



NOAA

**NATIONAL OCEANIC AND
ATMOSPHERIC ADMINISTRATION**
UNITED STATES DEPARTMENT OF COMMERCE

Construction Work-In-Progress (CWIP)

March 7, 2012



Today's Speakers

- ▶ **NOAA Financial Statements Branch (FSB)**
 - ▶ Heather Potter

- ▶ **Real Property Management Division (RPMD)**
 - ▶ Lisa Williams

- ▶ **Personal Property Management Branch (PPMB)**
 - ▶ Larry Oates

- ▶ **NESDIS CWIP Coordinator**
 - ▶ Brian J. Brown





Agenda

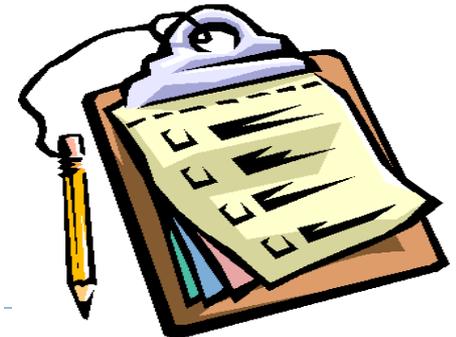
- ▶ **Basic Information**
 - Definitions
 - Roles and Responsibilities
 - Training Requirements

- ▶ **Phase I: Planning (Setting up a CWIP Activity)**

- ▶ **Phase II: Construction (During a CWIP Activity)**

- ▶ **Phase III: Capitalization (Completion of a CWIP Activity)**

- ▶ **Updates to the CWIP Policy and Procedures**





Underlying Concepts

- ▶ Obligations (delivered, undelivered) incurred by a program each fiscal year (FY) are either capitalized or expensed.

- ▶ Expensed:
 - Consumed within a period of one year or whose value is below the capitalization threshold

- ▶ Capitalized:
 - Acquisition of a capital asset, such as Property, Plant, & Equipment (PP&E)
 - Assets purchased “off the shelf” are capitalized upon delivery (if they meet capitalization threshold)
 - Some assets require time to deliver/complete or include costs associated with design, site preparation, planning, installation, etc. (constructed)



What is PP&E?

- ▶ **Property, Plant, & Equipment (PP&E) are tangible assets that:**
 - Have an estimated useful life of two or more years;
 - Not intended for sale in the ordinary course of business; and
 - Intended to be used or available for use by the entity
(FASAB SFFAS No. 6, “Accounting for PP&E”, paragraph 17)

- ▶ **NOAA’s capitalization threshold: \$200,000**

- ▶ **PP&E (non-CWIP) should be recognized:**
 - When title passes to the acquiring entity or
 - When the PP&E is delivered to the entity or an agent of the entity.
 - As each new satellite is officially declared operational by NESDIS, NESDIS will provide the capitalized costs to the property office so that the satellite(s) can be entered into the property system and depreciation recorded

What is PP&E? (cont.)

- ▶ Three major groups of PP&E: real property, personal property, and internal use software
 - Real property: Permanent improvements to land
 - Personal property: Equipment, temporary improvements to land, anything not real property or internal use software
 - Internal use software: Application and operating system programs, procedures, rules, and any associated documentation purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to **meet the entity's internal or operational needs**





What is CWIP and IUSD?

- ▶ **Construction Work in Progress (CWIP) and Internal Use Software Development (IUSD):**
(referred to as CWIP in this presentation)
 - Temporary asset holding accounts used to track cost during the design and construction of PP&E
 - Constructed—not bought as-is or off-the-shelf
 - Capital asset on NOAA’s financial statement – included in PP&E on Balance Sheet

- ▶ **Criteria for CWIP (must meet all four conditions):**
 - Aggregate **acquisition cost of \$200,000 or more, and**
 - Estimated **service life of two years or more, and**
 - **Long-term economic benefit** to the organization that maintains or obtains control, and
 - **Not intended for sale** in the ordinary course of operations



CWIP and IUSD? (cont.)

- ▶ PP&E shall be recorded as CWIP until **it is placed in service**, at which time the balance shall be transferred to general PP&E.
(FASAB SFFAS No. 6, “Accounting for PP&E”, paragraph 34)
 - As each new satellite is officially declared operational by NESDIS, NESDIS will provide the capitalized costs to the property office so that satellite(s) can be entered into the property system and depreciation recorded

- ▶ IUSD is a “subset” of CWIP; therefore, must follow CWIP policy and procedures along with Internal Use Software Guidance found in the NOAA Finance Handbook.

- ▶ Standard General Ledger (SGL) Accounts 
 - PP&E
 - CWIP



Why do we care?

▶ Required by law.

- Chief Financial Officers (CFO) Act of 1990
 - Required each executive branch agency to prepare annual financial statements
- FASAB SFFAS No. 6, “Accounting for Property, Plant, & Equipment” and FASAB SFFAS No. 10, “Accounting for Internal Use Software”
 - Provides the guidance under which assets for the financial statements are reported

▶ Material asset to NOAA

- CWIP made up 73% of NOAA’s FY 2011 PP&E balance
- PP&E made up 59% of NOAA’s FY 2011 total assets
- NOAA made up 85% of DOC’s FY 2011 PP&E balance



Why do we care?

▶ Material asset to NOAA

- Amounts as of 9-30-2011 (post close):

NESDIS CWIP	\$4,921,960,561.81
NOAA CWIP	5,197,497,429.67
NOAA Total PP&E	7,145,643,105.91
NOAA Total Assets	12,029,680,000.00
DOC Total PP&E	8,362,263,000.00
DOC Total Assets	31,399,041,000.00



Why do we care? (cont.)

- ▶ **Significant deficiency** last year and several audit findings in the past.
 - DOC will FAIL annual financial audit if NOAA's CWIP balances are not fairly stated

- ▶ **Types of Audits:**
 - OMB A-123
 - Testing of internal control procedures (useful lives are based on predetermined criteria and proper authorization for disposal of assets)
 - Financial Audit
 - Accuracy of information reported in the financial statements ([Performance Accountability Report \(PAR\)](#)) of the Department (acquisition costs, depreciation, future liability of non-cancellable leases)



FY 2012 Challenges

- ▶ Accruals
- ▶ Review of Reconciliations
- ▶ Impairments
- ▶ Review of IPAC payments
- ▶ Timeliness
- ▶ Training
- ▶ Completeness of CWIP
- ▶ Non-compliance with CWIP Policy and Procedures



Roles and Responsibilities NOAA Finance Office



- ▶ **NOAA Finance Office (FO):**
 - Ensures that the policies are consistent with external requirements (e.g. FASAB)
 - Issues, interprets, monitors, and maintains the CWIP policy and procedures, including IUSD policy and procedures
 - Maintains the CWIP Activity database and generates reports from the database
 - Runs and reviews CWIP-related reports (e.g. CA500D)
 - Reviews CWIP reconciliations
 - Reviews NF 37-6 forms
 - Posts CWIP-related entries in CBS

Roles and Responsibilities

NOAA Personal & Real Property



- ▶ **NOAA Personal and Real Property Offices (Personal Property Management Branch (PPMB) and Real Property Management Division (RPMD)):**
 - Overall responsibility for oversight of NOAA's CWIP activities
 - Provides guidance on CWIP Policy and Procedures
 - Reviews and provides guidance to determine whether an activity will result in a CWIP activity and of the policies for capitalization of personal and real property
 - Reviews NF 37-6s and supporting CWIP documentation to ensure the accuracy of costs included in the CWIP asset
 - Monitors CWIP activities
 - Coordinates the mandatory CWIP training and tracks who has completed the training

Roles and Responsibilities

CFO/CAO



- ▶ **Chief Financial Officer (L/SO CFO) and NOAA's CAO (Deputy CAO):**
 - Ensures compliance with all CWIP policies and procedures
 - Ensures all applicable CWIP activities are designated as CWIP at the start of the activity
 - Ensures a CWIP Activity Manager and a CWIP Project Manager is designated for each activity
 - Ensures all CWIP Activity and Project Managers complete mandatory CWIP training each fiscal year (online CLC Training)
 - Reviews and certifies CWIP reconciliations
 - Reviews and certifies all NF 37-6s prior to submission to Finance and the appropriate Property Office

Roles and Responsibilities

NOAA Line/Staff Office



- ▶ **NOAA Line/Staff Office (L/SO) Headquarters Office:**
 - Ensures compliance with all CWIP policies and procedures
 - Provides construction needs and funding
 - Ensures all CWIP requirements are met before expending the funds
 - Provides CBS depreciation accounting codes to the CWIP Activity Manager at the Beneficial Occupancy Date (BOD)/acceptance date of the asset

