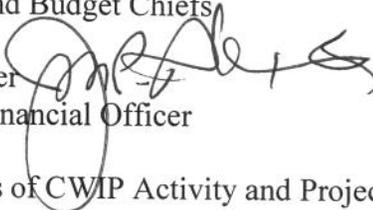




UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
CHIEF FINANCIAL OFFICER

February 15, 2012

MEMORANDUM FOR: Chief Financial Officers
Management and Budget Chiefs

FROM: Jon P. Alexander 
Acting Chief Financial Officer

SUBJECT: Responsibilities of CWIP Activity and Project Managers

The purpose of this memo is to reiterate and remind NOAA management of the responsibilities of Construction Work In Progress (CWIP) Activity and Project Managers. CWIP was the subject of several audit management letter comments this year and a reportable condition in past audits.

Please forward this information to your Management and Budget Chiefs (M&B Chiefs) and respective staff and management to remind them of their responsibilities regarding CWIP.

All CWIP Activity Managers must:

1. Thoroughly understand the NOAA CWIP policies and procedures, which details all specifics listed in this memo, and can be found on the NOAA Finance Office CWIP website listed below;
2. Complete mandatory CWIP training each fiscal year (Line/Staff Office Chief Financial Officers (L/SO CFOs)/M&B Chiefs will be notified of those who have not completed the mandatory training);
3. Have CWIP critical element language incorporated into their performance plans;
4. Prepare and maintain a schedule of completion for each CWIP activity to include start date, key milestones, and projected costs and completion date (including revisions to CWIP completion dates);
5. Review the monthly CWIP Activity Database reports posted on the Finance Office CWIP website listed below and advise Finance Office-Financial Statements Branch (FO-FSB) in a



timely manner of changes in estimated costs, estimated beneficial occupancy date (BOD)/ acceptance date, or CWIP Project/Activity Manager assignments;

6. Ensure a CWIP Determination Letter is completed for every new CWIP activity at the start of the CWIP activity, prior to any obligations being incurred, and copies of the letter are provided to the FO-FSB and the Real Property Management Division/Personal Property Management Branch (RPMD/PPMB);
7. Ensure a “Request To Add or Modify a CWIP Activity Form” is completed and submitted to the FO-FSB for all new CWIP activities;
8. Ensure all CWIP activities are set up as CWIP correctly at the onset of the activity or take corrective action immediately when a CWIP activity setup incorrectly has been identified;
9. Ensure all CWIP activities are set up properly by utilizing the unique CWIP CBS project code numbering structure (activities not set correctly will need deactivation and accounting corrections made to clear the incorrect project code);
10. Maintain a CWIP documentation file, in accordance with the NOAA CWIP Policies and Procedures;
11. Capture and allocate correctly all costs, both capital and expense, and maintain all documentation necessary to support all CWIP amounts on the CBS CWIP Report (CA500D) and reported in the NOAA Form (NF) 37-6 “Report of Property Constructed”;
12. Determine that each cost charged to the CWIP activity should be capitalized and not expensed to another non-CWIP project code;
13. Review all obligating documents for CWIP compliance, and make needed corrections, if required;
14. Conduct monthly reviews of the CBS CWIP Report (CA500D), verify the accuracy of CBS project code balances, object class coding, and dollar amounts and take corrective actions for any project codes not following the unique CWIP CBS project code numbering structure and negative “Uncapitalized Costs” amounts;
15. Reconcile monthly the CWIP balances, using the required CWIP Reconciliation Template, for all costs in the CWIP activity file to the CBS CWIP Report (CA500D), ensuring completeness and accuracy for all CWIP costs (exclude all undelivered order balances from the reconciled balances);
16. Ensure that all differences and adjustments necessary to the CBS CWIP Report (CA500D) are identified properly on the CWIP Reconciliation Template, explained in adequate detail and resolved within four weeks of noted difference;
17. Submit cost adjustments for corrections, as needed;

