

**NOAA Corrective Actions on
DOC's FY 2010 Audited Financial Statements**

- **Title of Management Letter Comment:**

Reporting Heritage Assets "Activity" Should be Improved (NFR 4)

- **Contract Auditor's Recommendation:**

We recommend that the Financial Statements Branch (FSB) and Personal Property Management Branch (PPMB) review the Microsoft Access database, identify all barcode correction activities and manually adjust the heritage assets addition and withdrawal disclosures for presentation in the notes to the consolidated financial statements.

- **Actions Taken or Planned:**

1. PPMB reviewed the Heritage Asset database and identified all barcode correction activities. Accordingly, PPMB made manual adjustments to additions and deletions and submitted the revised FY 2010 4th quarter Collection-type Heritage Assets data call spreadsheet to the Financial Statements Branch on October 8, 2010.

- **Projected Completion Date:**

1. Completed (October 8, 2010)

- **Responsible Party:**

Judy Mickens-Murray (301) 713-0804

**NOAA Corrective Actions on
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- **Title of Management Letter Comment:**

Controls over Personal Property Should be Improved (NFRs 16, 25, and 35)

- **Contract Auditor's Recommendation:**

We recommend that:

1. PPMB implement a policy that requires the deletion of an asset to be recorded in Sunflower within a specific number of days after the period of disposal, retirement, or removal of the asset. In an effort to operate in a timely manner, PPMB should consider modeling their disposal criteria timeline on the timeline reflected in *CWIP Policy and Procedures, June 2010, Section 10.0 Transferring the Assets from CWIP to PP&E*.
2. NOAA, through the CWIP Working Group, establishes minimum documentation requirements in the *CWIP Policy and Procedures*. Additionally, PPMB should develop guidance for the line offices in completing the CD-509 for capitalized assets (CWIP or non-CWIP).
3. PPMB reinforce the importance of timely submission of supporting documentation from the Line Offices for property additions, and implement a process to escalate significant concerns for capitalized assets to the Line Office Senior Management when the Line Office does not comply with NOAA's policies, as appropriate. The National Marine Fisheries Service (NMFS), National Ocean Service (NOS) and Office of Atmospheric Research (OAR) should also implement procedures to report acquisitions of property on a timely basis.

- **Actions Taken or Planned:**

1. The timely requirement for deletion of an asset will be established as following:
 - a. PPMB will develop a property bulletin to establish timeline requirements for property custodians to inform PPMB of deletion of an asset when submitting the excess receipt or final event request, and timeline requirements for PPMB and NOAA Warehouse to process the final event when the final disposition is received.
 - b. Once the National Disposal Plan is finalized and implemented, PPMB will review the disposal procedures and establish the corresponding timely requirement for applicable responsibility party in the disposal process.
2. Following actions have been taken:

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- a. NOAA Finance updated the CWIP Policies and Procedures in June 2010 and established minimum documentation requirements based on discussions within the CWIP Working group (Section 9.0 Documentation Requirements).
 - b. PPMB developed the NOAA Form (NF) 37-509 to replace the CD-509 and corresponding instructions to provide guidance for the line, staff and corporate offices in completing the form when submitting transaction request. The Property Bulletin 001, FY 2011, Utilization of NOAA Form 37-509, was issued on October 7, 2010.
3. PPMB will establish a tracking mechanism to monitor the timely submission of supporting documentation from the Line Offices. When accurate, complete, and adequate supporting documentation is not submitted to PPMB by the due dates set forth in the *CWIP Policy and Procedures* and Property Bulletin 005, FY 2010, *Timeliness Requirement for Reporting Personal Property Additions*, PPMB will notify the Deputy Assistant Administrators (AA) of the appropriate Line Office by memorandum.

- **Projected Completion Date:**

1.
 - a. January 31, 2011
 - b. June 30, 2011
2.
 - a. Completed (June 2010)
 - b. Completed (October 7, 2010)
3. February 28, 2010/On-going

- **Responsible Party:**

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