Roles and Responsibilities CWIP Activity Manager



- ▶ **CWIP Activity Manager (L/SO):**
 - Has overall responsibility for financial and budgetary actions involving the activity
 - Adheres to all CWIP policies and procedures
 - Has CWIP critical element language in their performance plan
 - Completes mandatory CWIP training each fiscal year
 - Responsible for the accuracy of the valuation of the CWIP asset
 - Maintains a complete and accurate CWIP documentation file
 - Captures and allocates all costs correctly
 - Prepares and maintains a schedule of completion for each CWIP activity to include start date, key milestones, and projected costs and BOD/acceptance date (including revision of CWIP BOD/acceptance date)
 - Provide status through monthly status update

Roles and Responsibilities

CWIP Activity Manager Cont'd



- ▶ **CWIP Activity Manager (L/SO) cont'd:**
 - Reviews the monthly CWIP Activity Database reports
 - Advises Finance of changes to activity information that need to be made to the CWIP Activity Database
 - Reviews CA500D report
 - Reconciles CWIP documentation file to CWIP report (CA500D)
 - At BOD/acceptance date, completion of activity, or when certain milestones are met, initiates action to record the CWIP costs as PP&E (NF 37-6)
 - Notifies Finance when project codes are complete
 - Notifies Finance when an activity is complete

Roles and Responsibilities NOAA Project Manager



- ▶ **CWIP Project Manager (L/SO):**
 - Adheres to all CWIP policies and procedures
 - Has CWIP critical element language in their performance plan
 - Provides construction management support
 - Provides needed CWIP documentation to the CWIP Activity Manager
 - CWIP Determination Letter for all NESDIS open projects
 - Estimated schedules, including dates and costs
 - Awards and obligating documents
 - Invoices
 - Completes mandatory CWIP training each fiscal year



Training Requirements

- ▶ Mandatory training is required each fiscal year by all CWIP Activity Managers and CWIP Project Managers.
- ▶ New CWIP Activity/Project Managers must complete the training within one month of their appointment.
 - New NESDIS CWIP Activity/Project Manager have 1 week
- ▶ LO CFO is responsible for ensuring the compliance and completion of the annual CWIP training.
- ▶ Training is online.
[Commerce Learning Center \(CLC\)](#)





Critical Element Requirement

▶ Per the CWIP Policy and Procedures:

All CWIP Project and Activity Managers must have CWIP critical element language incorporated into their performance plans (Sections 3.3 & 3.4 of the CWIP Policy)

- CWIP Element language can either be incorporated into another element or it can be a stand-alone element
- Minimum element weight is 5%, and the minimum element weight in the Five-Level Performance Management System is 15%
- Recommended that CWIP element constitute at least 15% but no more than 25%
- NESDIS Certification of CWIP Critical Element in Performance Plan is available on the [NESDIS Intranet](#)



Overview of the CWIP Process

Planning Phase

- Determining whether an activity is CWIP or not.
- Assigning a CWIP Activity Manager and a CWIP Project Manager
- Establishing a CWIP activity in the CWIP Activity Database.
- Establishing project codes.

Construction Phase

- Tracking and capturing all the costs.
- Maintaining supporting documentation.
- Performing reconciliations.
- Monitoring and updating the CWIP Activity database.

Capitalization Phase

- Completing, reviewing, and certifying the NOAA Form (NF) 37-6, "Report of Property Constructed".
- Recording the asset in the appropriate property system and CBS.
- Closing out the CWIP activity.



Planning Phase

- ▶ Determining whether an activity is CWIP or not (L/SO, PPMB and RPMD)
 - Several items to consider:
 - To be capitalized?
 - CWIP Criteria
 - Capital Improvements
 - Bulk Purchases
 - Reimbursable Funds
 - Leasehold Improvements
 - Multiple Buildings
 - Demolition of Federal Buildings



Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - Expected to be capitalized by NOAA
 - Must meet all of the following four criteria for capitalization:
 - Aggregate **acquisition cost of \$200,000 or more**;
 - Estimated **service life of two years or more**;
 - **Long-term economic benefit** to the organization that maintains or obtains control; and
 - **Not intended for sale** in the ordinary course of operations
 - Determination should be made **prior** to any costs being incurred
 - Considered CWIP even if project construction and capitalization begin and finish in the same fiscal year





Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - Capital improvement projects should be evaluated to determine if they are CWIP or not
 - Consider whether the useful life of the asset is extended, or whether the project enlarges/improves the asset's service capacity
 - Bulk purchases should also be evaluated
 - An acquisition of a quantity of **similar items** individually costing \$25,000 or more, but less than \$200,000, and where the total monetary value of the one-time acquisition of those items is \$1 million or more
(http://www.pps.noaa.gov/New_menu/bulk.htm)
 - Reimbursable costs should not be recorded as CWIP unless the asset will be transferred to NOAA at the end of the activity



Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - Leasehold Improvements: Improvements to leased property should be capitalized if the improvements meet the CWIP criteria for capitalization.
(NOTE: Real Property's policy is currently under review to include capitalization of Reimbursable Work Agreements (RWA))
 - Entire buildings built on leased land are considered leasehold improvements
 - Depreciation – lesser of useful life or lease term
 - Multiple Buildings
 - Renovation projects involving more than one asset should be identified up front in the determination letter
 - Structures should also be identified
 - Required to report structures such as parking lots separately for Federal Real Property Council (FRPC) reporting
 - Make sure names being used for buildings correspond to asset name in Federal Real Property Management (FRPM)





Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - **Demolition of Federal Buildings**
 - Screening process not required if asset is structure or current estimated fair value is less than \$50,000
 - Excess request/demolition identified 12-24 months in advance of need (usually in planning stage or annual validation)
 - Notify RPMD (**LO notifies by e-mail**)
 - RPMD develops RP disposition (non-demolition) costs for LO funding
 - RPMD determines property value
 - RPMD reviews property records, prepares official property file, and transmits folder to Real Property Contracting Officer (RPCO), including LO justification with supporting documentation
 - Timing of disposal determined



Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - **Demolition of Federal Buildings (cont.)**
 - Coordinate with Logistics Division for Personal Property disposition
 - Disposal action assigned to responsible Regional RPMD Office
 - Specialist assigned by Action Office
 - Specialist initiates SF-118 preparation if greater than \$50,000
 - Record file and FRPM data reviewed by specialist
 - Specialist initiates
 - SECO involvement needed to conduct Environmental Due Diligence (SECO Flow Chart)
 - Specialist prepares Title V checklist
 - Specialist identifies excess property to DOC RE for screening and McKinney Act notification



Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - **Demolition of Federal Buildings (cont.)**
 - As directed by DOC RE:
 - Specialist transmits completed SF-118 to GSA for disposal
 - Specialist coordinates documents and disposition issues with GSA
 - FRPM is updated when disposition is completed
 - Letter from GSA with demolition approval
 - RPMD notifies LO that it is OK to demolish
 - LO coordinates contracts for demolition, and site restoration, and any environmental cleanup (if applicable), or the recipient completes the off site removal
 - If property is for offsite removal and there is a recipient under Public Benefit Conveyance, RPCO prepares Bill of Sale (BOS) and has the recipient sign the BOS. CAO signs the BOS and coordinates the off site removal



Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - **Demolition of Federal Buildings (cont.)**
 - RPCO prepares file close out and submits final documentation to RPMD.
 - RPMD prepares documentation to remove the property from RPM Database
 - Required supporting documentation:
 - GSA Letter
 - LO Excess Request
 - Copy of the excess property notification to the Department for screening
 - Payment for support services made in accordance with Line Office budget authority
 - RPMD archives completed file





Planning Phase (cont.)

- ▶ **Determining whether an activity is CWIP or not (cont.)**
 - If unsure whether an activity is CWIP or if there is even the slightest possibility that an activity may be CWIP:
 - Contact the Property Offices for guidance
 - Helps to avoid considerable difficulties in getting the data corrected in CBS



Planning Phase (cont.)

- ▶ **Assigning a CWIP Activity Manager and a CWIP Project Manager (L/SO)**
 - Mandatory CWIP training must be completed each fiscal year by both the CWIP Activity Manager and the CWIP Project Manager
 - Develop schedule(s) that identify significant events and milestones over the life of the CWIP Activity
 - Set up CWIP documentation file



Planning Phase (cont.)

