

## CWIP SUBGROUP MEETING

SEPTEMBER 3, 2009

10:00 am to 11:00 am, SSMC 4, Room 8150

The meeting was co-chaired by Beckie Sweeney and Mary Ann Whitmeyer. The purpose of the meeting was to update participants on Finance Office progress in implementing 2009 policy changes and to provide instructions for the NF 37-6 and to further the discussion on documentation that should be attached to the NF 37-6.

<u>9/3/2009</u>	<u>NAME</u>	<u>LINE OFFICE</u>
X	BELL, LORI	OMAO/DS/PAD
PHONE	Breger, Carol	NESDIS/DNIP
PHONE	BRYANT, JULIE	NESDIS/OSO
X	BUTLER, Teresa	NOAA/CAO/LD/PPMB
X	CREEGER, Steven	NOAA/CAO/LD/PPMB
X	GARNER, Dominic	NMFS/OHC/HRD
X	MICKENS-MURRAY, JUDY	NOAA/CAO/LD/PPMB
X	MOSLEY, COREY	NESDIS/BPO
X	Myers, Candi	NOAA/CFO
X	MYERS, Paul	NOAA/CAO/LD/PPMB
X	Potter, Heather	USEC/DG C1
X	RODRIGUEZ, Miguel	NOAA/CAO/LD/PPMB
PHONE	SMOAK, SANDY	SO/CFO/FOC/FPCD
PHONE	SPENCER, Melvin	NOAA/CFO/FOC/FRD/FSB
X	SWEENEY, REBECCA	OMAO/DS/PAD
X	WHITMEYER, MARY ANN	NOAA/CAO/RPMD
X	WILLIAMS, Lisa	NOAA/CAO/Real Property
PHONE	WOODS, Lenora	NESDIS/BPO

### Action Items:

Judy has not yet approved the minutes of the 5 August meeting for distribution, but she will.

Lenore accepted the task to organize and conduct a MARS training session for Becky, Mary Ann, Beverly, Sandi and Lori Bell/OMAO.

**Meeting:**

Heather Potter lead the discussion on three topics that the Finance Office wanted to take up:

1. Revisions to the CWIP Policy from August 2009 – revisions to the CWIP policy have been made for August. Those changes included:
  - a. Changed the “Expected Useful Life of Asset (in Years)” drop-down menu on the NF 37-6 form to include all years between 2 and 40 (Appendix I.3).
  - b. Changed “fair value” to “net book value or fair value” as directed by FASAB SFFAS No. 6 (Section 6.1.3 of the Policy and Procedures).
  - c. Changed “phase codes” to “task codes” (Appendices O.2 and S.2).
  - d. Revised the responsibilities of the CWIP Project Managers and Activity Managers (Sections 3.3 and 3.4 of the Policy and Procedures).
  - e. Revised the documentation flow regarding the NF 37-6 and CD-509 forms (Section 10.0 of the Policy and Procedures, Appendix F, and Appendix I).
  - f. Updated OMAO Organizational Chart (Appendix J.1).
  - g. Revised checklists to a “form” format (Appendices I.1, I.2, O.2, and O.3).
  - h. Updated NOAA CWIP Contacts (Section 14.0 of the Policy and Procedures).
  
2. Proposed Format for the NF 37-6 Instructions

- a. In the current worksheet, there is one tab for the 37-6 form. Finance proposes to add another tab on the Excel spreadsheet that would provide instructions to the user. The information on the worksheet would be presented as follows:

<b>Instructions for Completing the NF 37-6 Form</b>			
	<u>Cell Title</u>	<u>Cell Reference</u>	<u>Instructions</u>
1	Beneficial Occupancy (BOD) and/or Acceptance Date	E3-F3	Enter the date that the asset was put into service (per FASAB SFFAS No. 6, paragraph 34).
2	To:	A4 - D8	This cell is already filled in. No data entry is necessary.
3	Type of Asset	E5 - F8	Select the type of asset that was constructed from the options listed.

- b. Pop-up instructions could be added to the worksheet to provide additional information to the worksheet cell on which the user places the cursor.

Additional suggestions for improving the NF 37-6:

The 37-6 provides the option to select between 6 or 7 categories of assets (aircraft, ships, satellites, etc.) More categories are used in Sunflower, not all options are presented here. If the wrong category is selected, it will impact the financial reports. Can the same thing be done here as you're doing for expected useful life? There would be too many to list on the form, they could be presented in a drop-down box.

