

## Appendix O

### *CWIP Reconciliation Template Instructions*

#### **Purpose of the Reconciliation:**

- The purpose of the reconciliation is to reconcile costs reported in CBS on the CBS CWIP Report (CA500D) to the actual CWIP costs and supporting documentation kept in the CWIP documentation file and maintained by the CWIP Activity Manager; thereby, verifying CBS's CWIP Report (CA500D) balances against an independent source.

#### **Requirements:**

- A reconciliation must be prepared monthly for each open CWIP (Construction Work-in-Progress) **and** IUSD (Internal Use Software in Development) activity.
- All differences or reconciling items noted in the CWIP reconciliations must be resolved within four (4) weeks of the noted difference by the CWIP Activity Manager. The NOAA Finance Office's Financial Statement Branch (FO-FSB) will contact the CWIP Activity Manager for the status of resolving all differences noted in the monthly CWIP reconciliations.

#### **Due Dates:**

- **“NON-QUARTER” Month Due Dates** – The monthly reconciliations will be due in the FO-FSB by **COB five (5) business days** following the official general ledger (G/L) month end close date. Please refer to the CBS webpage under General Ledger (<http://www.corporateservices.noaa.gov/>) for CBS general ledger system closing information & monthly schedules. By the "non-quarter" monthly due dates, the CWIP reconciliations must have been reviewed and approved by the appropriate L/SO CFO/M&B Chief or CAO (Deputy CAO), if CWIP Activity Manager is OCAO-designated.
- **“QUARTER” Month Due Dates** – The reconciliations due at the end of the quarter (the third month – December, March, June and September) will be based on a predetermined mid point date of that last month, which will be announced, in advance, via the "Quarterly Data Call Memo" that is issued by the Director, Finance Office/Comptroller.

#### **CBS CWIP Report (CA500D)**

Understanding the following relationships in the CBS CWIP Report (CA500D) is essential to accurately report and reconcile CWIP balances:

Total Obligations = Undelivered Orders + Costs

Total Costs = Paid Expenditures + Unpaid Expenditures (services performed and/or goods received – paid/unpaid (i.e. delivered orders); excludes undelivered orders)

Uncapitalized Costs = Total Costs – Capitalized Costs

Capitalized Costs are costs reported on NF37-6(s)

For additional information regarding the CA500D report, see Appendix N.

### **General Instructions:**

- Use legal size paper to ensure the reconciliation is legible.
- Reconciliations submitted to the FO-FSB must be: (a) a scanned electronic copies with appropriate signatures (i.e. PDF version) and (b) an Excel version.
- The format and content of the Reconciliation Template is standard across NOAA. However, if the template's structure is not adequate for reconciling specific projects, then contact the FO-FSB before making revisions to the template.
- The reconciliations are to be summarized at the project and task code level across all FCFYs and all object classes.

### **Specific Instructions:**

#### CWIP Activity Information Section

Enter the following information:

- CWIP Activity Number assigned by the FO-FSB
- CWIP Activity Title associated with the CWIP Activity Number
- Line/Staff Office
- CWIP Activity Manager's name
- Reconciliation Preparer's name
- Reconciliation Preparer's phone number
- LO CFO/M&B Chief or CAO (Deputy CAO), if the CWIP Activity Manager is OCAO-designated, signature and date of approval.
- CWIP Activity's estimated cost
- Inception date
- Estimated beneficial occupancy date (BOD)/acceptance date

If any CWIP activity information on the reconciliation does not agree to information reported on the NOAA CWIP Activity Database reports, inform the FO-FSB immediately.

#### Body of Reconciliation Template

##### **Column A – CWIP/CWIPC or IUSD/IUSDC**

Report whether each project and task code are CWIP, CWIPC, IUSD, or IUSDC.

##### **Column B – Fund Code**

Report each CBS fund code (FC) for each project and task code.

##### **Column C – Project & Task Code(s)**

Report each project and task code on separate lines that support the CWIP activity. Provide amounts at the project code level for all years since activity inception.

Organizations that have sub-activities must enter task codes as well as project codes. The oversight program/line/staff office must submit a list of all task codes, within the respective project code, to ensure that all task codes reported on the CBS CWIP Report (CA500D) are captured in the reconciliation.

