with balances to identify non-compliance



- Increased Scrutiny
 - Audit review
 - Displays non-compliance
 - Example #1 – KPMG & April 13 2009 CWIP DB reports – approximately 60-65 active CBS CWIP project codes not linked to a CWIP activity = not reconciled monthly = non-compliance
 - Will result in an audit finding if not cleared by Interim 2 testing
 - Example #2 – KPMG & April 13 2009 CWIP DB reports including list of all CWIP Activity and Project Managers for open activities = completion of mandatory annual CWIP training = compliance or non-compliance
 - Could result in an audit finding if training not completed annually and if not tracked or monitored
 - Success of database is contingent on LO/SO support/efforts



On OCFO-Finance Office website
Under CWIP (left side of page)

<http://www.corporateservices.noaa.gov/~finance/>

<http://www.corporateservices.noaa.gov/~finance/CWIP.html>

Policy Documentation
Related Accounting Standards
Forms and Checklists
CWIP Activity Database Reports
Contact Information



NOAA's CWIP Contacts

- **OCAO's Real Property Management Division (RPMD)**

Andy Duran, Director

Mary Ann Whitmeyer

- **OCAO's Logistics Division – Personal Property Management Branch (PPMB)**

Jamie Cooke, Director (Logistics Division)

Glenda Patrick

Judy Mickens (Acting Chief, PPMB)

- **OCAO's Project Planning & Management Division (PPMD)**

Chien Le, Director

Bev Mooneyham

- **OCFO's Finance Office (FO) Financial Reporting Division (FRD) – Financial Statements Branch (FSB)**

Mark P. Miller, Chief (FSB)

Melvin Spencer

Heather Potter

Jones Harbor



QUESTIONS?