- ▶ **Completing CWIP Determination Letter that documents why an activity is CWIP (L/SO)**
 - Serves as documentation of the determination
 - Also serves to gather additional information regarding the activity.
 - Number of assets being constructed? (Personal Property)
 - Involving more than one building? (Real Property)
 - On leased land? (Real Property)
 - Disposal involved? (Real Property)
 - Completed CWIP Training?
 - **Two templates (Appendices R.1 and R.2) – one for real property activities and one for personal property activities.**
 - Signed, at a minimum, by the CWIP Activity Manager and the appropriate Property Office



Planning Phase (cont.)

▶ CWIP Determination Letter (cont.)

■ Includes:

- Type of asset(s) being constructed (i.e. personal property, real property, internal use software)
- Description of CWIP Activity/Asset(s)
- Initial Cost Estimate
- Estimated Useful Life of Asset(s)
- CWIP Criteria
- Conclusion
- Additional information regarding the CWIP activity and/or asset(s) being constructed





Planning Phase (cont.)

▶ CWIP Determination Letter (cont.)

- Approved and signed off by CAO (PPMB and RPMD) within five business days of receipt. 
- Copies sent by CWIP Activity Manager to:
 - Activity Manager
 - Project Manager
 - LO CAO/CFO
 - Property Manager
 - CAO (PPMB/RPMD)
 - Finance Office
 - CIO, if Internal Use Software
- Letter can be prepared months in advance, prior to setting up any project codes.





Planning Phase (cont.)

- ▶ Establishing a CWIP activity in the CWIP Activity database (L/SO, FO)
 - Database:
 - Identifies all open CWIP activities (real and personal)
 - Identifies all active CBS CWIP project codes linked to a CWIP activity
 - Identifies all active CBS CWIP project codes not linked to a CWIP activity
 - Tracks mandatory submissions of CWIP reconciliations
 - Success is contingent on L/SO support



Planning Phase (cont.)

▶ CWIP Activity database (cont.)

- L/SO completes “Request to Add or Modify a CWIP Activity Form”, including: 
 - Activity Number
 - Activity Title
 - Estimated BOD/Acceptance Date
 - Estimated Cost
 - Project and Task Codes
 - CWIP Activity Manager
 - CWIP Project Manager
 - CWIP Reconciliation Preparer
- Finance enters data into the CWIP Activity database based on form from the L/SO



Planning Phase (cont.)

- ▶ **Establishing project codes (L/SO, FO)**
 - Minimum of two unique CBS project codes:
 - CWIP project code to capture costs to be capitalized
 - Non-CWIP project code to capture costs to be expensed
 - Separate and distinct set of CBS project codes must also be established for annual cost adjustments of incidental and administrative costs from a funded non-CWIP related project code to a CWIP project code
 - One project code to one CWIP activity
 - Two different CWIP activities cannot use the same project code.
 - No shared codes



Planning Phase (cont.)

▶ Establishing project codes (cont.)

- Financial Management Center (FMC) completes Project Code Request Form →

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

- Ensure project type field is “CWIP” or “IUSD” for capital CWIP project codes
 - Required for inclusion in CBS CWIP report, CA500D
- Ensure project code structure is appropriate
 - OR&F appropriations
 - 2nd position of project code **must** be ‘4’ (i.e. x4xxxxx)
 - PAC appropriations
 - 2nd position of project code **must** be ‘2’ and 4th position of project code **must** ‘F’ (i.e. x2xFxxx)



Planning Phase (cont.)

- ▶ Establishing project codes (cont.)
 - FMC forwards completed forms, including approved CWIP Determination Letter, if applicable, to Headquarters CWIP Budget Coordinator
 - L/SO Headquarters Office reviews and approves:
 - Project code request form, and
 - Request to Add or Change CWIP Activity form (Database form)
 - L/SO Headquarters enters/saves the CWIP/IUSD project code in CBS on CM004 screen but does not approve or activate the project code
 - L/SO Headquarters Office forwards to Finance (Financial Statements Branch) the following forms:
 - Project code request form, 
 - Request to Add or Change CWIP Activity form (Database form), and
 - CAO-approved CWIP Determination Letter (for new CWIP activities only)



Planning Phase (cont.)

- ▶ **Establishing project codes (cont.)**
 - Finance reviews the forms to:
 - Ensure that the CWIP Determination letter and the project code request form contain the proper concurrences from CAO and L/SO, respectively
 - Ensure proper format of the project code structure
 - Ensure that the CWIP Determination letter is completed at the start of a CWIP activity
 - Finance contacts L/SO, if corrections are needed
 - Depending on the nature of the correction, corrections will be made either (1) by Finance with email confirmation of changes from the L/SO or (2) by the L/SO
 - Finance updates the CWIP Activity Database
 - Finance approves and activates CWIP/IUSD project codes in CBS (CM004) within one business day of receipt of forms (pending access to CBS and extent of errors)



Construction Phase

- ▶ **Tracking and capturing all the costs (L/SO)**
 - PP&E should be recorded at cost. Cost shall include all costs incurred to bring PP&E to a form and location suitable for its intended use
 - Cost of PP&E may include
 - amounts paid to vendors
 - transportation charges to the point of initial use
 - handling and storage costs
 - labor and other direct or indirect production costs (for assets produced or constructed)
 - engineering, architectural, and other outside services for designs, plans, specifications, and surveys
 - acquisition and preparation costs of buildings and other facilities



Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - Cost of PP&E (cont):
 - An appropriate share of the cost of the equipment and facilities used in construction work
 - Fixed equipment and related installation costs required for activities in a building or facility
 - Direct costs of inspection, supervision, and administration of construction contracts and construction work
 - Legal and recording fees and damage claims
 - Fair value of facilities and equipment donated to the government
 - Material amounts of interest costs paid
- (FASAB SFFAS No. 6, “Accounting for PP&E”, paragraph 26)



Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - Examples of costs that **should be included** in CWIP for capitalization are (but not limited to)
 - Labor costs for design and engineering
 - Actual contract costs with modifications for architectural and engineering contract design
 - Storage costs of Government Funded Equipment (GFE) delivered prior to installation date
 - Construction contract and all modifications
 - Materials and all actual labor associated with construction
 - Incidental and administrative costs representing labor for procurement, finance, supervisory, clerical and all other non-labor administrative costs (Rates used are 3% and 5%)
 - Direct labor, leave, benefits, and indirect costs
 - Construction and installation costs





Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - It is the CWIP Activity Manager's responsibility to ensure that all costs, both capital and expense, are captured and allocated correctly
 - CWIP Activity Managers are responsible for reviewing all obligating documents and determining that each cost charged to a CWIP activity is correct
 - Capitalized as CWIP and assigned to the CBS CWIP project code, **or**
 - Expensed as non-CWIP and assigned to the CBS non-CWIP project code
 - Create a spreadsheet to track expenses



Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - PP&E that is **integral** to the CWIP asset should be included in the cost of the CWIP asset when it meets the following two criteria:
 - PP&E is built into the CWIP asset such that **its removal would damage** the CWIP asset or the PP&E or **impair the intended use** of the CWIP asset or the PP&E **and**
 - PP&E is **immaterial** relative to the related CWIP asset
 - When determining materiality, both cost and useful life should be considered
 - PP&E that is **non-integral**:
 - If it meets the capitalization threshold, should be capitalized as a separate asset
 - If it does not meet the capitalization threshold, should be expensed and recorded as accountable property



Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - Examples of costs that **should not be included** in CWIP and should be expensed are (but not limited to):
 - Planning activities that do not result in final design
 - Ordinary administrative supplies (e.g. copy paper, office equipment)
 - PP&E constructed for Research and Development intended as experimental, changing product rather than as a finished product
 - Personal property equipment used for administrative support
 - Non-integral PP&E not meeting capitalization threshold
 - Spare parts
 - Outfitting costs that do not meet the capitalization threshold



Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - Reimbursable Costs (Section 8 of CWIP Policy and Procedures)
 - Included in the total value only if the MOU transfers or identifies the asset as belonging to NOAA at the end of the construction period
 - Project code structure will not follow the unique CWIP structure
 - Project codes should be setup and accounted for as reimbursables
 - At the end of the CWIP activity:
 - Portion of CWIP asset funded by the reimbursable sponsor should be “transferred” to NOAA
 - NF 37-6s must include the NOAA portion (the CWIP project codes) **and** the “transferred-in” portion from the reimbursable sponsor





Construction Phase (cont.)