The project codes included in each CWIP activity's reconciliation should agree to the CWIP Activity Database maintained by the FO-FSB. The CWIP Activity Database reports can be found on the FO CWIP website (<http://www.corporateservices.noaa.gov/~finance/CWIPDATABEREPORTS.html>).

#### **Column D – CWIP Activity Manager's Uncapitalized Costs**

The CWIP Activity Manager's uncapitalized costs are obtained from an independent CWIP documentation file that is required to be maintained by each CWIP Activity Manager. The CWIP documentation file should track Costs less Capitalized Costs, by project code and object class, since the inception of the CWIP activity.

Each item reported in the CWIP documentation file must be evidenced by supporting documentation. The documentation must be maintained in the CWIP documentation file, unless the documentation can be **easily retrieved** from another location. If documentation is maintained outside of the CWIP documentation file, its location must be referenced.

It is imperative that data in the CWIP Activity Manager's CWIP documentation file be supported by obligating documents, other than the CBS CWIP Report (CA500D). The purpose of the Reconciliation Template is to verify CBS's CWIP Report (CA500D) balances against an independent source.

#### **Columns E, F, and G – Control Balances from the CBS CWIP Report (CA500D):**

Data for these columns is obtained from the CBS CWIP Report (CA500D). Once logged into Data Warehouse, drill down through the following labels to access the CBS CWIP Report (CA500D):

- + CBS Applications
  - > Data Warehouse
    - > Reports
      - > Cost Accumulation Reports
        - > CA500D Report

Once inside the CBS CWIP Report (CA500D), select All Fiscal Years before running the report for the applicable project and/or task codes.

#### **Column E – Costs**

Costs represent delivered orders, which are goods received and or services performed whether paid or unpaid. Costs exclude undelivered orders.

CWIP Activity Managers are responsible for ensuring that individual documents are periodically reviewed for reclassification from undelivered orders to costs. This is primarily a concern on large contracts or documents that have an extended period of delivery of services/goods. Once

all of the CWIP activity's goods and services have been delivered, the undelivered orders should usually be zero.

If the undelivered orders are not zero, that would imply that the full scope of the work was either:

- Not fully performed (some goods and services not yet received/delivered);
- Needs to be revised due to changes in actual quantities of goods/services needed; or
- Incorrectly recorded against another document or project/task code.

It is imperative that the undelivered orders reflect uncompleted work (goods/services) on the project. If undelivered orders are not reclassified to costs, as work is completed, the situation must be corrected as soon as possible by the CWIP Activity Manager.

Costs on the CWIP reconciliation arise either from goods and services received, as evidenced by an acceptance/receiving document, or from labor charges. To support costs arising from the receipt of a good or service, each item on the CWIP reconciliation must include key information from obligating and receiving documents, including: document type, document number, task number, object class, amount, organization code, FY, and a brief description of the goods or services provided.

To support costs arising from labor charges, the CWIP Activity Manager's CWIP documentation file must include a reasonable estimate and support for labor charges, as well as supporting CBS reports demonstrating that labor costs charged to specific CWIP activities have been reviewed and certified as being accurate. Labor costs charged to the CWIP activity must be analyzed for reasonableness so that incorrect labor can be revised on a timely basis. Labor costs are analyzed by comparing an estimated figure, based on supporting documentation in the T&A files, to actual charges reported on the CBS CWIP Report (CA500D). An estimated labor charge is based on payroll costs of all personnel charged to the project. In addition, the complete labor charges reported on the CBS CWIP Report (CA500D) include miscellaneous charges from the following object classes: Leave Surcharge 1160/1161, Benefits Surcharge 1210, and applicable NOAA Overhead 77XX.

### **Column F – Capitalized Costs**

Capitalized Costs are obtained from the CBS CWIP Report (CA500D) and they represent costs of a completed project, as stated on an NF 37-6, and include any amendments. When all work on a CWIP activity is completed, a NF 37-6 is submitted by the CWIP Activity Manager and reflects the amount of CWIP costs to be capitalized.

The CWIP Activity Manager is responsible for periodically reviewing the CBS CWIP Report (CA500D) capitalized balances to ensure they agree to and are supported by an NF 37-6. Differences may arise due to time lags between the submission of the NF 37-6 and its entry into CBS. However, if the capitalized costs in the CBS CWIP Report (CA500D) do not appear reasonable, specifically close to year-end, contact the FO-FSB to ensure receipt or status of approved NF 37-6.