18. Submit annual cost adjustments to record “Incidental and Administrative Costs” for the activity (if applicable);
19. Ensure L/SO CFO, M&B Chiefs, or Chief Administrative Officer (CAO)/Deputy CAO, if CWIP Activity Manager is OCAO-designated, review and certify the accuracy and completion of the monthly CWIP reconciliations, prior to forwarding to FO-FSB;
20. Ensure timely submission of monthly CWIP reconciliations, approved by the L/SO CFO, M&B Chief, or CAO/Deputy CAO, if CWIP Activity Manager is OCAO-designated, to the FO-FSB;
21. Ensure L/SO CFO or CAO/Deputy CAO, if CWIP Activity Manager is OCAO-designated, review and certify the accuracy and completion of all NF 37-6 “Report of Property Constructed” for completed CWIP projects, prior to forwarding to the FO-FSB and the RPMD/PPMB;
22. Ensure timely submission, approved by L/SO CFO or CAO/Deputy CAO, if CWIP Activity Manager is OCAO-designated, of the NF 37-6 “Report of Property Constructed” to transfer costs of CWIP activities immediately once a constructed property item is placed into service to the FO-FSB;
23. Ensure assignment of property identification number (PIN) upon completion of the CWIP activity;
24. Submit an amended NF 37-6 to the FO-FSB for review and certification, if the total capitalized amount differs from the amount recorded earlier, when final payment is authorized for the CWIP activity;
25. Notify the FO-FSB via email when activity CWIP/IUSD project code is complete and all obligations have been paid and request the CBS CWIP project code project “type” for the completed activity’s project code be changed from “CWIP” to “CWIPC” or “IUSD” to “IUSDC”, which will allow the projects to purge from the CBS CWIP Report (CA500D) for purge criteria;
26. Notify the FO-FSB via email when a CWIP/IUSD activity is complete and all obligations have been paid and request the activity be designated “completed” in the CWIP Activity Database;
27. Ensure a formal analysis is performed annually, at a minimum, to determine if an impairment situation has occurred on all active CWIP activities (both real and personal property) and if the CWIP activity is viable or likely to be completed and notify the FO-FSB so the appropriate financial statement adjustments can be recorded; and
28. Identify amounts prepaid or advanced for CWIP activities where work is not completed and notify FO-FSB so the appropriate financial statement adjustments can be recorded.

Note – These responsibilities also apply to CWIP Activity Managers assigned to Internal Use Software in Development (IUSD) projects.

In summary, CWIP Activity Managers have the responsibility for CWIP financial and budgetary activities and for the accuracy of the valuation of the CWIP asset.

All CWIP Project Managers must:

1. Thoroughly understand the NOAA CWIP policies and procedures, which details all specifics listed in this memo, and can be found on the NOAA Finance Office CWIP website listed below;
2. Complete mandatory CWIP training each fiscal year (L/SO CFOs/M&B Chiefs will be notified of those who have not completed the mandatory training);
3. Have CWIP critical element language incorporated into their performance plans;
4. Complete and provide CWIP Determination Letter to CWIP Activity Manager for all construction-related activities (at the start of the CWIP activity – before any obligations are incurred);
5. Complete and provide BOP Worksheet to Budget Contact;
6. Provide revised estimated schedule dates of design start, construction completion/cost, BOD/acceptance date/placed in service date to the CWIP Activity Manager;
7. Prepare and/or forward a total cost estimate for the CWIP activity to the L/SO CFO/M&B Chief or CAO/Deputy CAO, if the CWIP Activity Manager is OCAO-designated;
8. Submit all obligating documents to CWIP Activity Manager prior to obtaining authorizations;
9. Ensure all award documents and related invoices are provided to the CWIP Activity Manager and Budget Contact;
10. Notify appropriate servicing payments offices to accrue undelivered orders to accounts payable;
11. Immediately following acceptance or BOD of a CWIP activity, complete and distribute acceptance documentation or a BOD memorandum to the client and the CWIP Activity Manager;
12. Ensure a formal analysis is performed annually, at a minimum, to determine if an impairment situation has occurred and the CWIP activity is viable or likely to be completed and provide the analysis to the CWIP Activity Manager.

Detailed CWIP responsibilities can be found on NOAA's Finance Office CWIP website at <http://www.corporateservices.noaa.gov/~finance/CWIP.html>. The oversight responsibilities of L/SO CFOs/M&B Chiefs and a *Line Office CFO/M&B Chief CWIP Reconciliation Review Check List* are also available at that site.

Thank you for your continued diligence in this area. If you have any questions, please contact Mark P. Miller at (301) 444-2704.

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