- ▶ Tracking and capturing **all** the costs (cont.)
 - Incomplete CWIP/Impairments (Appendix L)
 - Impairment: the condition that exists when the carrying amount of a long-lived asset exceeds its fair value
(FASB FAS No. 144)
 - CWIP activity or a part of the activity will never be completed or has become non-viable
 - **CWIP Project Managers and/or Activity Managers must perform a formal analysis, annually, on all open CWIP activities to determine if the CWIP activity is viable or likely to be completed**
 - CWIP Activity Manager must notify Finance via the quarterly data call
 - CWIP costs are reduced to reflect expected net realized value and recognize impairment losses (if any)
 - Impairment loss shall only be recognized if the net book value of a long-lived asset is not recoverable and exceeds its fair value



Construction Phase (cont.)

- ▶ **Maintaining supporting documentation (L/SO)**
 - Two files:
 - CWIP Activity Manager's file
 - Documentation due to the Property Office
 - CWIP Activity Manager is responsible for maintaining adequate supporting documentation
 - Both files must be maintained for the life of the asset



Construction Phase (cont.)

▶ Maintaining supporting documentation (cont.)

Documentation Req.	CWIP Activity Manager's File	Property File
CWIP Determination Letter	✓	✓
Acceptance documentation or BOD letter	✓	✓
Annual SLTs for incidental and administrative costs, if applicable	✓	✓ (not annual)
CBS CWIP Report (CA500D) and other related CBS accounting reports	✓	N/A
Copies of invoices to support amounts reported on the NF 37-6	✓	N/A
CBS labor reports	✓	N/A
CBS cost reports	✓	N/A



Construction Phase (cont.)

▶ Maintaining supporting documentation (cont.)

Documentation Req.	CWIP Activity Manager's File	Property File
Copies of construction or production contract (including Statement of Work), copies of CBS bankcard statements, all modifications, and both partial and final invoices	✓	Contract and any mods. that contain amount and deliverables
Copies of travel vouchers for inspections or design review	✓	N/A
Copies of architectural and engineering contract task orders and related invoices	✓	N/A
Bills of lading for transportation charges	✓	N/A
Copies of contracts for construction management services and related invoices	✓	N/A



Construction Phase (cont.)

▶ Maintaining supporting documentation (cont.)

Documentation Req.	CWIP Activity Manager's File	Property File
Copies of billing for space charges for storage costs for Government Funded Equipment (GFE) delivered prior to installation date	✓	N/A
Copies of invoices for duplicating drawings and specifications for final design	✓	N/A
Copies of purchase orders, Receipt and Inspection Reports and related invoices for materials purchased for in house construction	✓	N/A
NF37-509 "Property Transaction Report" (personal property only)	✓	✓
CWIP spreadsheet or planning document as a cost and documentation checklist	✓	N/A



Construction Phase (cont.)

▶ Maintaining supporting documentation (cont.)

Documentation Req.	CWIP Activity Manager's File	Property File
Transfer documentation, if applicable	✓	✓
Standard Data Warehouse (DW) Discoverer Query	✓	N/A
Useful life certification following Real/Personal Property guidance and corresponding to the useful life on the NF 37-6	N/A	✓
Spreadsheet tying obligating documents to the asset cost on NF 37-6.	✓	✓
Completed FRPM data entry form (real property)	N/A	✓



Construction Phase (cont.)

- ▶ **Maintaining supporting documentation (cont.)**
 - Property Offices reserve the right to request additional detailed information
 - File format suggestions.(Appendix K)
 - Concerns related to documentation:
 - Correct Acquisition Cost
 - Valid Acquisition Organization Code(s) and Project and Task Code(s)
 - Valid Depreciation Organization Code and Project and Task Codes(s)
 - Signed forms



Construction Phase (cont.)

- ▶ Performing reconciliations of the CWIP Documentation File to CBS CWIP Report (CA500D) (L/SO)
 - Independent verification of project code balances on the CBS CWIP Report (CA500D)
 - CWIP Activity Managers must prepare a reconciliation of their Uncapitalized Cost balances, by project code and CWIP activity.
 - CWIP Reconciliation Template. (Appendix O)
 - Approved and signed by L/SO CFO/M&B Chief/NOAA CAO (Deputy CAO)
 - Send scanned copies **and Excel versions** of the reconciliations to Finance

Construction Phase (cont.)

- ▶ **Reviewing the reconciliation (FO)**
 - Determine if any adjustments need to be made to the CBS CA500D report
 - Make any necessary revisions to CBS





Construction Phase (cont.)

- ▶ Monitoring and updating the CWIP Activity Database (L/SO, PPMB, RPMD, and FO)
 - Finance posts monthly reports to the Web
 - Finance follows-up with L/SOs regarding project codes that:
 - Are not linked to a CWIP activity
 - Have negative CWIP balances
 - Meet the purge criteria
 - Are CWIPC/IUSDC, but do not meet the purge criteria
 - PPMB and RPMD follows-up with L/SOs on activities, for example, that have:
 - Estimated BOD/acceptance dates that have expired
 - Estimated BOD/acceptance dates that are in the near future
 - L/SO should notify Finance of any changes to an activity



Capitalization Phase

- ▶ **Completing the NF 37-6 form (L/SO)**
 - NF 37-6 is used to transfer CWIP costs into a capitalized asset account (e.g. buildings and structures, equipment)
 - Three conditions require submission of a NF 37-6:
 - Constructed PP&E reaches BOD/acceptance date (initial NF 37-6)
 - Uncapitalized costs for a completed CWIP asset or completed phase/ milestone of the asset reaches or is expected to reach the lessor of \$1.0 million or 10% of the total cost incurred to date within the FY (revised NF 37-6)
 - When UDO equal \$0 **and unpaid expenditures equal \$0**, no further costs are expected, and there are uncapitalized costs (i.e. CWIP activity is complete) (final NF 37-6)



Capitalization Phase

- ▶ **Completing the NF 37-6 form (L/SO)**
 - For 2nd and 3rd conditions, the Property Offices will monitor the CWIP Activity Database 306 report monthly to determine if a NF 37-6 should be submitted
 - Within a week, the Property Office will notify the L/SO.
 - **Notification from the Property Office will serve as the starting point for the timeline**
 - If significant additional costs are anticipated before the end of the fiscal year, the Property Office, Finance, and the L/SO can together make a determination to defer the revised NF 37-6 to a specific date within the fiscal year
 - In addition, Finance or the Property Offices may request a revised NF 37-6 for instances that do not meet the 2nd condition if they deem it necessary due to materiality, timeliness or audit risk



Capitalization Phase

- ▶ **Completing the NF 37-6 form (cont.)**
 - Does not include unpaid obligations or accruals
 - For assets with milestones:
 - NF 37-6 should include costs incurred to date
 - For CWIP activities with multiple assets:
 - NF 37-6 should be completed when each asset becomes operational (BOD/acceptance date)
 - Certified by CWIP Activity Manager and L/SO CFO or CAO/Deputy CAO (if activity is OCAO-designated).
 - Send scanned copy **and Excel version** of the signed NF 37-6 to Finance



Capitalization Phase (cont.)

- ▶ **Completing the NF 37-6 form (cont.)**
 - BOD/Acceptance Date or Email Notification from the Property Office dated between October 1 through July 12:
 - 40 calendar days for LO to forward completed NF 37-6 to Finance
 - 10 calendar days for Finance to review and approve NF 37-6
 - 30 calendar days for Property Office to review and approve NF 37-6
 - 10 calendar days for Finance to process General Journal (GJ) upon receipt of final NF 37-6
 - Entire process should not exceed **90 calendar days** after BOD/acceptance date or an email notification from the Property Office



Capitalization Phase (cont.)

- ▶ **Completing the NF 37-6 form (cont.)**
 - July 13 through August 31:
 - NF 37-6 must be submitted to Finance by September 10
 - September 1 through September 30:
 - Estimated NF 37-6 is required
 - For NF 37-6s submitted to Finance after August 11
 - Finance and Property Offices' reviews will be adjusted to ensure that the NF 37-6 will be processed by year-end
 - Will be reported in a quarter if the NF 37-6 is:
 - Signed by Finance by the last day of the quarter-end, and
 - Signed by the Property Office by the second business day of the following month



Capitalization Phase (cont.)

- ▶ **Reviewing and certifying the NF 37-6 (FO)**
 - Reviews the NF 37-6 for clerical accuracy
 - Reviews project codes
 - Verifies that the depreciation project code is valid and active
 - Verifies that amounts on the NF 37-6 do not exceed current balances on the CBS CWIP Report (CA500D)
 - If insufficient “Uncapitalized Costs” exist, the CWIP Activity Manager will be notified
 - Does not review any supporting documentation file
 - Does not certify the accuracy of the costs charged to and included in the activity
 - Certifies the NF 37-6.
 - Sends scanned copy to L/SO with a copy to the appropriate Property Office



Capitalization Phase (cont.)