### **Column G – Uncapitalized Costs**

Uncapitalized Costs is a computed column on the spreadsheet. If Uncapitalized Costs in Column G do not agree to the CBS CWIP Report (CA500D), entries in Columns E and F need to be reviewed for typos. (NOTE: SEE “SPECIAL NOTE for CWIP Assets Transferred Into NOAA” below for additional information on assets transferred in to NOAA).

### **Column H – Differences**

The difference between the Uncapitalized Costs and the CBS CWIP Report (CA500D) is a computed column. It reflects the level of completeness and accuracy of the CWIP Activity Manager’s CWIP documentation file and the CBS CWIP Report (CA500D) for a given project/task codes. When the CWIP documentation file and the CBS CWIP Report (CA500D) are in agreement, Column H is zero. Auditors will be alerted to differences reported in this column.

There are numerous valid reasons for differences arising between the CWIP documentation file and the CBS CWIP Report (CA500D). It is the CWIP Activity Manager’s responsibility to determine what those reasons are and to correct any differences within four (4) weeks of noted differences.

### **Columns I, J, and K – Identifying Projects Needing Adjustments**

All differences in Column H must be corrected, unless the FO-FSB judges them to be immaterial for corrective action.

### **Column L – Proof of Adjustments**

The “Proof of Adjustments” column is a project-level control total to ensure that all differences in Column H are corrected in Columns I, J and K. The balance of Column L should equal the sum of columns I, J and K, which should equal the amount stated in the Differences Column.

### **Column M - Explanations**

All adjustments referred to in Columns I, J, and K must be explained so that the FO-FSB can easily understand the proposed adjustments. Explanations are also required if undelivered orders remain on a completed CWIP project code. The explanations must document the cause of differences and actions needed to resolve them. Please attach a separate sheet if necessary.

### **Proof of Costs Section**

This supplemental area appears in the lower left hand corner of the Reconciliation Template. It solicits from the CWIP Activity Manager, by project code, the Costs, Undelivered Orders and Total Obligations from the CBS CWIP Report (CA500D). The Costs figures, by project code, are used in the main reconciliation section of the CWIP Reconciliation Template.

### **SPECIAL NOTE for CWIP Assets Transferred Into NOAA**

When an asset is transferred in to NOAA from another Federal agency, and the asset is part of a CWIP project, the asset is recorded on NOAA’s books as a transfer-in. As a result, it will be reflected differently on the CBS CWIP Report (CA500D).

For example, if the Navy transferred a ship to NOAA, with a value of \$8.9M, the \$8.9M will be captured in Column "G", Uncapitalized Cost of the CBS CWIP Report (CA500D), once the ship is transferred to NOAA. Since NOAA did not obligate or expend any budgetary resources for the \$8.9M ship, Column E would all be \$0, in relation to this transfer in activity, which would result in a negative amount in Column F for Capitalized Cost, since Column F is formula based on the CA500D report.

Continuing with the example, NOAA plans to refurbish the ship for another \$20M (above the \$8.9M value of the ship when transferred into NOAA). Because the refurbishment will be funded by NOAA, once the costs are obligated, the left side of the CBS CWIP Report (CA500D) will reach \$20M, while the right side of the report (Column G) will also increase from \$8.9M by the \$20M to \$28.9M. Once the CWIP activity is completed, the Capitalized column (Column D) will still remain negative \$8.9M. However, the ship will be capitalized (NF 37-6) at \$28.9M. (NOTE: The NF 37-6 should include the amount transferred in from Navy and identify the amount of \$8.9M as a transfer into NOAA from the Navy.) Once the CWIP project is completed and the general ledger is adjusted using the NF 37-6 for \$28.9M, the CBS CWIP Report (CA500D) report would reflect the following:

Costs = \$20M  
Total Obligations = \$20M  
Capitalized Cost = \$20M  
Uncapitalized Cost = \$0

If the anomaly amounts and/or differences on the reconciliation are the result of assets transferred-in to NOAA, annotations should be included on the CWIP reconciliation in the comments section.

If you have any questions or concerns with CWIP reconciliations, please contact the FO-FSB.