It was suggested that the user be provided a drop-down box for Real Property categories separate from a drop-down box for Personal Property categories. The instructions could contain language to distinguish Real Property from personal property so the user selects the correct category.

It will still fall back to Property to be the "gatekeeper" and review the accuracy of the contents of the 37-6.

A question was raised regarding the definition of the "revised 37-6"; how is it related to the "preliminary" 37-6 submission and the "final" 37-6. Answer: The "revised" 37-6 would occur after the "final" 37-6.

### 3. CWIP Determination Letter

Current policy:

- CWIP Project Manager is to "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)"
- CWIP Activity Manager is responsible for "providing CWIP guidance to the CWIP Project Manager for the CWIP Determination Letter – final determinations for questions will be given by the OCAO's Property Offices"
- "Revised CWIP Determination Letter Template is EFFECTIVE with all CWIP projects beginning in FY 2009 (Early implementation is acceptable)" – June 2008
  - Signature only required on Real Property capital improvements that extend the useful life
  - CC – CWIP Activity Manager; designated LO/SO personnel; Finance Office; CAO

Heather expressed the concern that the Finance Office has not received any Determination Letters this fiscal year. At the bottom of the form, the instructions say that if the real property or

personal property is determined to be CWOIP, the completed form is to be cc'd to the Finance Office and CAO. Are these being completed and, if so, why aren't Finance and CAO receiving copies of the form?

The policy states that if you are setting up a new CWIP project code in CBS, you should be completing a CWIP Determination Letter.

Finance has recently taken on the project code approval process. Although the project code request forms go to the Activity Manager, Finance found that many of the Activity Managers did not know that a CWIP Determination Letter was required to be sent to Finance.

CAO has been doing Determination Letters for Real Property. Property has had discussions with Project Managers regarding the definition of CWIP projects, but Property does not know whether the Project Managers have been distributing the Determination Letters to the appropriate parties.

OMAO has been filing the paperwork. It was suggested that, perhaps, they have been sent to the wrong contact point?

Lenore contacted the NESDIS Activity Managers to review whether they had been filing the Determination letters since 2008 when the revised Determination Letter was created. She believes that one was submitted and two CWIP projects were being considered. She'll revisit her old email to see if they were submitted.

Part of what came out of the business rules analysis in Finance was that they wouldn't approve the process in Finance unless they could determine the correct contact point to send the Determination Letter for the real vs. personal property and they want to know the turn-around process. The Determination Letter comes to the CAO office to agree with the determination that it is CWIP and it is then routed to Finance at Headquarters to approve and activate the project codes so that charges can be levied against the project codes. Their main concern was the turn-around time required for CAO to sign those determination letters. The determination of whether a project is CWIP is made by the Activity Manager. CAO simply agrees or disagrees with the determination. The turn-around time has to be less than 5 days to keep from holding up the charges being levied against the project.

The Line Office Headquarters has agreed to relinquish the task to setting up the project codes to Finance. Finance has committed to a one day turn-around time for activating the project codes once the determination has been communicated to them.

Judy explained that some projects take more time to resolve differences. If the definition of the project has been resolved up front, it should take no longer than 5 days.

The Determination Letter impacts the umbrella project code; not every satellite project code requires a Determination Code.

From October 1 on, Personal Property will commit to turn around the Determination Letters within 5 days. Real Property will review their process and generate a reply by the end of next week (11 Sept.).

Mary Ann offered to send the presentation out from the prior day's business rules meeting for an electronic vote (committing to the 5 days turn-around.)

Mary Ann will meet with Judy to discuss a response to Finance regarding:

1. how many days turn-around can we commit to
2. who's point of contact
3. who's the back-up

A question was posed to the Finance Office: Does setting up the project code or approving the project codes relate to the reimbursable process. Yes...where the Line Office would set up the project code in CM004, but not approve or activate it. The documentation would be sent to the Finance Office for review. Finance would update the database and then go into the system to approve the code. This eliminates some of the errors with unlinked codes and codes that are incorrectly structured, etc, so we lower our risk of audit findings.

What does Finance require from the CWIP Activity Managers to assign a project code? Under the new, proposed process, Finance would require the Project Code Request Form, the Database Form, and the CWIP Determination Letter.

Suggested documentation to be attached to the NF 37-6;

PPMB circulated an email which outlined the minimum documentation required to validate contract are:

1. Obligating documents (contract, etc.). First page may be sufficient if it includes approval signatures and contract cost.
2. Modification to the contracts if applicable. First page may be sufficient if it includes approval signatures, contract cost and justification.
3. CLIN (Contract Line Items) if the first page of contract does not include contract cost.