- ▶ **Reviewing the NF 37-6 and supporting documentation (PPMB/RPMD)**
 - L/SO submits required supporting documentation to the appropriate Property Office
 - Can be submitted early
 - Must be submitted upon receipt of email from Finance
 - PPMB/RPMD reviews the NF 37-6 and supporting documentation:
 - Completeness
 - Accuracy
 - In particular, PPMB ensures that amounts to be capitalized via the NF 37-6 agree to the amounts per CA500D report.
 - PPMB/RPMD certifies the NF 37-6.
 - Sends a scanned copy to Finance and the CWIP Activity Manager



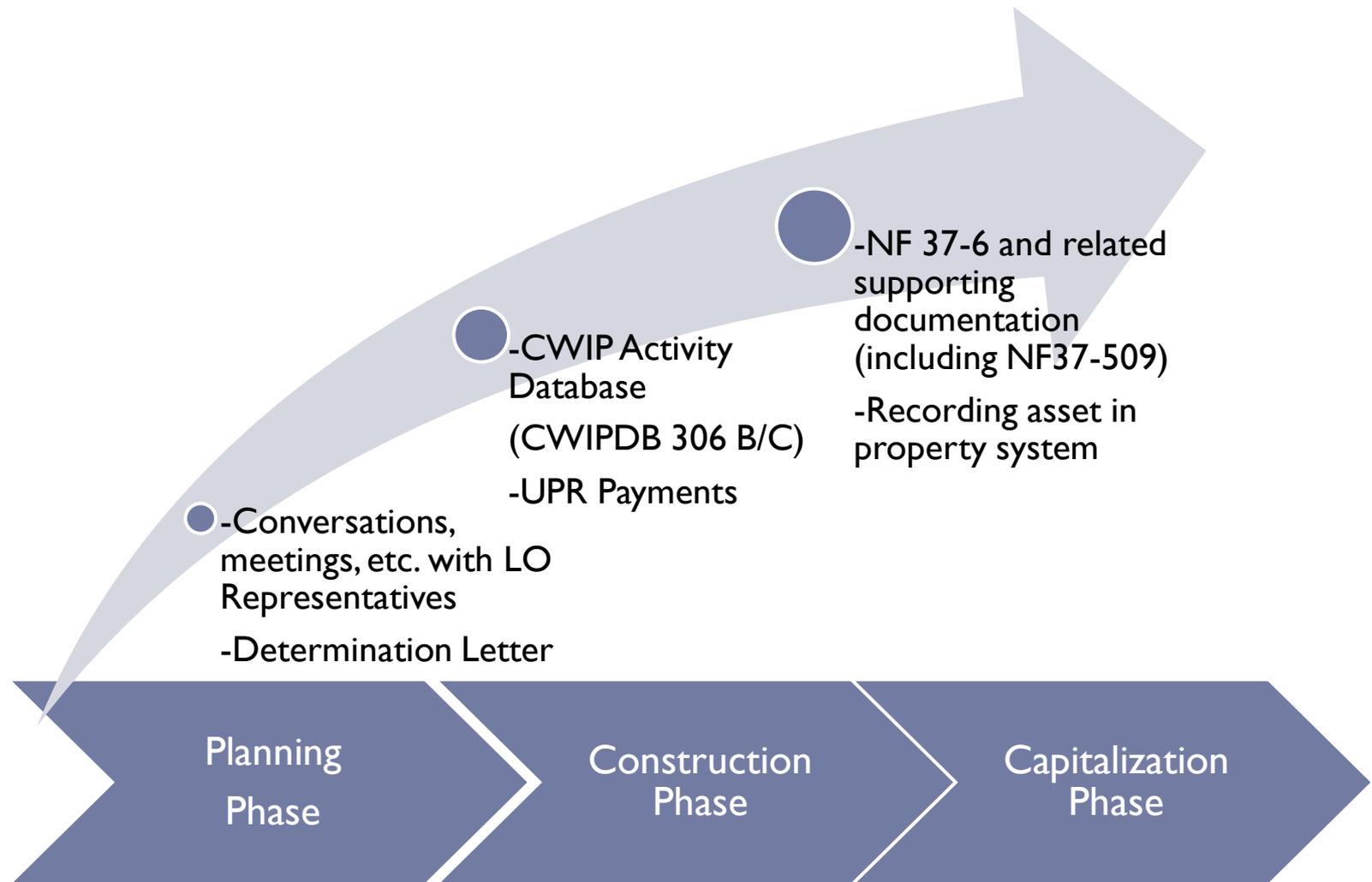


Capitalization Phase (cont.)

- ▶ Recording the asset into the appropriate property system (PPMB/RPMD)
 - Either prior to or shortly after signing the NF 37-6
 - Sunflower
 - FRPM

- ▶ Recording the asset in CBS (FO)
 - Upon receipt of certified NF 37-6 from the Property Office(s)
 - Removes cost from CWIP account and puts it in a PP&E account
 - After transaction is recorded, costs will appear in the “Capitalized Cost” column on the CA500D report

An Overview of the CWIP Process Per the Property Office



Recording Asset in Sunflower



- ▶ The Property Custodian (PC) obtains the Sunflower Catalog data from the Sunflower Help Desk and enters the asset information in the Edit Interface.
- ▶ The CWIP Activity Manager and PC provide the NF37-509, NF 37-6, and other supporting documentation to PPMB.
 - ▶ NESDIS- All documentation packages are submitted to HQS
- ▶ **Cotton & Co. personnel reviews the monthly 306B report for CWIP and:**
 - ▶ **follows up on the status of projects,**
 - ▶ **Requests initial, revised or final NF 37-6 where applicable**

Recording Asset in Sunflower (cont.)



- ▶ Within PPMB, a Lead Property Representative (LPR) reviews and processes the transaction from the Edit Interface into Sunflower within two working days
 - Records the asset as an inventory asset in Sunflower
- ▶ LPR will capitalize the asset within 10 working days from the date it was entered in the Edit Interface
 - Records the asset as an financial asset in Sunflower

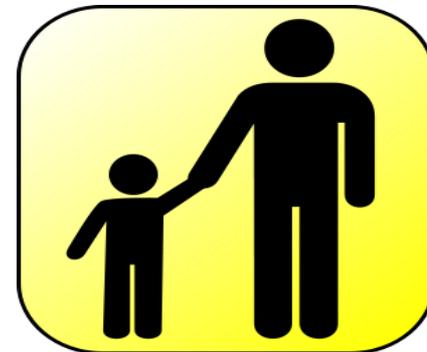
Parent-Child Relationships

- ▶ The parent is a financial asset, and the child can be either a non-financial asset or another financial asset
- ▶ Each parent and child receives its own barcode, and the “children” barcodes are tied to the “parent” barcode in Sunflower



Parent-Child (cont.)

- ▶ A child asset can be designated as a financial asset and be capitalized based on its own acceptance date and useful life
 - When capitalized separately, the value of a child asset is not included in the value of the parent asset
- ▶ Parent-child relationship is affected by whether the child asset is integral or non-integral to the parent. A revised property bulletin is in-progress and will be issued with guidance on parent-child assets.





Capitalization Phase (cont.)

- ▶ **Closing out the CWIP activity**
 - **Database**
 - Only UDOs remain – only COR can work with AGO to resolve
 - Notify Finance when an activity is complete so that it can be marked as “Completed” in the CWIP Activity database
 - **Purge Codes**
 - Notify Finance to change project type in CBS to CWIPC or IUSDC.
 - Required to meet CBS CWIP Report (CA500D) “Purge” criteria (Appendix N)

Resources

- ▶ [CWIP Web site](#)
 - Policy and Procedures
 - Forms
 - CWIP Activity Database reports
- ▶ [PPMB Web site](#)
- ▶ [RPMD Web site](#)
- ▶ [FASAB Standards](#)
- ▶ [CFO Act](#)





Updates to the Policy

- ▶ Proposed changes/updates to the policy and procedures are made to the CAO-led CWIP Working Group, where they are discussed and voted on
 - Charter on Finance's CWIP Web site
 - Meets once a month.
 - Contacts:
 - Mary Ann Whitmeyer
 - Heather Potter

- ▶ Actual updates to the CWIP Policy and Procedures document are made by Finance





NESDIS Contacts

For Budget related questions:

Brian J. Brown

CWIP Coordinator

301-713-7062

Brian.J.Brown@noaa.gov

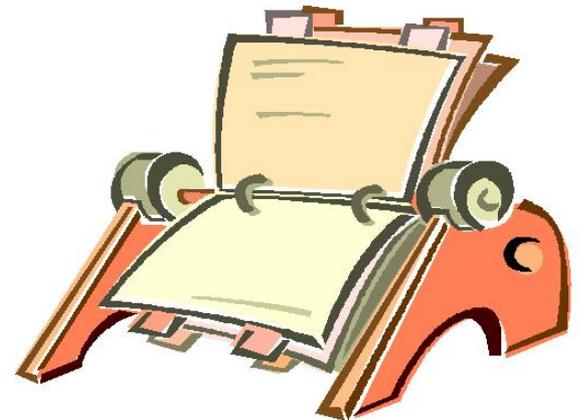
For Property related questions:

BerNee Foreman

Property Manager

301-713-3354

Bernadette.G.Foreman@noaa.gov





NESDIS INTRANET

https://intranet.nesdis.noaa.gov/personal_property/audits.php



Construction Work-In-Progress (CWIP) Projects

- [Revised NOAA CWIP Policy & Procedures](#)
- [CWIP Activity Database Reports](#)
- [Request to Add or Modify a CWIP Activity Form](#)
- [Link to NOAA's Finance Workshop PowerPoint Presentation](#)
- [FY 2012 NESDIS CFO/CAO CWIP Seminar](#)
 - [FY 2011 CWIP Audit Findings, Recommendations, and CAPs](#)

CWIP Documentation

Personal Property

- [Personal Property CWIP Determination Letter](#) (Revised March 2010)
Note: Replace page 3 in above document with [this file](#)
- [NESDIS Supporting Documentation Checklist](#) (For reporting Capitalized Assets, Leased Property, and CWIP)
 - Determining the Useful Life and Federal Supply Classification
 - > [FY 2009 Property Bulletin # 001](#) (Effective 1/30/2009)
 - > If unable to locate asset description on link listed above, [click here](#).
- [NOAA Form \(NF\) 37-509](#) — Property Transaction Request: Use the form to request capitalized asset additions, deletions, change asset information and transfer.
 - [FY 2011 NOAA Property Bulletin #001: Utilization of NOAA Form 37-509](#)
- [NOAA Form \(NF\) 37-6](#) — Report of Property Constructed: Use the form to request for transferring from CWIP to PP&E.

Real Property

- [Real Property CWIP Determination Letter](#) (Revised March 2010)
- [NESDIS Supporting Documentation Checklist](#) (For reporting Real Property or Improvements)
 - > [Federal Real Property Management \(Data\) Entry Form for Constructed Assets](#)
 - > [Useful Life for Real Property](#)
 - > [Property ID Numbers \(Tag Nos.\)](#)

NOAA Notification of Finding and Recommendation (NFRs) for CWIP Projects

FY 2011

- [FY 2011-21 - Documentation for IPAC Reviews](#)
- [FY 2011-23 - Inaccuracies on CWIP Reconciliations](#)
- [FY 2011-25 - Capitalizing Pre-Acquisition Costs](#)

FY 2010

- [FY 2010- 17—Reconciliation of CWIP for POLAR METOP, GOES-N, and POES Satellite Series \(Prior year finding 2009-03\)](#)
- [FY 2010- 18—CWIP/Satellite Costs \(Prior year finding 2009-06\)](#)
- [FY 2010- 29—Uncapitalized funds for GOES N-P \(No prior finding\)](#)

FY 2009

- [FY 2009- 03—Reconciliation of Construction Work-In-Progress \(CWIP\) for GOES R Satellite Series \(Prior year finding 2008-25\)](#)
- [FY 2009- 04—Timely Transfer of Completed Personal Property CWIP Projects to PP&E \(Prior year finding 2008-42\)](#)
- [FY 2009- 06—CWIP/Satellite Costs \(Prior year finding 2008-41\)](#)

FY 2008

- [FY 2008-25 — Reconciliation of Construction Work-In-Progress \(CWIP\) for the GOES R satellite series](#)
 - > [Link to Corrective Action Plans \(CAP\) for NFR-25](#)
- [FY 2008-41 — Satellite Costs](#)



Audits

- >> Capitalized Personal Property Policy
- >> CWIP Projects & Policy
- >> CWIP Training
- >> CWIP Documentation Checklist
- >> Corrective Action Plans
- >> DOC PARs
- >> NOAA NFRs

Barcoding Monitors

NOAA & DOC Personal Property Bulletins

Final Events, Excess Requests & Edit Interface Instructions

Inventory

- >> Board of Review Info and Checklist
- >> NOAA Properties Audit & Inventory Calendars

NESDIS Property Monthly CFO/CAO Briefings

NOAA Property Monthly Meeting Minutes/Slides

Personal Property Contact Information

Personal Property Policy and

Audits

Construction Work-In-Progress (CWIP) Projects

- [Revised NOAA CWIP Policy & Procedures](#)
- [CWIP Activity Database Reports](#)
- [Request to Add or Modify a CWIP Activity Form](#)

Personal Property

- [NOAA Personal Property Management Branch](#)
- [Personal Property CWIP Determination Letter](#) (Revised March 2010)
Note: Replace page 3 in above document with [this file](#)
- [NF 37-6](#) (Revised March 2010)
- [NF 37-509](#)
 - [Bulletin #001- Utilization of NOAA Form 37-509](#) (released 10/7/10)
 - [Bulletin #006- Guidance on Establishing Parent-Child Relationships in Sunflower](#) (released 3/29/11)
- [NESDIS Supporting Documentation Checklist](#) (For reporting Capitalized Assets, Leased Property, and CWIP)
 - Determining the Useful Life and Federal Supply Classification
 - > [FY 2009 Property Bulletin # 001](#) (Effective 1/30/2009)
 - > If unable to locate asset description on link listed above, [click here](#).
 - Sample Personal Property Packages
 - > [Personal Property CWIP Package](#)
 - > [Personal Property Capitalization Package](#)
- [Checklist for Submitting Documentation to PPMB for Capitalized Asset Deletion](#) (effective 2/2012)

Real Property

- [Real Property Management Division Website](#)



PPMB & RPMD Contacts

Katina Williams

301-713-3530 x128

Katina.Williams@noaa.gov

Lisa Williams

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Lisa.Williams@noaa.gov

Larry Oates

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PPMB Consultants

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Cotton & Co.

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Cotton & Co.





Finance Office Contacts

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Jones.Harbor@noaa.gov

Melvin Spencer
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Melvin.L.Spencer@noaa.gov

Heather Potter
301-444-2158

Heather.L.Potter@noaa.gov



Questions?



Supporting Slides





SGL Accounts

- ▶ 1711: Land (Real Property)
- ▶ 1712: Land Improvements (Real Property)
- ▶ 1719: Accumulated Depreciation on Land Improvements
- ▶ 1720: Construction Work-in-Progress (CWIP)
- ▶ 1730: Buildings and Structures (Real Property)
- ▶ 1739: Accumulated Depreciation on Buildings and Structures
- ▶ 1750: Equipment (Personal Property)
- ▶ 1759: Accumulated Depreciation on Equipment
- ▶ 1810: Capital Leases (Personal and Real Property)
- ▶ 1819: Accumulated Depreciation on Capital Leases
- ▶ 1820: Leasehold Improvements (Real Property)
- ▶ 1829: Accumulated Depreciation on Leasehold Improvements
- ▶ 1830: Internal Use Software (Personal Property)
- ▶ 1832: Internal Use Software in Development (IUSD)
- ▶ 1839: Accumulated Depreciation on Internal Use Software



Contacts for Determination Letter



- ▶ **Points of contact for Personal Property are:**
 - Primary: Katina Williams
 - Alternate: Larry Oates
- ▶ **Points of contact for Real Property are:**
 - Eastern Region Primary: Nancy King
 - Eastern Region Alternate: Marc Rappaport

 - Western Region Primary: David Garton
 - Western Region Alternate: Marc Rappaport

 - Copied on all submissions: Lisa Williams



Contacts for Project Code Approval



- ▶ **Points of contact for Finance are:**
 - Primary: Jones Harbor
 - CC: Melvin Spencer and Heather Potter
 - High Priority Items - CC: Mark Miller





Project Code Request Form

FY 2007 CBS Project Code Request Form		
No.	Item	Value
1	CBS Project Code	
2	Project Title	
3	Project Type	
	CBS Fund Code Listing for Project Types	http://www.corporateservices.noaa.gov/~finance/FOFRD.html
4	CBS Fund Code	
	CBS Fund Code Listing for Fund Codes	http://www.corporateservices.noaa.gov/~finance/FOFRD.html
5	Fund Title	
6	CBS Program Code	
7	Program Title	
8	Direct/Reimbursable Flag	
	CBS Fund Code Listing for D/R Flag	http://www.corporateservices.noaa.gov/~finance/FOFRD.html
9	Effective Begin Date	
10	Effective End Date	
11	WIP (Work in Process) Select "Yes" if Costs incurred for the project will be allocated by the Work In Process (WIP) allocation algorithm that assigns costs to customer orders. Select "No" if this is a	Yes ____ or No ____





