

## APPENDIX F.1

### *Policy and Procedures for Reporting Construction Work-In-Progress and Capitalization of the Deep Space Climate Observatory (DSCOVR)*

#### **POLICY**

All CWIP and capitalization requirements that apply to personal property shall also apply to the Deep Space Climate Observatory (DSCOVR) Mission, unless this policy provides otherwise.

#### **RESPONSIBILITIES**

The National Environmental Satellite, Data, and Information Service (NESDIS) is responsible for the determination of proper costs to be recorded for CWIP and capitalization of satellites. NESDIS is also responsible for performing a formal analysis, quarterly, to determine if any impairment of the CWIP asset has occurred, calculating the amount of CWIP to be capitalized for the satellite and maintaining the proper CWIP documentation to support the amount and audit requirements.

#### **BACKGROUND**

The DSCOVR, formerly known as Triana, is an existing NASA satellite designed to acquire space physics and earth observations from the sun-earth L1 Lagrange point. The satellite was put into storage and the mission was placed into a state of stable suspension by NASA on March 9, 2001. In accordance with the recommendations of the Committee on Space Environment Sensor Mitigation Options (CSESMO), NOAA and the US Air Force (USAF) have chosen to enter a joint project to refurbish and launch DSCOVR to provide solar wind data continuity for geomagnetic storm forecasting. Starting in October 2011, NASA will perform systems engineering and project startup activities for the DSCOVR spacecraft and ground system, including but not limited to: trade studies, technical reviews/assessments, project plan development with work breakdown structure (WBS) and schedules, update of existing plans and funding requirements, and contract/procurement preparation and acquisition documentation for purchases of items such as the spacecraft battery and spacecraft boom. Upon availability of funds, NASA will continue with refurbishment activities of the DSCOVR spacecraft and its Plasma sensor and Magnetometer suite (Plas-Mag) sensors, integrate the DSCOVR spacecraft to a launch vehicle to be provided by the USAF, provide project and technical management, perform operating system modifications, and perform on-orbit spacecraft and instrument checkout. After NASA completes check out of the mission in orbit, NASA will transfer the DSCOVR spacecraft, manifested instruments, and associated ground system equipment to NOAA. NOAA will conduct satellite operations in orbit around L1 until end of mission (TBD – approximately *No Earlier Than* Launch + 5 years).

#### **PROCEDURES**

##### 1. Capitalization

NESDIS will estimate the total projected costs to be capitalized for the DSCOVR Mission; consisting of program management costs and funds transferred to NASA for refurbishment of the spacecraft, manifested instruments, and ground system. Once NASA completes check out of the

mission, NASA will transfer the DSCOVR spacecraft, manifested instruments, and associated ground system equipment to NOAA.

When the DSCOVR satellite is officially declared operational by NESDIS, NESDIS will provide the initial capitalization of costs as an estimate to the property office so the satellite can be entered into the property system and depreciation recorded.

The initial capitalization will be recorded as an estimated cost because the cost will not be known until all cost documentation is received. When the DSCOVR satellite is declared operational, NESDIS will work with the NOAA Finance Office to determine what amounts need to be accrued for work that has been completed but not yet billed and invoiced by the vendor or federal agency. Financial statement journal vouchers will be processed quarterly until invoices are processed and amounts capitalized via NOAA form 37-6.

## 2. Construction Work-In-Process (CWIP)

- a. At the end of each quarter, NESDIS will prepare a schedule of total costs for refurbishment of the spacecraft, NASA technical management, Ground Systems Support, and NOAA technical management incurred during that period
- b. The total costs will be determined by including the obligations to date for those items placed in 2a., above, which are supported by documents maintained in NESDIS, less the total current undelivered orders from the FY year-end Quarterly Document Status Report, less the cost already capitalized.

CWIP project codes are used to capture the cost of constructed capitalized items; non-CWIP project codes are used for the expensed items. Costs will be accumulated in the appropriate fiscal year CWIP project code for the DSCOVR satellite and then capitalized at the time of acceptance.

- c. DSCOVR labor costs plus the costs of support contractors who are paid with NOAA funds will be considered CWIP. When direct labor is charged to DSCOVR, CBS will apply a leave and benefit surcharge and NOAA indirect costs to the DSCOVR project. This will ensure the full cost of the labor is associated with the CWIP activity.