Supporting Documentation for the 37-6:

1. The Determination Memorandum (signed by the Property Officer)
2. Summary information from NOAA's accounting system – The was discussion on whether the Summary CWIP query should replace Ca500D report. Participants were requested to explore the CWIP query and the summary query. No agreement.

The Discoverer Query was the result of a CAP between NESDIS and Finance. Other Line Offices may not have the expertise in running the query. Property simply wants a report that will tie the invoices to the contract; the source of that information is not important.

Beckie suggested that it would be fine with OMAO if CAO simply defined these requirements and permitted the Line Office to offer the documentation that addressed that need. OMAO feels that the Ca500D report fills that need. Real Property didn't feel that the CA500D didn't provide detail on the invoices. OMAO asked what level of detail was required. If there is a contract to build a ship, for example, and invoices are generated against that project, CAO requires those invoices to be identified against the contract (as opposed to the project number.)

It was asked whether that requirement means that they have to provide copies of every invoice? A report that identifies the invoices would be acceptable. OMAO can provide a report that shows the invoices going forward, but cannot offer to establish that documentation for older projects.

Sandy – (If you don't have copies of the individual invoices) Are you going to be able to provide documentation if you have a project that comes up under an audit? OMAO doesn't have the invoices in an automated form, but they can produce copies of invoices as support documentation when the auditors inquire about specific project codes.

What Property wants to be able to look at the report, see a payment, and be able to request an invoice.

Property will define the needs (the minimum requirement) and it'll be up to the Line office to select the format in which it addresses the requirement. It was suggested that a spreadsheet would suffice that listed the invoices tied to a contract number with the invoice date and amount. Beckie offered that, as a product of the meeting, they would circulate a list of the elements that would be required in the information that is being provided to the Property Offices.

Finance stressed that what is being proposed here would not change the requirement for CWIP Activity Managers to maintain a hardcopy of the Query Report in their folder for KPMG and NOAA auditors unless they are willing to maintain copies of all travel vouchers and all labor detail in that folder. The query was developed to detail the travel vouchers and labor detail associated with the project. The finding was based on a review within NESDIS, but the requirement applies to all Line Offices.

A question was posed regarding why CWIP Activity Managers don't simply print and keep the Query in their folder to be able to address audit questions. The primary problem is the size of the query, which may run to hundreds of pages. Real Property suggested that the Activity Managers may not be running the query correctly. Training may be required to generate better products which may not pose such a burden. Having tried to generate the Query, OMAO didn't feel the Query is a functional tool.

Lenore indicated that the report from MARS is the same exact product that is generated from the Discoverer Query. It's easier to run because multiple project codes can be entered and it runs a lot faster. The MARS product also does not have the formatting problems when running the

report out of Discoverer. Lenore pointed out that the Discoverer product is downloaded into a spreadsheet, so it can be readily re-formatted.

Heather suggested that we table discussion the use of the MARS report as a substitute until training has occurred with NESDIS activity managers, Becky, Mary Ann, Beverly, Sandi and Lori Bell/OMAO. An internal meeting to discuss the MARS training was scheduled at NESDIS the next day. The MARS product was set up as a day-to-day tool for budget analysts to use; it may not be suitable for someone in an oversight position. Lenore accepted the task to organize and conduct the training session.

Other Supporting Documents:

Documentation to support the Beneficial Occupancy Date/Acceptance Date tied to the 37-6:

CD 509 (Personal Property only)

FRPM data entry form (Real Property only)

Contract – any page to lists the total contract costs, applicable modifications, a page that includes the LIINs or a page specifying deliverables. This would be applicable to the original contract with any modifications or could be the last contract modification if it included total contract costs.

Transfer in documentation – (if applicable)

Reimbursable – (if applicable) - could be money or an asset. Could be kept as a spreadsheet to document the associated costs.

Useful life documentation – should be segmented into Real and Personal Property. Personal Property - A-76 Appendix 3 (signed by the Project Manager). The listing from DOC is incomplete (doesn't include satellites.)

SLT for incidental and administrative costs – needs to be in the Activity Manager's folder for viewing by auditors, but may not be needed for Personal Property. If it is done, it'll need to be in the folder. The information will be in the Discoverer Query by project code.

Schedule:

Judy suggests meeting only once a month with the whole CWIP Working Group, next meeting will be on Oct 20, 2009, at 10:00 in 7153. September 17, 2009 meeting has been cancelled.