NOAA

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

UNITED STATES DEPARTMENT OF COMMERCE



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[» Financial Reporting Division](#)

[» Financial Systems Division](#)

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[» Unasserted Claims](#)

[» Year End](#)

Financial Reporting Division

Construction Work In Process (CWIP)

Policy and Procedures

[CWIP Policy and Procedures](#)

Forms and Templates

[NF 37-6 "Report of Property Constructed" Template \(Excel format\)](#)

[CWIP Personal Property Determination Letter Template](#)

[CWIP Real Property Determination Letter Template](#)

[CWIP Reconciliation Template \(Excel format\)](#)

[Advanced/Prepaid Amounts for CWIP Activities Template \(Excel format\)](#)

CWIP Activity Database

[CWIP Activity Database](#)

Other CWIP Related Information

[CWIP Working Group Charter](#)

[Monthly CWIP/IUSD Reconciliations MEMO \(11/14/2011\)](#)

[CWIP - Required Critical Elements](#)

[CWIP Presentations](#)

- >> [CFO Home](#)
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- >> [Unasserted Claims](#)
- >> [Year End](#)

Financial Reporting Division

CWIP Activity Database

[CWIP Database Flowchart](#)

[Descriptions of CWIP Activity Database Reports](#)

[Request to Add or Modify a CWIP Activity Form](#)

Reports:

(As of January 31, 2012)

- [CWIPDB 100](#) Open CWIP Activities – Basic Information (PDF file)
- [CWIPDB 100](#) Open CWIP Activities – Basic Information (Excel file)
- [CWIPDB 102](#) Open Personal Property CWIP Activities – Basic Information
- [CWIPDB 104](#) Open Real Property CWIP Activities – Basic Information
- [CWIPDB 106](#) CWIP Activity and Project Managers
- [CWIPDB 108](#) Personal Property CWIP Activity and Project Managers
- [CWIPDB 110](#) Real Property CWIP Activity and Project Managers
- [CWIPDB 112](#) Open CWIP Activities by Line Office
- [CWIPDB 200](#) Open CWIP Activities and Active CBS Project Codes
- [CWIPDB 202](#) Active Project Codes and Open CWIP Activities
- [CWIPDB 304](#) Not Linked TBD Information



Database Form (Excerpt)

Request to Add or Modify a CWIP Activity Form (Updated 1/2010)

CWIP ACTIVITY INFORMATION:

Activity Number: _____

Activity Title: _____

Line/Staff/Corporate Office that is managing the CWIP Activity: _____

What type of property is this activity for: Real Personal (including IUSD)

Estimated CWIP Activity Completion Date: _____

Estimated CWIP Activity Amount (obligation under CWIP): _____

CBS Fund Code(s), Project Code(s), and Task/Phase Code(s) to be used on this activity:

Fund Code	Project Code	Task Code	New or Previously Submitted Code

Estimated total number of capitalized assets in this CWIP activity: _____

CWIP Reconciliation Preparer Information:

Name: _____

Phone Number: _____

Email Address: _____

CWIP Activity Manager Information:

Name: _____

Phone No.: _____

Email Address: _____





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

Insert Project Manager's Address

Insert Routing Code

March 5, 2012

MEMORANDUM FOR: The Personal Property Record
Personal Property Management Branch (PPMB)

FROM: Line/Staff Office

Insert CWIP Project Manager's Name
CWIP Project Manager

Insert CWIP Activity Manager's Name
CWIP Activity Manager

Insert Property Custodian's Name and Custodial Area, if known
Property Custodian

Insert CFO/CAO's Name
Chief Financial Officer/Chief Administrative Officer (if OCAO activity)

SUBJECT: Initial Determination for Construction Work-in-Progress (CWIP)

CWIP ACTIVITY TITLE: **Insert the CWIP Activity's Official Name**

REFERENCE: NOAA's CWIP Policy and Procedures Manual

Based upon my review of NOAA's CWIP Policy and Procedures Manual and the information below, it is my initial determination that the subject activity qualifies as a Personal Property CWIP activity, and the provisions outlined within the CWIP Manual will be followed to account for appropriate expenditures.

According to NOAA's CWIP Policy and Procedures Manual, CWIP is a temporary holding account used to track costs during the design and construction activities of property, plant, and equipment (PP&E). In order to be considered a CWIP activity, a construction project must meet all of the following criteria for capitalization:

NESDIS PERSONAL PROPERTY CHECKLIST

Required Documentation to ADD, ADJUST, OR DELETE Capitalized Assets, CWIP Projects or Lease Assets

All relevant materials and actions listed below must be provided in order for the asset to be properly documented.

Barcode Number (s):

Description of Asset: (include purpose of asset)

Depreciation Accounting: (Organization, Program & Project Codes)

Check one in each column: New Asset
Adjustment: Prior Fiscal Year Current Year
Deletion

CWIP (Activity #)
Lease
Purchase

- For **new assets** (items 1-7), provide support for each of the numbered items below (except #7 & 9).
- For **adjustments/transfers** (items 4-6 & 9), provide support and explanation in box provided below
- For **deletions** (item #8), provide support listed in item #7.

01 CWIP Determination Letter (Letter should already be signed by CWIP Activity Manager & NOAA Property)

02 General Support:

- Summary/overview of the asset and/or URL

03 Support for procurement of the asset (one of the following):

- Copy of all sections of the Contract/Purchase Order and Task Order(s) (including any modifications) that relate to the asset
- Copy of Transfer Order Information (Form SF-122 Transfer Order Excess Personal Property, SF-126 Report of Personal Property for Sale, or equivalent) including acquisition cost – signed & dated

04 Support for acquisition cost:

- Please indicate on supporting documentation if the cost provided is an estimate. Also provide a projected date for finalization of the acquisition cost
- For CWIP - NOAA Form 37-6, Report of Property Constructed – first & last pages should be signed by Task/Project Manager; in addition, it should be signed by Finance prior to submission to the appropriate Personal Property Office Representative
- CWIP Activity Manager Checklist for 37-6



Checklist for Submitting Documentation to Personal Property Management Branch (PPMB) for
Capitalized Asset Deletions

All relevant materials and actions listed below must be provided in order for the asset to be properly documented. PPMB will request additional supporting documentation, if necessary.

Barcode Number(s): _____

Asset Type: _____

Asset is disposed of through: Final Event Excess Receiptal

1. The NOAA-Form 37-509 has been submitted. Section 4, fill in the 'Asset barcode' and the 'Type' of deletion (include parent/child assets as applicable)
2. Does the asset have Parent/Child asset(s)? Identify Parent/Child Asset Barcodes that will need to be deleted (if applicable) _____
3. Asset Type
 - Aircraft or Vessels: Congressional memorandum, FONSI approval memorandum, NOAA decision memorandum from NEP, and approval of DCFO and PM on the NF 37-509.
 - Electronic Devices (Computers, hard drives, other electronic devices with personally identifiable information): "NOAA Computer/Hard Drive Sanitation Validation Form" is required.
4. The asset deletion request (Excess Receiptal or Final Event) has been entered into Sunflower.
5. A hard copy CD-52 form has been completed for the deletion. (See NOAA Nat'l Disposal Plan Sec. 9.1.3).
6. The appropriate supporting documentation has been submitted.



NF37-509- Property Transaction Request

US. Department of Commerce

NF37-509
Revision Date 3/2011

Property Transaction Request

Property Custodian Code	Transaction Request Number (Internal to organization)
<input type="text"/>	<input type="text"/>

1. Addition

Type: New Acquisition Inventory Adjustment Other Describe

DESCRIPTION	Sunflower Catalog Number	Description of Personal Property		
	<input type="text"/>	<input type="text"/>		
	Manufacturer	Model Number	Serial Number	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	DOC Barcode Number	Asset Category	Useful Life	
	<input type="text"/>	<input type="text"/>	<input type="text"/>	

LOCATION	Building Number	<input type="text"/>	Room Number	<input type="text"/>			
	Street Address	<input type="text"/>					
	City	<input type="text"/>	County	<input type="text"/>	State	<input type="text"/>	Zip



Useful Life

The Sunflower Catalog Useful Life should be used. If no catalog has been created then the Sunflower help desk should be consulted.

