

Appendix D

Frequently Asked Questions Relating to CWIP

We have a Reimbursable project in which another agency will be reimbursing NOAA for the costs incurred. How should this be treated?

Refer to the CWIP Policy and Procedures, Section 8.0 for “CWIP Activities Funded by Reimbursables” for detailed information on this topic.

Can a NF 37-6 be prepared and submitted to the FO-FSB for a vessel, if the project has not been completed?

Per the CWIP policy, NF 37-6 forms are not completed until the end of the project. When an asset is completed (or vessel, commissioned), a preliminary NF 37-6 (estimated) should be completed using the best information available with a final NF 37-6 submitted later.

How should a project be presented on the NF 37-6 if part of that project was funded by a donation from a university?

The NF 37- 6 should have the costs, by project, funded by NOAA. The portion donated by the university should be shown on the NF 37-6 as a donation and supporting documentation should be provided. The sum of the costs funded by NOAA plus the donation should be shown on the “Total Assets” line of the NF 37-6. Donations of assets require special attention and approvals. The NOAA FO’s Financial Policy and Compliance Division (FPCD) can assist with the policies and procedures for asset donation from a non-Federal donor.

How should spare parts be treated, with respect to CWIP?

Spare parts should be expensed, not capitalized as part of the asset. However, depending on the overall value of spare parts, consideration should be given to capitalizing the parts as operating materials and supplies (and expensing them as they are used). Regular counts of spare parts inventory should be considered as part of the quarterly Financial Statement and Stewardship Data Call, sent each quarter by the NOAA Comptroller.

How should outfitting costs be treated, with respect to CWIP?

If any individual outfitting items meet the \$200K capitalization threshold, with a useful life of two years or more, the items should be capitalized separately from the CWIP asset and depreciated over the appropriate useful life. If any individual outfitting item does not meet the \$200K capitalization threshold, the costs should be expensed. Expensed items that meet the Personal Property definition of being personal property (asset value of \$5K or assets that are deemed as sensitive personal property), must be recorded in the personal property system with their own unique barcode number.

How should a CWIP project be treated if the asset has been demolished (for example, by a natural disaster, etc.) while under construction?

If the CWIP activity was completed and demolished before the asset could be recorded in CBS, the asset must first be capitalized via a NF 37-6 for the total value of the asset at the time of destruction. The FO-FSB will prepare a GJ to record the asset; also, a GJ to remove and record the asset as a loss will be entered. The L/SO must ensure that all remaining undelivered orders are deobligated.

How should material components of a ship be treated, with respect to CWIP?

Material components of a CWIP asset that are expected to have a useful life less than that of the ship, considered non-integral to the CWIP asset, and meet the \$200K capitalization threshold, should be capitalized separately from the CWIP asset and depreciated over the appropriate useful life.

If an item is being built, which will be capitalized, but does not involve multiple steps and will be obligated in the same FY, is establishing a CWIP activity required?

Yes, CWIP project and accounting codes are still required. This is regardless of how involved or detailed the CWIP project is.

If a L/SO is providing funds to the OCAO to execute a project that is CWIP and the CWIP Activity Manager is a OCAO employee, should the monthly reconciliation forms be signed by the L/SO CFO or the CAO?

If the CWIP Activity Manager is an OCAO employee, the CAO, Deputy CAO, or M&B Chief in the OCAO Office must sign the reconciliations.

How do we get CWIP training – is there an on-line course?

NOAA has prepared an on-line course for training CWIP Project and Activity Managers. For more information, please contact the OCAO Project Planning and Management Division (PPMD) or the OCAO Personal Property Management Branch (PPMB).

We manage projects that develop software applications with multiple site locations. Each site costs under the \$200K capitalization threshold, but over the \$25K amount. All sites combined for this development activity total over \$1M. Is our project CWIP under the bulk purchase category? How should our project be handled for acceptance of each site at different points throughout the life of the CWIP activity?

Activities are not CWIP because of a bulk purchase theory – this theory is only used for purchasing assets off the shelf, not for developing or constructing assets.

It has been determined that the driving factor in this situation will be how the assets should be reflected in the Sunflower system. Acceptance dates used for each site location should be for

each acceptance for use; parent/child bar code information should be used for the individual sites to the overall CWIP activity; interim/estimated NF 37-6s should be completed when each site location gets accepted for use; one final NF 37-6 is needed for the overall project, when completed; and each site location would need a barcode.

For more information and guidance, please contact the NOAA RPMD or PPMB.