Maintain Catalog Entries - asmn0020 (Page 1 of 2)

Catalogs

Identifier Reviewed? Begin Date End Date

Manufacturer*

Model Number

Description

Model Name

Fed. Supply Group

Service Life (yrs) Salvage Value

Override Service Life (yrs) Override Salvage Value %

Replacement Value

Federal Supply Classification

Stock Number UOM Shelf Life? Extendible?

User Fields*

Comment / Picture / Attachment

Enter a query; press F8 to execute, Ctrl+Q to cancel.
Record: 1/1 | Enter-Qu... | | |



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

Insert Project Manager's Address

Insert Routing Code

March 5, 2012

MEMORANDUM FOR: Real Property Management Division (RPMD)

FROM: Line/Staff Office

Insert CWIP Project Manager's Name
CWIP Project Manager

Insert CWIP Activity Manager's Name
CWIP Activity Manager

Insert Chief Financial Officer's/Chief Administrative Officer's Name
Chief Financial Officer/Chief Administrative Officer (if OCAO activity)

SUBJECT: Initial Determination for Construction Work-in-Progress (CWIP)

CWIP ACTIVITY TITLE: Insert the CWIP Activity's Official Name

REFERENCE: NOAA's CWIP Policy and Procedures Manual

Based upon my review of NOAA's CWIP Policy and Procedures Manual and the information below, it is my initial determination the subject project qualifies as a Real Property CWIP activity, and the provisions outlined within the CWIP Manual will be followed to account for appropriate expenditures.

According to NOAA's CWIP Policy and Procedures Manual, CWIP is a temporary holding account used to track costs during the design and construction activities of property, plant and equipment (PP&E). In order to be considered a CWIP activity, a construction project must meet **all** of the following criteria for capitalization:

NESDIS REAL PROPERTY CHECKLIST

Required Documentation required to ADD, ADJUST OR DELETE Assets

All relevant materials and actions listed below are to be submitted to the NESDIS PM Minimum File Contents for Constructed Property Being Transferred to NOAA from a Federal Entity must be provided in order for the asset to be properly documented.

CWIP Activity # (6-digit number)
Property ID (if improvement to existing asset):
Line Office:
Description of Asset:

Check One: New Asset Adjustment Deletion

❖ The following documentation must be included in the package prior to submission:

- CWIP Determination Letter (letter should already be signed by CWIP Activity Manager & Real Property)
- Overview of Asset (Brief Summary)
- Photo of property if available (electronic)
- MOU
- Amendments
- Contract or other obligating document
- Invoices or other documents from agency doing work indicating payment, signed and dated
- Support for useful life- [Real Property Internal Control Policy: Useful Life](#)
- Transfer document (if applicable)
- NF 37-6- "Report of Property Constructed"
 - CWIP Activity Manager Checklist for 37-6
 - CFO/CAO Checklist for 37-6
- Completed FRPM data entry form
- Other (Specify):



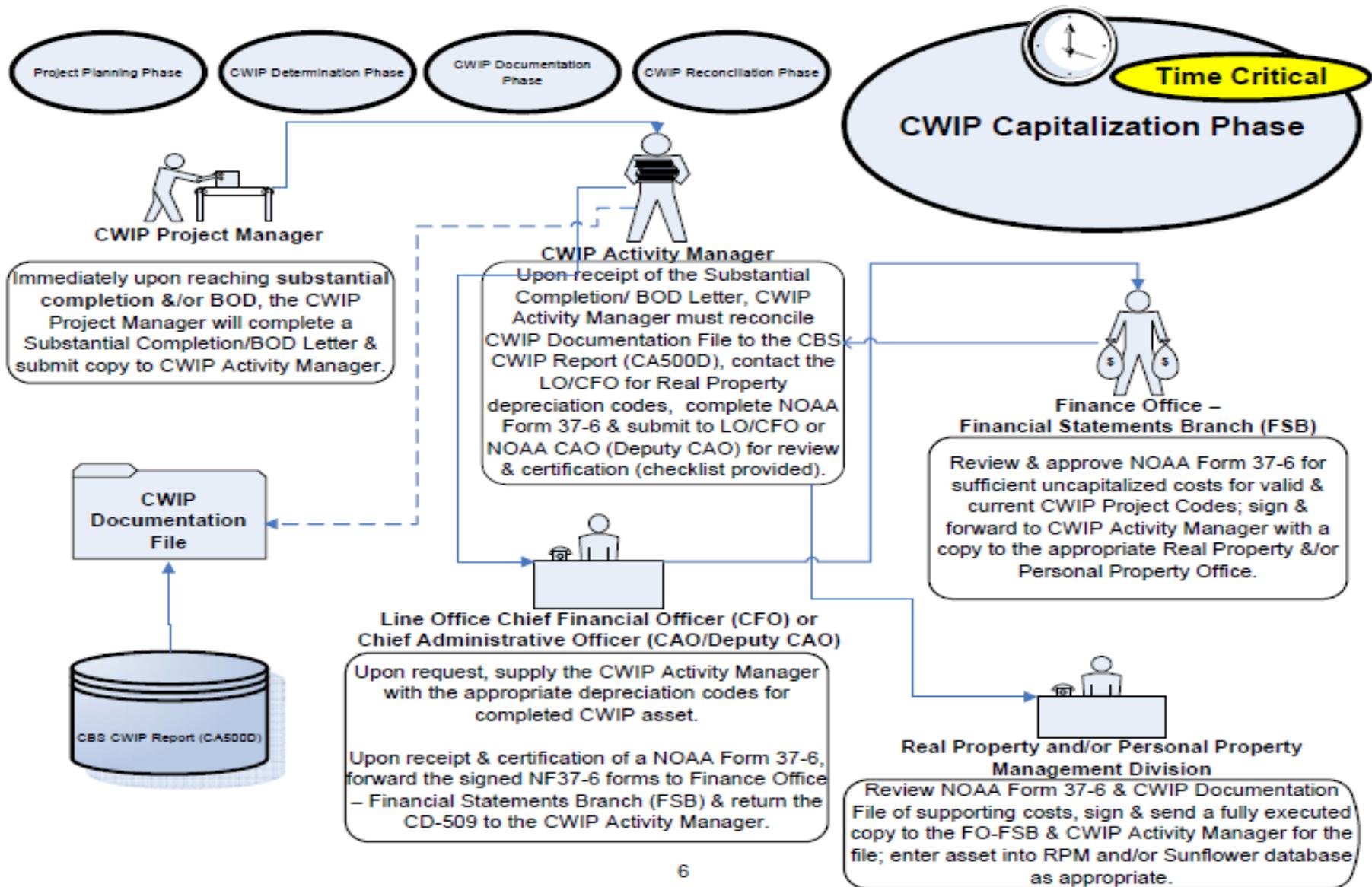
**US Department of Commerce
National Oceanic and Atmospheric Administration (NOAA)
Real Property Internal Control Policy
Useful Lives**

Purchases of \$200,000 or more, with an estimated useful life of 2 or more years are capitalized. As the useful lives of these assets decline through either physical wear and tear from operations, and/or deterioration, they are depreciated. SFFAS #6 defines useful life as the “normal operating life in terms of utility to the owner.” Moreover, it is the period that the property is expected to be economically useable by the entity.

The useful life of an asset can be based upon the “IRS, Recovery Period for Common Assets” and the guidelines from OMB Circular A-76 Supplement, Appendix C that is used for capital improvements.

- Buildings and Structures
 - Temporary Buildings and Structures 10 Years
 - Wood Building and Structures 20 Years
 - Metal and Prefab Buildings/Structures 30 Years
 - Masonry Buildings and Structures 40 Years
- Construction Materials 40 Years
- Electrical Power and Distribution Systems 15 Years
- Plumbing Fixtures and Accessories 15 Years
- Heating, Air Conditioning and Ventilation 10 Years
- Industrial Boilers 10 Years
- Dryers, Dehydrators, and Anhydrators 10 Years





Decision Tree: Integral vs. Non-Integral



START

Is the prop/equip built into the related CWIP asset such that its removal would either damage the CWIP asset or the prop/equip or impair the intended use of the CWIP asset?

Y

Capitalize the prop/equip as part of the CWIP asset

N

Is the useful life of the prop/equip materially different than that of the CWIP asset?

N

Capitalize the prop/equip as part of the CWIP asset

Y

Is the cost of the prop/equip material relative to the cost of the CWIP asset?

N

Capitalize the prop/equip as part of the CWIP asset

Y

Separately capitalize the prop/equip as non-integral prop/equip (must meet capitalization threshold)